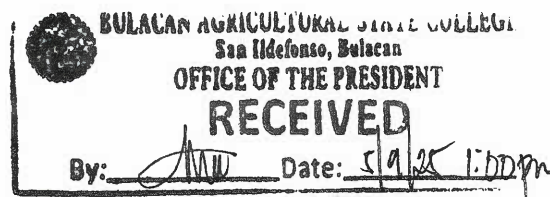




Republic of the Philippines
COMMISSION ON AUDIT
REGIONAL OFFICE NO. III
Maimpis, City of San Fernando, Pampanga

April 30, 2025

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 2024 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 an unmodified opinion on the fairness of presentation of the financial statements of the College 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 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.

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. 11975 or the FY 2024 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:

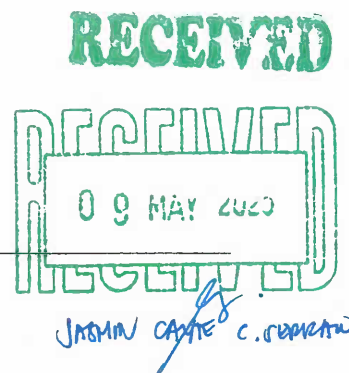


OMAR S. ROQUE
Regional Director

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
The Commission Proper, COA, Quezon City



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



April 30, 2025

Honorable DESIDERIO R. APAG III
Chairperson, Board of Regents
Bulacan Agricultural State College
San Ildefonso, Bulacan

Dear **Chairperson Apag**,

We are pleased to transmit the Annual Audit Report on the audit of the Bulacan Agricultural State College (BASC) for Calendar Year 2024 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 an unmodified 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 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.

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 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
The Commission Proper, COA, Quezon City*



**Republic of the Philippines
COMMISSION ON AUDIT
Commonwealth Avenue, Quezon City**

ANNUAL AUDIT REPORT

on the

**BULACAN AGRICULTURAL
STATE COLLEGE
SAN ILDEFONSO, BULACAN**

For the Year Ended December 31, 2024

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.

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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.

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PART I

AUDITED FINANCIAL STATEMENTS



REPUBLIC OF THE PHILIPPINES
COMMISSION ON AUDIT
REGIONAL OFFICE NO. III
STAND ALONE AUDIT GROUP
Maimpis, City of San Fernando, Pampanga

Office of the Auditor – Audit Team No. R3-03

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, 2024, 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, the accompanying financial statements present fairly in all material respects, the financial position of the BASC as at December 31, 2024, 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).

Basis for Opinion

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 unmodified opinion.

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 IPSAS, 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.

We also provide those charged with governance with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence and where applicable, related safeguards.

COMMISSION ON AUDIT



TERESITA C. GUEVARRA
Supervising Auditor

March 28, 2025



Republic of the Philippines
BULACAN AGRICULTURAL STATE COLLEGE
Pinaod, San Ildefonso, Bulacan, Philippines 3010

**STATEMENT OF MANAGEMENT'S RESPONSIBILITY
FOR FINANCIAL STATEMENTS**

The management of **BULACAN AGRICULTURAL STATE COLLEGE (BASC)** is responsible for the preparation and fair presentation of the financial statements, including the schedules attached therein, for the years ended December 31, 2024 and 2023, in accordance with the prescribed financial reporting framework indicated therein, and for such internal control as Management determines necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, Management is responsible for assessing the BASC's ability to continue as a going concern, disclosing, as applicable matters related to going concern and using the going concern basis of accounting unless Management either intends to liquidate the BASC or to cease operations, or has no realistic alternative but to do so.


The Board of Trustees is responsible for overseeing the BASC's financial reporting process.

The Board of Trustees reviews the financial statements, including the schedules attached therein, and submits the same to the stakeholders and other uses.

The Commission on Audit has examined the financial statements of the BASC in accordance with the International Standards of Supreme Audit Institutions, and in its report to the Board of Trustees, has expressed its opinion on the fairness of presentation upon completion of such audit.


MA. DOLORES G. BERSAMINA
Accountant III

21 February 2025
Date Signed


JAMESON H. TAN, CESE
SUC President III

21 February 2025
Date Signed


HON. DESIDERIO R. APAG III, D.ENG.
BOT Chairperson

BULACAN AGRICULTURAL STATE COLLEGE
STATEMENT OF FINANCIAL POSITION (All Funds)

As of December 31, 2024 and 2023

(in Philippine Peso)

| | <i>Notes</i> | 2024 | 2023 |
|--|--------------|-----------------------|----------------|
| ASSETS | | | |
| Current Assets | | | |
| Cash and Cash Equivalents | 3.3, 5 | 77,373,311.82 | 65,636,759.23 |
| Receivables, Net | 6 | 240,000.00 | 807,937.95 |
| Inventories | 7 | 25,409,869.74 | 44,080,382.08 |
| Total Current Assets | | 103,023,181.56 | 110,525,079.26 |
| Non - Current Assets | | | |
| Receivables, Net | 6 | 4,158,266.64 | 3,922,550.36 |
| Investment Property | 8 | 48,318,904.34 | 0.00 |
| Property, Plant and Equipment, Net | 3.4, 9 | 616,663,990.23 | 649,703,719.90 |
| Biological Assets | 10 | 659,110.00 | 610,110.00 |
| Intangible Assets, Net | 11 | 11,060,061.10 | 15,437,053.18 |
| Total Non- Current Assets | | 680,860,332.31 | 669,673,433.44 |
| TOTAL ASSETS | | 783,883,513.87 | 780,198,512.70 |
| LIABILITIES | | | |
| Current Liabilities | | | |
| Financial Liabilities | 12 | 2,809,158.42 | 1,718,058.07 |
| Inter-Agency Payables | 13 | 13,688,551.70 | 19,770,302.64 |
| Other Payables | 14 | 4,125,482.49 | 3,226,993.24 |
| Deferred Credits | 15 | 0.00 | 0.00 |
| Total Current Liabilities | | 20,623,192.61 | 24,715,353.95 |
| TOTAL LIABILITIES | | 20,623,192.61 | 24,715,353.95 |
| TOTAL ASSETS LESS TOTAL LIABILITIES | | 763,260,321.26 | 755,483,158.75 |
| NET ASSETS/EQUITY | | | |
| Accumulated Surplus (Deficit) | | 763,260,321.26 | 755,483,158.75 |
| TOTAL NET ASSETS/EQUITY | | 763,260,321.26 | 755,483,158.75 |

The notes on pages 10 to 36 form part of these financial statements

BULACAN AGRICULTURAL STATE COLLEGE
STATEMENT OF FINANCIAL PERFORMANCE (All Funds)
For the Years Ended December 31, 2024 and 2023
(in Philippine Peso)

| | Notes | 2024 | 2023 |
|--|--------------|-----------------------|----------------|
| REVENUE | | | |
| Subsidy Income from National Government | 16 | 288,547,724.33 | 320,502,117.44 |
| Service Income | 17 | 6,481,057.00 | 3,001,275.00 |
| Business Income | 18 | 59,396,001.70 | 51,613,252.25 |
| Grants and Donations | 19 | 26,895,848.10 | 1,649,429.40 |
| Gains | 20 | 247,116.00 | 1,562,209.00 |
| Other Non-operating Income | 21 | 334,548.32 | 72,247.84 |
| TOTAL REVENUE | | 381,902,295.45 | 378,400,530.93 |
| LESS: CURRENT OPERATING EXPENSES | | | |
| Personnel Services | 22 | 161,319,390.11 | 155,561,519.05 |
| Maintenance and Other Operating Expenses | 23 | 162,949,328.75 | 129,274,266.74 |
| Non-Cash Expenses | 25 | 31,663,591.60 | 32,331,233.45 |
| TOTAL CURRENT OPERATING EXPENSES | | 355,932,310.46 | 317,167,019.24 |
| SURPLUS/(DEFICIT) FOR THE PERIOD | | 25,969,984.99 | 61,233,511.69 |

The notes on pages 10 to 36 form part of these financial statements

BULACAN AGRICULTURAL STATE COLLEGE
STATEMENT OF CHANGES IN NET ASSETS/EQUITY
For the Years Ended December 31, 2024 and 2023
(in Philippine Peso)

| | 2024 | 2023 |
|---|-----------------------|-----------------|
| BALANCE AT JANUARY 1, 2024 | 755,483,158.75 | 726,520,178.79 |
| Add/(Deduct): | | |
| Prior Period Adjustments/Unrecorded Income and Expenses | (23,367,743.15) | (29,118,818.37) |
| Other Adjustments | 5,174,920.67 | (3,151,713.36) |
| Restated Balance | 737,290,336.27 | 694,249,647.06 |
| CHANGE IN NET ASSETS/EQUITY FOR THE CALENDAR YEAR | | |
| Surplus (Deficit) for the period | 25,969,984.99 | 61,233,511.69 |
| TOTAL RECOGNIZED REVENUE AND EXPENSES FOR THE PERIOD | 25,969,984.99 | 61,233,511.69 |
| BALANCE AT DECEMBER 31, 2024 | 763,260,321.26 | 755,483,158.75 |

The notes on pages 10 to 36 form part of these financial statements

BULACAN AGRICULTURAL STATE COLLEGE
STATEMENT OF CASH FLOWS (All Funds)
For the Years Ended December 31, 2024 and 2023
(in Philippine Peso)

| | Note | 2024 | 2023 |
|--|------|------------------------|------------------------|
| CASH FLOWS FROM OPERATING ACTIVITIES | | | |
| Cash Inflows | | | |
| Receipts of Notice of Cash Allocation | 16 | 281,381,340.00 | 310,577,317.00 |
| Collection of Income/Revenues | | 66,479,758.12 | 57,789,449.41 |
| Collection of Receivables | | 577,790.00 | 2,001,500.00 |
| Receipt of Inter-Agency Fund Transfers | | 20,734,421.50 | 31,685,937.50 |
| Trust Receipts | | 2,544,455.00 | 1,325,580.00 |
| Other Receipts | | 1,028,662.22 | 1,119,548.09 |
| Total Cash Inflows | | 372,746,426.84 | 404,499,332.00 |
| Cash Outflows | | | |
| Remittance to National Treasury | | 127,907.66 | 140,784.97 |
| Payment of Expenses | | 245,117,606.68 | 219,484,351.13 |
| Payment of Accounts Payable | | 798,540.78 | 29,369,925.89 |
| Grant of Cash Advances | | 36,604,005.45 | 49,103,354.66 |
| Remittance of Personnel Benefit Contributions- | | | |
| Mandatory Deductions | | 27,176,399.17 | 24,063,497.31 |
| Release of Inter-Agency Fund Transfer | | 11,145,335.38 | 6,987,021.07 |
| Other Disbursements | | 18,999,548.81 | 17,023,772.50 |
| Reversal of Unutilized NCA | | 4,160,433.17 | 3,496,544.23 |
| Total Cash Outflows | | 344,129,777.10 | 349,669,251.76 |
| Net Cash Provided by Operating Activities | | 28,616,649.74 | 54,830,080.24 |
| CASH FLOWS FROM INVESTING ACTIVITIES | | | |
| Cash Inflows | | | |
| Cash Outflows | | | |
| Purchase/Construction of Property, Plant and Equipment | | 16,880,097.15 | 46,266,686.32 |
| Total Cash Outflows | | 16,880,097.15 | 46,266,686.32 |
| Net Cash Provided by Investing Activities | | (16,880,097.15) | (46,266,686.32) |
| Increase in Cash and Cash Equivalents | | 11,736,552.59 | 8,563,393.92 |
| Cash and Cash Equivalents, January 1 | | 65,636,759.23 | 57,073,365.31 |
| CASH AND CASH EQUIVALENT, DECEMBER 31 | | 77,373,311.82 | 65,636,759.23 |

The notes on pages 10 to 36 form part of these financial statements

BULACAN AGRICULTURAL STATE COLLEGE**STATEMENT OF COMPARISON OF BUDGET AND ACTUAL AMOUNTS (Regular Fund - 101 / Special Trust Fund - 164)**

For the Year Ended December 31, 2024

(in Philippine Peso)

| Particulars | Notes | 2024 | | Actual Amounts | Difference Final Budget and Actual |
|---|-------|------------------|----------------|----------------|------------------------------------|
| | | Budgeted Amounts | | | |
| | | Original | Final | | |
| RECEIPTS | | | | | |
| Tax Revenue | | | | | |
| Services and Business Income | 17,18 | 65,877,058.70 | 65,877,058.70 | 65,877,058.70 | 0.00 |
| Subsidy Income from National Government | 16 | 288,547,724.23 | 288,547,724.23 | 288,547,724.23 | 0.00 |
| Grants and Donations | 19 | 26,895,848.10 | 26,895,848.10 | 26,895,848.10 | 0.00 |
| Gains | 20 | 247,116.00 | 247,116.00 | 247,116.00 | 0.00 |
| Total Receipts | | 381,567,747.03 | 381,567,747.03 | 381,567,747.03 | 0.00 |
| PAYMENTS | | | | | |
| Personnel Services | 22 | 161,319,390.11 | 161,319,390.11 | 161,319,390.11 | 0.00 |
| Maintenance and Other Operating | 23 | 162,949,328.75 | 162,949,328.75 | 162,949,328.75 | 0.00 |
| Non-Cash Expenses | 24 | 31,663,591.60 | 31,663,591.60 | 31,663,591.60 | 0.00 |
| Total Payments | | 355,932,310.46 | 355,932,310.46 | 355,932,310.46 | 0.00 |
| NET RECEIPTS/PAYMENTS | | 25,635,436.57 | 25,635,436.57 | 25,635,436.57 | 0.00 |

The notes on pages 10 to 36 form part of these financial statements

BULACAN AGRICULTURAL STATE COLLEGE NOTES TO FINANCIAL STATEMENTS

1. GENERAL INFORMATION

The financial statements of Bulacan Agricultural State College (BASC) were authorized for issue as shown in the Statement of Management Responsibility for Financial Statements signed by Jameson H. Tan CESE., President.

The story of the BASC, a product of six decades of educational and socio-political metamorphoses, is humble and remarkable. At present, it is a state-funded institution of learning which was established in 1952 at Barangay Pinaod, San Ildefonso, Bulacan.

Prior to this development, it stated as the Plaridel Community Agricultural High School (PCAHS) established at Barangay Bintog, Plaridel, Bulacan in 1951. Soon after, PCAHS was renamed Bulacan Provincial Agricultural High School (BPAHS) having just about 100 students. A growth in the student population occurred as students arrived not just from local communities but from other municipalities in the province as well. On June 20 1953, its name was again changed into Bulacan National Agricultural High School (BNAHS) by virtue of Republic Act (R.A.) 948.

On June 8, 1955, the Pres. Ramon D.F. Magsaysay signed Proclamation 163 reserving around 192.5 hectares of the Buenavista Estate for BNAHS. By virtue of R.A. No. 2416, BNAHS was converted to Bulacan National Agricultural School (BuNAS) on June 21, 1959.

In 1960, the two-year Associate in Agricultural program became part of the curricula existing in BuNAS: the first tertiary education program offered in the school which eventually led to the offering of the Bachelor of Science in Agriculture degree with majors in Agronomy and Animal Husbandry.

Cognizant to the prevalent agriculture education and training needs of Bulakeños at that time, the Hon. Ricardo C. Silverio, then Representative of the 3rd District of Bulacan, authored House Bill 2389 which proposed for an expanded educational program for BuNAS. With the bilateral approval of both Houses, then Pres. Fidel V. Ramos signed R.A. No. 8548 officially converting BuNAS into a chartered state college known as the Bulacan National Agricultural State College (BNASC) on February 24, 1998. Over time, its name was changed to Bulacan Agricultural State College (BASC) by virtue of R.A. 9249 signed by Former President Gloria M. Arroyo on 19 February 2004.

Situated between the country's capital Metro Manila and the Province of Nueva Ecija, it opened its doors in 1952 and 60 years later, it continues to be devoted to discovering answer to the profound challenges of this generation and training students for leadership in today's multifaceted world. Furthermore, BASC has grown to be a regional leader in higher education and remains to be recognized for offering excellent agricultural education, interdisciplinary partnerships and innovative research programs.

Its curricular offerings are Bachelor of Science in Agriculture, Secondary Education, Elementary Education, Agribusiness Management, Food Technology, Biosystems &

Agricultural Engineering, Geodetic Engineering, Business Administration, Information Technology, Animal Science, Hospitality Management and Agroforestry

The mandate of the BASC shall primarily provide higher professional, technical and special instructions for special purposes and promote research and extension services and advanced studies in agriculture, arts and science programs and other allied courses.

At present, the College has two campuses, both of which are located at the 3rd District of Bulacan. The main campus is located at Barangay Pinaod, San Ildefonso, Bulacan while an extension campus was established at Barangay Sapang Bulak, Doña Remedios Trinidad (DRT) in 2005 which is aptly called the DRT Extension Campus. The head of the Institution is Dr. Jameson H. Tan, the fourth College President, who initially served his first term of office until January 31, 2023. However, his term has been extended for an additional four years as the President of BASC, following the enactment of R.A. No. 11783 dated May 29, 2022, which convert the College to Bulacan Agricultural State University (BSAU). This extension was granted in recognition of the transition to university status, after compliance with certain requirements before allowing the official use of the university name.

2. STATEMENT OF COMPLIANCE AND BASIS OF PREPARATION OF FINANCIAL STATEMENTS

The financial statements have been prepared in accordance with and comply with the International Public Sector Accounting Standards (IPSAS).

The financial statements have been prepared on the basis of historical cost. The Statement of Cash Flows is prepared using the direct method.

The financial statements are presented in Philippine peso (₱) and all values/amounts are rounded off to the nearest peso, except when otherwise stated.

3. SIGNIFICANT ACCOUNTING POLICIES

3.1 Basis of Accounting

The financial statements are prepared on an accrual basis in accordance with the IPSAS 1. The financial statements are presented in Philippine peso which is the college functional currency. All values are not rounded to the nearest peso.

3.2 Financial Instruments

a. Financial Assets

Initial recognition and measurement

Financial assets within the scope of IPSAS 29 – Financial Instruments: Recognition and Measurement are classified as financial asset at fair value through surplus or deficit, held-to-maturity investments, loans and other receivables or available-for-sale financial assets,

as appropriate. The BASC determines the classifications of its financial assets at initial recognition.

The financial assets of the BASC include cash and other receivables.

Subsequent measurement

The subsequent measurement of financial assets depends on their classification.

Loans and other receivables

Loans and receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market. After initial measurement, such financial assets are subsequently measured at amortized cost using effective interest method, less impairment. Losses arising from impairment are recognized in the surplus or deficit.

Derecognition

The BASC derecognizes a financial asset or, where applicable, a part of a financial asset of BASC similar financial asset when:

The right to receive cash flows from the asset have expired or is waived.

b. Financial Liabilities

Initial recognition and measurement

Financial liabilities within the scope of IPSAS 29 are classified as financial liabilities at fair value through surplus or deficit or loans and borrowings, as appropriate. The entity determines the classification of its financial liabilities at initial recognition.

All financial liabilities are recognized initially at fair value.

BASC financial liabilities include Inter-Agency Payables and Trust Liabilities.

Subsequent measurement

The measurement of financial liabilities depends on their classification.

Loans and Borrowings

After initial recognition, interest bearing loans and borrowings are subsequently measured at amortized cost using the effective interest method.

Derecognition

A financial liability is derecognized when the obligation under the liability is discharged or cancelled or expires.

3.3 Cash and Cash Equivalents

Cash and cash equivalents comprise cash on hand and cash in bank deposited in Land Bank of the Philippines (LBP), Baliuag and San Ildefonso, Bulacan Branch and Development Bank of the Philippines (DBP), Malolos, Bulacan Branch.

3.4 Property, Plant and Equipment

Recognition

An item is recognized as Property, Plant and Equipment (PPE) if it meets the characteristics and recognition criteria as a PPE.

The characteristics of PPE are as follows:

- tangible items;
- are held for use in the production or supply of goods or services for rental to others or for administrative purposes; and
- are expected to be used during more than one reporting period.

An item of PPE is recognized as an asset if:

- it is probable that future economic benefits or service potential associated with the item flow to the entity; and
- the cost or fair value of the item can be measured reliably.

Measurement at Recognition

An item recognized as property, plant, and equipment is measured at cost.

A PPE acquired through non-exchange transaction is measured at its fair value as at the date of acquisition. The cost of the PPE is the cash price equivalent or, for PPE acquired through non-exchange transaction its cost is its fair value as at recognition date.

Cost includes the following:

- its purchase price, including import duties and non-refundable purchase taxes, after deducting trade discount and rebates;
- expenditure that is directly attributable to the acquisition of the items; and
- initial estimate of the costs of dismantling and removing the item and restoring the site on which it is located, the obligation for which an entity incurs either when the item is acquired, or as a consequence of having used the item during a particular period for purposes other than to produce inventories during that period.

Measurement after Recognition

After recognition, all PPE are stated at cost less accumulated depreciation and impairment losses.

When significant parts of PPE are required to be replaced at intervals, the BASC recognizes such parts as individual assets with specific useful lives and depreciates them accordingly. Likewise, when a major repair/replacement is done, its cost is recognized in the carrying amount of the plant and equipment as a replacement if the recognition criteria are satisfied.

All other repair and maintenance costs are recognized as expenses in surplus or deficit as incurred.

Depreciation

Each part of an item of property, plant, and equipment with a cost that is significant in relation to the total cost of the item is depreciated separately.

The depreciation charge for each period is recognized as an expense unless it is included in the cost of another asset.

Initial Recognition of Depreciation

Depreciation of an asset begins when it is available for use such as when it is in the location and condition necessary for it to be capable of operating in the manner intended by management.

For simplicity and to avoid proportionate computation, the depreciation is for one month if the PPE is available for use on or before the 15th of the month. However, if the PPE is available for use after the 15th of the month, depreciation is for the succeeding month.

Depreciation Method

The straight-line method of depreciation is adopted unless another method is more appropriate for agency operation.

Estimated Useful Life

The BASC uses the Schedule on the Estimated Useful Life of PPE by classification prepared by COA.

The BASC uses a residual value equivalent to at least five percent (5%) of the cost of the PPE.

Impairment

An asset's carrying amount is written down to its recoverable amount, or recoverable service amount, if the asset's carrying amount is greater than its estimated recoverable service amount.

Derecognition

The BASC derecognizes items of PPE and/or any significant part of an asset upon disposal or when no future economic benefits or service potential is expected from its continuing use. Any gain or loss arising on derecognition of the asset (calculated as the difference between the net disposal proceeds and the carrying amount of the asset) is included in the surplus or deficit when the asset is derecognized.

3.5 Changes in accounting policies and estimates

The BASC recognizes the effects of changes in accounting estimates prospectively by including in surplus or deficit.

3.6 Revenue Recognition

3.6.1 Revenue from Non-Exchanging of Transaction

Gifts and Donations

The BASC recognizes assets and revenue from gifts and donations when it is probable that the future economic benefits or service potential will flow to the entity and the fair value of the assets can be measured reliably.

On initial recognition, gifts and donations including goods in-kind were measured at their fair value as at the date of acquisition, which were ascertained by reference to an active market, or by appraisal. An appraisal of the value of an asset is normally undertaken by a member of the valuation profession who holds a recognized and relevant professional qualification. For many assets, the fair value was ascertained by reference to quoted prices in an active and liquid market.

3.6.2 Revenue from Exchanging Transaction

Interest income

Interest income comes from the College's bank deposits to LBP and DBP.

Rental income

Rental Income Summary

- **San Ildefonso Water District (SIWAD) Agreement**
 - Rental income arising from a Memorandum of Agreement (MOA) with San Ildefonso Water District to restore, rehabilitate, and make operational the BASC old deep well pump.
 - Purpose: Ensure the water requirements of the college are met and provide an additional water pumping station for SIWAD's domestic operations.
- **Oilwell 88 Incorporated (Flying V Gas Station)**
 - Monthly rent: **₱17,685.14**
 - Lease period: **20 years**, ending in **CY 2033**

- **Goals Gym**
 - Monthly rent: **₱7,500.00**
- **Other Rental Income from School Establishments**
 - Various facilities and spaces contribute to additional rental income, including:
 - Housing
 - Multipurpose Gym
 - FTC (Facility Training Center)
 - Cayetano Building
 - Hostel
 - Function Hall
 - Covered Court
 - Food Park
 - Food Court
 - Dormitory
 - Business Center
 - Food Kiosk
 - Canteen
 - Rolling Store

3.7 Employee Benefits

The employees of BASC are members of the Government Service Insurance System (GSIS), which provides life and retirement insurance coverage.

4. PRIOR PERIOD ADJUSTMENT

The BASC has determined that small items of inventory of equipment were already unserviceable and recognized as an expense as prior period adjustment.

5. CASH AND CASH EQUIVALENTS

This account consists of the following:

| Accounts | 2024 | 2023 |
|--|----------------------|---------------|
| Cash, Collecting Officer | 127,569.00 | 101,920.11 |
| Cash in Bank-Local Currency, Current Account | 77,245,742.82 | 65,534,839.12 |
| Total Cash in Bank Local Currency | 77,373,311.82 | 65,636,759.23 |

As of December 31, 2024, the Collecting Officer, Mrs. Perlita F. Villacorta, had an undeposited collection of ₱127,569.00. This amount was sourced from the sale of unserviceable equipment, rentals from the dormitory and food court/business center, and other business income, including clearance and certification fees, ID fees, and library fees. The collections were received on December 23, 26 and 27, 2024, but remained undeposited as of the reporting date.

5.1 Cash in Bank Local Currency, Current Account

Cash in Bank Current Account deposited to Land Bank represents cash received from fund transfer from other government agencies for the implementation of approved proposals for research and extension projects of the College and scholarship fund for the benefit of the students.

Cash in Bank Current Account deposited to the DBP comprises all the collection from tuition fee and miscellaneous fee from students in the main campus including collection from Balagtas Campus and Fortunato F. Halili National Agricultural School from UNIFAST and Graduate Studies.

The breakdown of this account is as follows:

| Accounts | 2024 | 2023 |
|--|----------------------|---------------|
| LBP Current Account No. 0102-1078-70 | 745,849.93 | 3,175,573.71 |
| LBP San Ildefonso C.A. No. 4122-1000-79 | 38,981,227.44 | 39,005,509.81 |
| DBP Current Account No. 0565-003522-030 | 37,518,665.45 | 23,353,755.60 |
| Total Cash in Bank Local Currency | 77,245,742.82 | 65,534,839.12 |

6. RECEIVABLES, NET

The breakdown of this account is as follows:

| Accounts | 2024 | 2023 |
|---|---------------------|--------------|
| Current | | |
| Accounts Receivable | 0.00 | 0.00 |
| Loans Receivable-Others | 240,000.00 | 560,000.00 |
| Receivables-Disallowance/Charges | 0.00 | 0.00 |
| Due from NGA's | 0.00 | 247,937.95 |
| Total Current Receivables, Net | 240,000.00 | 807,937.95 |
| Non-current | | |
| Accounts Receivable | 262,141.37 | 262,141.37 |
| Allowance for Impairment | (13,107.07) | (14,909.91) |
| Net Value- Accounts Receivable | 249,034.30 | 247,231.46 |
| Loans Receivable-Others | 2,739,700.00 | 2,735,400.00 |
| Allowance for Impairment | (139,385.00) | (165,140.49) |
| Net Value-Loans Receivable-Others | 2,600,315.00 | 2,570,259.51 |
| Due from NGA's | 247,937.95 | 0.00 |
| Receivables-Disallowance/Charges | 1,060,979.39 | 1,105,059.39 |
| Total Non-Current Receivables, Net | 4,158,266.64 | 3,922,550.36 |

The Loans Receivable - Others account represents (a) loan granted to 266 students belonging to 3rd and 4th Year level for SY, 2004 – 2005 sponsored by the Commission on Higher Education (CHED) under the Student Financial Assistant Program (STUFAP); (b) loan granted to 491 students for SY 2008 – 2009 under the SAFE 4SR loan program also by CHED; and (c) loan under the Palayamanan Community sponsored by PhilRice,

Provincial Government of Bulacan (PGB) and DA-RFO3; and (d) loan to 21 farmers under the Technology Commercialization.

The Receivables – Disallowance/Charges amounting to ₱1,060,979.39 represents disallowances of various administrative cost/honorarium and mobile phone expenses. For Fund 101, the amount of disallowances was ₱799,801.47 while for Fund 164, the amount was ₱261,177.92.

The amount of ₱247,937.95 in Due from NGAs is currently in process in the Bureau of Internal Revenue. It pertains to a request for a refund of excess payment made for filing 1601EQ, 4th quarter of 2022, under reference number 402300055378339.

7. INVENTORIES

This account consists of the following:

| Accounts | 2024 | 2023 |
|---|---------------------|---------------|
| Office Supplies Inventory | 994,580.13 | 1,262,447.26 |
| Textbooks and Instructional Materials Inventory | 1,263,420.85 | 1,502,486.85 |
| Other Supplies & Materials Inventory | 1,330,524.34 | 2,400,688.06 |
| Allowance for Impairment – Other Supplies & Materials Inventory | (0.00) | (0.00) |
| Semi-Expendables – Furniture and Fixtures | 3,006,391.83 | 4,984,476.69 |
| Allowance for Impairment – Semi-Expendables Furniture & Fixtures | (0.00) | (0.00) |
| Semi-Expendables – Office Equipment | 3,211,187.62 | 6,405,205.46 |
| Allowance for Impairment – Semi-Expendable Office Equipment | (0.00) | (0.00) |
| Semi-Expendables – Information and Communication Technology Equipment | 7,017,222.02 | 13,642,841.17 |
| Allowance for Impairment – Semi-Expendables ICT Equipment | (0.00) | (0.00) |
| Semi-Expendables – Agricultural & Forestry Equipment | 382,242.50 | 1,397,533.47 |
| Allowance for Impairment – Semi-Expendable Agri & Forestry Equipment | (0.00) | (0.00) |
| Semi-Expendables – Communication Equipment | 2,175,558.17 | 4,220,694.49 |
| Allowance for Impairment – Semi-Expendables Communication Equipment | (0.00) | (0.00) |
| Semi-Expendables – Disaster Response and Rescue Equipment | 58,894.00 | 34,476.00 |
| Semi-Expendables – Medical Equipment | 154,844.50 | 177,444.50 |
| Allowance for Impairment – Semi-Expendables Medical equipment | (0.00) | (0.00) |
| Semi-Expendables – Sports Equipment | 601,933.50 | 1,118,259.50 |
| Semi-Expendables – Technical & Scientific Equipment | 455,912.27 | 1,360,335.27 |

| Accounts | 2024 | 2023 |
|--|----------------------|----------------------|
| Allowance for Impairment – Semi-Expendables Tech & Scientific Equip. | (0.00) | (0.00) |
| Semi-Expendables – Other Equipment | 886,371.55 | 1,238,935.95 |
| Allowance for Impairment – Semi-Expendables Other Equipment | (0.00) | (0.00) |
| Semi-Expendable – Machinery | 57,915.00 | 116,015.00 |
| Allowance for Impairment – Semi-Expendable Machinery | (0.00) | (0.00) |
| Semi-Expendables - Books | 3,812,871.46 | 4,218,542.41 |
| Allowance for Impairment – Semi-Expendables Books | (0.00) | (0.00) |
| Total Inventories | 25,409,869.74 | 44,080,382.08 |

When comparing inventories from CY 2023 to 2024, there is a decrease of ₱18,728,427.34. primarily due to the issuance of semi-expendable equipment, each costing below ₱50,000.00, to end users. This decrease occurred despite the purchases of semi-expendable equipment from Funds 101 and 164, as well as donations in kind of semi-expendable equipment from funds allocated for funded projects and trust funds.

8. INVESTMENT PROPERTY

This account consists of the following:

| Particulars | Carrying Amount, January 01, 2024 | Additions/ Acquisitions/ | TOTAL | Disposals/ Transfer to PPE | Depreciation (as per Statement of Financial Performance) | Carrying Amount, December 31, 2024 (As per Statement of Financial Position) |
|---------------------|-----------------------------------|--------------------------|----------------------|----------------------------|--|---|
| Investment Property | 0.00 | 65,988,430.15 | 65,988,430.15 | 16,096,391.14 | 1,573,134.67 | 48,318,904.34 |
| Total | 0.00 | 65,988,430.15 | 65,988,430.15 | 16,096,391.14 | 1,573,134.67 | 48,318,904.34 |

9. PROPERTY, PLANT AND EQUIPMENT (PPE), NET

The Property, Plant and Equipment consist of the following:

| 2024 | | | | | | |
|--------------------------------|-----------------------------------|-------------------------|----------------|----------------------------|--|---|
| Particulars | Carrying Amount, January 01, 2024 | Additions/ Acquisitions | TOTAL | Disposals/ Transfer to PPE | Depreciation (as per Statement of Financial Performance) | Carrying Amount, December 2024 (As per Statement of Financial Position) |
| Land | 149,430,284.00 | 0.00 | 149,430,284.00 | 0.00 | 0.00 | 149,430,284.00 |
| Land Improvements | 10,975,765.17 | 0.00 | 10,975,765.17 | 0.00 | 1,786,502.64 | 9,189,262.53 |
| Infrastructure Asset | 1,801,195.22 | 0.00 | 1,801,195.22 | 0.00 | 281,895.66 | 1,519,299.56 |
| Buildings and Other Structures | 441,587,307.24 | 8,012,851.08 | 449,600,158.32 | 38,349,383.77 | 14,647,332.53 | 396,603,442.02 |

| 2024 | | | | | | |
|-------------------------------|-----------------------------------|-------------------------|-----------------------|----------------------------|--|---|
| Particulars | Carrying Amount, January 01, 2024 | Additions/ Acquisitions | TOTAL | Disposals/ Transfer to PPE | Depreciation (as per Statement of Financial Performance) | Carrying Amount, December 2024 (As per Statement of Financial Position) |
| Machinery and Equipment | 38,655,711.56 | 21,965,859.20 | 60,621,570.76 | 1,876,060.99 | 6,572,145.74 | 52,173,364.03 |
| Transportation Equipment | 4,896,315.63 | 2,038,874.00 | 6,935,189.63 | 61,295.00 | 1,406,235.34 | 5,467,659.29 |
| Furniture, Fixtures and Books | 2,017,860.58 | 628,557.92 | 2,646,418.50 | 0.00 | 365,739.70 | 2,280,678.80 |
| Other PPE | 652,990.50 | 0.00 | 652,990.50 | 599,377.26 | 53,613.24 | 0.00 |
| Construction in Progress | 0.00 | 0.00 | 0.00 | 0.00 | 0.00 | 0.00 |
| Total | 650,017,429.90 | 32,646,142.20 | 682,663,572.10 | 40,886,117.02 | 25,113,464.85 | 616,663,990.23 |

| 2024 | | | | |
|--------------------------------|--|--------------------------------|--------------------------|---|
| Particulars | Gross Cost (Asset Account Balance per Statement of Financial Position) | Less: Accumulated Depreciation | Allowance for Impairment | Carrying Amount, December 31, 2024 (As per Statement of Financial Position) |
| Land | 149,430,284.00 | 0.00 | | 149,430,284.00 |
| Land Improvements | 23,907,940.84 | 14,718,678.31 | 0.00 | 9,189,262.53 |
| Infrastructure Asset | 2,955,718.00 | 1,436,418.44 | 0.00 | 1,519,299.56 |
| Buildings and Other Structures | 499,528,615.70 | 102,925,173.68 | 0.00 | 396,603,442.02 |
| Machinery and Equipment | 84,798,048.25 | 32,624,684.22 | 0.00 | 52,173,364.03 |
| Transportation Equipment | 15,922,339.40 | 10,454,680.11 | 0.00 | 5,467,659.29 |
| Furniture, Fixtures and Books | 7,138,364.10 | 4,857,685.30 | 0.00 | 2,280,678.80 |
| Other PPE | 0.00 | 0.00 | 0.00 | 0.00 |
| Construction in Progress | 0.00 | 0.00 | 0.00 | 0.00 |
| Total | 783,681,310.29 | 167,017,320.06 | 0.00 | 616,663,990.23 |

| 2023 | | | | | | |
|--------------------------------|-----------------------------------|-------------------------|----------------|----------------------------|--|---|
| Particulars | Carrying Amount, January 01, 2023 | Additions/ Acquisitions | TOTAL | Disposals/ Transfer to PPE | Depreciation (as per Statement of Financial Performance) | Carrying Amount, December 31, 2023 (As per Statement of Financial Position) |
| Land | 149,430,284.00 | 0.00 | 149,430,284.00 | 0.00 | 0.00 | 149,430,284.00 |
| Land Improvements | 11,502,360.35 | 1,191,044.50 | 12,693,404.85 | 0.00 | 1,717,639.68 | 10,975,765.17 |
| Infrastructure Asset | 2,125,838.94 | 0.00 | 2,125,838.94 | 116,300.00 | 208,343.72 | 1,801,195.22 |
| Buildings and Other Structures | 382,751,118.73 | 76,757,814.75 | 459,508,933.48 | | 17,921,626.24 | 441,587,307.24 |
| Machinery and Equipment | 28,760,803.06 | 15,298,649.90 | 44,059,452.96 | 120,310.00 | 5,597,141.40 | 38,342,001.56 |
| Transportation Equipment | 5,528,241.10 | 427,125.00 | 5,955,366.10 | 0.00 | 1,059,050.47 | 4,896,315.63 |

| 2023 | | | | | | |
|-------------------------------|-----------------------------------|-------------------------|-----------------------|----------------------------|--|---|
| Particulars | Carrying Amount, January 01, 2023 | Additions/ Acquisitions | TOTAL | Disposals/ Transfer to PPE | Depreciation (as per Statement of Financial Performance) | Carrying Amount, December 31, 2023 (As per Statement of Financial Position) |
| Furniture, Fixtures and Books | 1,708,829.10 | 591,180.00 | 2,300,009.10 | 0.00 | 282,148.52 | 2,017,860.58 |
| Other PPE | 952,913.92 | 0.00 | 952,913.92 | 371,000.00 | (71,076.58) | 652,990.50 |
| Construction in Progress | 42,196,577.56 | 31,632,125.27 | 73,828,702.83 | 73,828,702.83 | 0.00 | 0.00 |
| Total | 624,956,966.76 | 125,897,939.42 | 750,854,906.18 | | | 649,703,719.90 |

| 2023 | | | | |
|--------------------------------|--|--------------------------------|--------------------------|---|
| Particulars | Gross Cost (Asset Account Balance per Statement of Financial Position) | Less: Accumulated Depreciation | Allowance for Impairment | Carrying Amount, December 31, 2023 (As per Statement of Financial Position) |
| Land | 149,430,284.00 | 0.00 | | 149,430,284.00 |
| Land Improvements | 23,907,940.84 | 12,932,175.67 | 0.00 | 10,975,765.17 |
| Infrastructure Asset | 2,955,718.00 | 1,154,522.78 | 0.00 | 1,801,195.22 |
| Buildings and Other Structures | 542,235,606.33 | 100,648,299.09 | 0.00 | 441,587,307.24 |
| Transportation Equipment | 14,315,515.40 | 9,419,199.77 | 0.00 | 4,896,315.63 |
| Furniture, Fixtures and Books | 6,509,806.18 | 4,491,945.60 | 0.00 | 2,017,860.58 |
| Other PPE | 2,032,365.20 | 1,379,374.70 | 0.00 | 652,990.50 |
| Construction in Progress | 0.00 | 0.00 | 0.00 | 0.00 |
| Total | 805,084,541.00 | 155,380,821.10 | 0.00 | 649,703,719.90 |

Land represents the cost of surveying and the market value of the 989,218 square meters of land located in Pinaod, San Ildefonso, Bulacan, as per the Tax Declaration of Real Property. This land includes Riceland and residential land. The land was awarded to the BASC through Proclamation No. 163, signed by then-President Ramon Magsaysay on June 8, 1955, which granted 921,605 square meters of land from the Buenavista Estate, Province of Bulacan. However, the BASC is currently occupying only 223,918,71 square meters or 22.39 hectares out of the 921,605 square meters due to the presence of squatters.

An additional site in Akle, San Ildefonso, Bulacan was granted under Proclamation No. 114, dated May 25, 1963, by then-President Diosdado Macapagal, which covered a total area of 4,420,296 square meters. This site remains entirely unoccupied by the BASC.

For CY 2024, the College received an allotment from the DBM for Motor Vehicles amounting to ₱2,000,000.00 and Equipment Outlay amounting to ₱15,000,000.00.

10. BIOLOGICAL ASSETS

10.1 Breeding Stocks

Breeding stocks consist of the following:

| Accounts | 2024 | 2023 |
|---------------------------------------|-------------------|-------------------|
| Goat | 34,610.00 | 50,610.00 |
| Carabao | 320,000.00 | 267,000.00 |
| Cattle | 260,000.00 | 260,000.00 |
| Rabbit | 22,000.00 | 27,000.00 |
| Total Breeding Stocks | 636,610.00 | 604,610.00 |
| Livestock Held for Consumption | 22,500.00 | 5,500.00 |
| Total Biological Assets | 659,110.00 | 610,110.00 |

There is an increase of ₱32,000.00 in the cost of breeding stock from CY 2023 to CY 2024. This increase is attributed to the birth of new animals and a rise in value due to physical changes.

The College's Carabao Project started in CY 2007 through a Memorandum of Agreement (MOA) between the PGB (represented by then-Governor Josefina Mendoza dela Cruz) and the BASC (represented by then-College President Dr. Josie A. Valdez). The initial funding of ₱2,000,000.00 was provided to develop a new breed of carabao, known as the Bulacan Buffalo, through continuous genetic improvement processes and extensive research and development.

This agreement was valid for a period of five years, and can be extended as agreed upon by both parties involved. In CY 2013, a new MOA was entered into by the PGB (represented by then-Governor Wilhelmino M. SY-Alvarado) and the BASC former College President, Dr. Gerardo I. Mendoza, for the implementation of the project "Establishment of Carabao Demo/Nucleus farm at BASC." This project was allocated a budget of ₱5,000,000.00 and was to operate for five years. Under the agreement, the BASC was tasked with supervising the operation of the Nucleus/Demo Farm and utilizing it as a laboratory facility for students in Agriculture, Animal Science and allied programs. The BASC was also required to surrender all female offspring produced by the farm to the PGB for their carabao dispersal project. Mr. Honorato Apostol was assigned to manage the operation of the project.

From the initial release of the project, the BASC was able to purchase carabao heifers, calves, and buffalo. As of December 31, 2024, the recorded inventory of carabao stands at 10, and the project is currently managed by the Dr. Celso S. Domingo, DVM. However, the final ₱1,000,000.00 of financial support from the PGB was not released, which is why all expenses necessary to sustain the operation of the project was charged to the College's GAA and income allotment.

Additionally, the College's Goat Project started in CY 2009 through MOA with Department of Agriculture – Bureau of Agricultural Research (DA BAR). The project, titled "Meeh Kita: Goat Upgrading and production in the Villages," was allocated a total budget of ₱2,484,000.00.

All the sales of carabao, cattle, goats, and rabbit are recorded as Gain on sale of Biological Assets.

10.2 Livestock Held for Consumption

Livestock Held for Consumption consists of Native Pig Boar, and Native Piglet in Palayamanan amounting to ₱22,500.00 in CY 2024.

11. INTANGIBLE ASSETS

11.1 Computer Software

This account consists of the following:

| Accounts | 2024 | 2023 |
|---|---------------|---------------|
| Carrying Amount as of January 1 | 15,437,053.18 | 19,814,045.26 |
| Additions/Acquisitions | 0.00 | 0.00 |
| Total | 15,437,053.18 | 19,814,045.26 |
| Disposals/ Transfer to PPE | 0.00 | 0.00 |
| Depreciation (as per Statement of Financial Performance) | 4,376,992.08 | 4,376,992.08 |
| Carrying Amount, as of December 31 (As per Statement of Financial Position) | 11,060,061.10 | 15,437,053.18 |

12. FINANCIAL LIABILITIES

This account consists of the following:

| Accounts | 2024 | 2023 |
|------------------------------------|---------------------|---------------------|
| Accounts Payable | 2,245,378.00 | 1,327,777.65 |
| Due to Officers & Employees | 83,432.07 | 83,432.07 |
| Guaranty Deposits Payable | 233,251.08 | 196,251.08 |
| Customer's Deposit Payable | 247,097.27 | 110,597.27 |
| Total Financial Liabilities | 2,809,158.42 | 1,718,058.07 |

13. INTER-AGENCY PAYABLES

This account consists of the following:

| Accounts | 2024 | 2023 |
|------------------------------------|----------------------|----------------------|
| Due to BIR | 2,202,697.41 | 2,210,785.51 |
| Due to NGAs | 11,051,645.19 | 17,559,517.13 |
| Due to PhilHealth | 434,209.10 | 0.00 |
| Total Inter-Agency Payables | 13,688,551.70 | 19,770,302.64 |

The Due to BIR, amounting to ₱2,202,697.41, represents tax withheld for the month of December 2024, which is due for remittance to the BIR on or before the 10th day of the following month. The Due to National Government Agencies account, amounting to ₱7,091,645.19, represents the unexpended balance of releases from various funding agencies.

14. OTHER PAYABLES

This account consists of the following:

| Accounts | 2024 | 2023 |
|---|---------------------|---------------------|
| Other Payables – STF | | |
| Science Fee/Philippine Science Consortium | 1,366,753.32 | 1,072,342.32 |
| Research Journal | 1,361,649.50 | 989,724.50 |
| Soil Tiller | 911,979.27 | 629,153.27 |
| Supreme Student Council | 311,374.48 | 261,447.23 |
| Other Payables – Miscellaneous | | |
| Bid Documents | 155,925.92 | 272,325.92 |
| Bulacan Agricultural State College Faculty and Employee Association/Bulacan Agricultural State College Personnel Credit Cooperative | 17,800.00 | 2,000.00 |
| Total Other Payables | 4,125,482.49 | 3,226,993.24 |

15. DEFERRED CREDITS

No deferred credits were recognized in 2024 due to the collection from UNIFAST of tuition and miscellaneous fees for all enrolled students for the 2nd Semester of SY 2023-2024, 2024 Summer, and the 1st Semester of SY 2024-2025. These collections are part of the Free Higher Education Subsidy Allotment for the College for CY 2024.

16. SUBSIDY INCOME FROM NATIONAL GOVERNMENT

This account consists of the following:

| Particulars | 2024 | 2023 |
|--|-----------------------|-----------------------|
| Notice of Cash Allocation (NCA) received from DBM | 281,381,340.00 | 310,577,317.00 |
| Tax Remittance Advice (TRA) issued to BIR | 11,454,725.16 | 13,562,129.64 |
| Remittance to Bureau of Treasury for excess cash advance | (127,907.66) | (140,784.97) |
| Reversion of Unused NCA | (4,160,433.17) | (3,496,544.23) |
| Total Subsidy Income from National | 288,547,724.33 | 320,502,117.44 |

| Particulars | 2024 | 2023 |
|-------------------|------|------|
| Government | | |

There is a net decrease amounting to ₱31,954,393.11 in subsidy income from National Government in CY 2024 compared to CY 2023, due to increase in Personnel Services from ₱150,660,941.00 in 2023 to ₱158,488,025.00 in 2024, an increase in MOOE from ₱89,207,500.00 in 2023 to ₱103,146,000.00 in 2024, and a decrease in Capital Outlay from ₱25,000,000.00 in 2023 to ₱17,000,000.00 in 2024. There is also an increase in the continuing allotment for MOOE from ₱6,129,560.00 in 2023 to ₱9,731,245.00 in 2024, and decrease in continuing Capital Outlay from ₱23,312,686.00 in 2023 to ₱93,878.00 in 2024.

17. SERVICE INCOME

The breakdown of this account is as follows:

| Accounts | 2024 | 2023 |
|------------------------------------|---------------------|--------------|
| Registration Fees | 0.00 | 210.00 |
| Clearance and Certification Fees | 682,310.00 | 529,730.00 |
| Fines and Penalties-Service Income | 90,761.00 | 46,600.00 |
| Other Service Income | 5,707,986.00 | 2,424,735.00 |
| Total Service Income | 6,481,057.00 | 3,001,275.00 |

18. BUSINESS INCOME

The breakdown of this account is as follows:

| Accounts | 2024 | 2023 |
|------------------------------|----------------------|---------------|
| School Fees | 56,563,578.90 | 48,836,464.10 |
| Seminar/Training Fees | 0.00 | 46,500.00 |
| Rent/Lease Income | 2,774,054.05 | 2,537,441.10 |
| Interest Income | 58,368.75 | 192,097.05 |
| Sales Revenue | 0.00 | 0.00 |
| Other Business Income | 0.00 | 750.00 |
| Total Business Income | 59,396,001.70 | 51,613,252.25 |

The increase in Business Income is attributed to higher rent income collections and an increase in interest income generated from loans granted to farmers in a form of financial assistance, with an interest rate of 1%.

19. GRANTS AND DONATIONS

Income from grants and donations in kind, amounting to ₱26,895,848.10, is composed of ₱7,435,180.00 for Fund 164, representing the value of PPE purchased from the fund transfers to the College by different funding institutions such as CHED and Department of Science and Technology - Philippine Council for Agriculture, Aquatic and Natural Resources Research and Development (DOST PCAARRD), while ₱19,460,668.10 for

Fund 161 represents the construction of the Function Hall, which was donated by Sen. Allan Peter Cayetano and implemented by the Department of Public Works and Highways (DPWH).

CY 2024

| | |
|--|-----------------------------|
| Semi Expendable-Office Equipment | 134,290.00 |
| Semi Expendable-Furniture and Fixture | 121,530.00 |
| Semi Expendable Information and Technology Equipment | 1,701,173.00 |
| Semi Expendable Communication Equipment | 7,050.00 |
| Semi Expendable Other Equipment | 54,732.00 |
| Other Supplies & Materials Inventory | 2,335.00 |
| Other Equipment | 4,971,000.00 |
| Information & Communication Technology Equipment | 400,070.00 |
| Motor Vehicles | 43,000.00 |
| Total | 7,435,180.00 |
| Investment Property, Buildings | 19,460,668.10 |
| Grand Total | <u>26,895,848.10</u> |

CY 2023

| | |
|--|----------------------------|
| Semi Expendable – Office Equipment | 18,335.00 |
| Semi Expendable – Agricultural & Forestry Equipment | 45,200.00 |
| Semi Expendable Furniture & Fixture | 498,480.00 |
| Semi Expendable Information and Technology Equipment | 202,440.00 |
| Semi Expendable Communication Equipment | 118,771.00 |
| Semi Expendable Sports Equipment | 14,600.00 |
| Semi Expendable Other Equipment | 63,904.40 |
| Other Supplies & Materials Inventory | 10,470.00 |
| Office Equipment | 250,104.00 |
| Motor Vehicle | 427,125.00 |
| Total | <u>1,649,429.40</u> |

20. GAINS

This account consists of the following:

| Accounts | 2024 | 2023 |
|--|-------------------|--------------|
| Gain on Sale of Biological Assets | 91,270.00 | 583,240.00 |
| Gain on Sale of Agricultural produce | 56,947.00 | 783,460.00 |
| Other Gains | 59,899.00 | 48,509.00 |
| Gain from Changes in Fair Value of Biological Assets due to Physical Changes | 0.00 | 147,000.00 |
| Gain on Sale of Unserviceable Property | 39,000.00 | 0.00 |
| Total Gains | 247,116.00 | 1,562,209.00 |

21. OTHER NON-OPERATING INCOME

This account consists of the following:

| Accounts | 2024 | 2023 |
|-------------------------------------|-------------------|-------------|
| Proceeds from Insurance/Indemnities | 193,014.69 | 0.00 |
| Miscellaneous Income | 141,533.63 | 72,247.84 |
| Total Non-Operating Income | 334,548.32 | 72,247.84 |

22. PERSONNEL SERVICES

This account consists of the following:

| Accounts | 2024 | 2023 |
|---------------------------------|-----------------------|----------------|
| Salaries and Wages | 102,871,908.09 | 90,583,663.35 |
| Other Compensation | 36,525,603.22 | 35,630,600.29 |
| Personnel Benefits Contribution | 15,540,213.25 | 13,018,811.54 |
| Other Personnel Benefits | 6,381,665.55 | 16,328,443.87 |
| Total Personal Services | 161,319,390.11 | 155,561,519.05 |

22.1 Salaries and Earnings

This account consists of the following:

| Accounts | 2024 | 2023 |
|--|-----------------------|---------------|
| Salaries and Wages-Regular | 102,871,908.09 | 90,467,725.85 |
| Salaries & Wages - Substitute Teachers | 0.00 | 115,937.50 |
| Total Salaries and Wages | 102,871,908.09 | 90,583,663.35 |

There is an increase in Salaries and Wages – Regular due to filling up of new positions brought by the implementation of National Budget Circular No. 589 – Revised Organization and Staffing Standards for SUCs – phase 1 (ROSS), dated May 25, 2022 and filling up of vacant position of previously retired/resigned faculty or non teaching staff of the College.

22.2 Other Compensation

This account consists of the following:

| Accounts | 2024 | 2023 |
|---|---------------------|--------------|
| Personal Economic Relief Allowance (PERA) | 5,096,421.08 | 4,750,461.52 |
| Representation Allowance (RA) | 687,000.00 | 666,000.00 |
| Transportation Allowance (TA) | 664,000.00 | 666,000.00 |
| Clothing/Uniform Allowance | 1,463,000.00 | 1,188,000.00 |
| Subsistence Allowance | 10,050.00 | 10,900.00 |
| Laundry Allowance | 1,690.89 | 1,800.00 |
| Honoraria | 2,876,659.25 | 5,564,774.42 |

| Accounts | 2024 | 2023 |
|---|----------------------|---------------|
| Year End Bonus | 8,684,239.00 | 7,606,479.35 |
| Mid-Year Bonus | 8,616,543.00 | 7,241,935.00 |
| Collective Negotiation Agreement Incentive – Civilian | 6,294,000.00 | 5,938,500.00 |
| Productivity Enhancement Incentive – Civilian | 1,054,500.00 | 990,000.00 |
| Cash Gift | 1,077,500.00 | 1,005,750.00 |
| Total Other Compensation | 36,525,603.22 | 35,630,600.29 |

The other compensation in CY 2024 increased as compared to CY 2023 due to additional faculty and staff of BASC.

22.3 Personnel Benefit Contributions

This account consists of the following:

| Accounts | 2024 | 2023 |
|--|----------------------|---------------|
| Retirement and Life Insurance Premiums | 12,307,591.22 | 10,809,153.94 |
| Pag-IBIG contributions | 490,800.00 | 238,800.00 |
| PhilHealth Contributions | 2,486,022.03 | 1,731,857.60 |
| Employees Compensation Insurance Premiums | 255,800.00 | 239,000.00 |
| Total Personnel Benefit Contributions | 15,540,213.25 | 13,018,811.54 |

All personnel benefit contributions have been remitted to the respective agencies concerned. The increase in Personnel Benefit contributions is due to the higher collection of PhilHealth and Pag-IBIG contributions, resulting from the voluntary contributions of JO/COS workers and additional employees of the College.

22.4 Other Personnel Benefits

This account consists of the following:

| Accounts | 2024 | 2023 |
|---------------------------------------|---------------------|---------------|
| Other Personnel Benefits | 0.00 | 0.00 |
| Terminal Leave Benefits | 2,085,665.55 | 12,343,443.87 |
| Service Recognition Incentives (SRI) | 4,186,000.00 | 3,925,000.00 |
| Loyalty Award-Civilian | 110,000.00 | 60,000.00 |
| Total Other Personnel Benefits | 6,381,665.55 | 16,328,443.87 |

The terminal Leave benefits were allocated for the terminal pay of one optional retiree, five resigned employees, and the monetization of leave credits of 64 personnel of the BASC.

23. MAINTENANCE AND OTHER OPERATING EXPENSES (MOOE)

This account consists of the following:

| Accounts | 2024 | 2023 |
|---|-----------------------|-----------------------|
| Traveling Expenses | 7,633,213.67 | 6,846,551.26 |
| Training and Scholarship Expenses | 1,362,482.78 | 1,342,376.23 |
| Supplies and Materials Expenses | 12,154,833.02 | 11,578,181.97 |
| Utility Expenses | 9,016,393.60 | 8,128,148.16 |
| Communication Expenses | 3,913,205.55 | 6,908,202.85 |
| Awards/Rewards and Prizes | 1,361,651.15 | 977,417.88 |
| Survey, Research, Exploration and Development Expense | 14,990.00 | 35,225.18 |
| Confidential, Intelligence and Extraordinary Expenses | 131,592.35 | 124,410.25 |
| Professional Services | 13,368,426.87 | 10,626,622.93 |
| General Services | 15,649,015.25 | 13,939,646.32 |
| Repairs and Maintenance Expenses | 9,311,923.98 | 7,901,519.16 |
| Assistance/Subsidy | 72,643,000.00 | 43,536,000.00 |
| Taxes, Insurance Premiums and Other Fees | 623,890.32 | 324,153.59 |
| Labor and Wages | 73,377.45 | 1,271,927.49 |
| Other Maintenance and Operating Expenses | 15,691,332.76 | 15,733,883.47 |
| Total MOOE | 162,949,328.75 | 129,274,266.74 |

23.1 Traveling Expenses

This account consists of the following:

| Accounts | 2024 | 2023 |
|---------------------------------|---------------------|---------------------|
| Local | 7,146,701.56 | 6,363,480.78 |
| Foreign | 486,512.11 | 483,070.48 |
| Total Traveling Expenses | 7,633,213.67 | 6,846,551.26 |

23.2 Training and Scholarship Expenses

This account consists of the following:

| Accounts | 2024 | 2023 |
|--|---------------------|---------------------|
| Training Expenses | 1,131,527.38 | 1,113,082.35 |
| Scholarship Grants/Expenses | 230,955.40 | 229,293.88 |
| Total Training and Scholarship Expenses | 1,362,482.78 | 1,342,376.23 |

23.3 Supplies and Materials Expenses

This account consists of the following:

| Accounts | 2024 | 2023 |
|--|----------------------|----------------------|
| Office Supplies Expenses | 1,164,414.33 | 1,022,473.98 |
| ICT Office Supplies Expenses | 20,686.25 | 57,773.25 |
| Accountable Forms Expenses | 109,832.00 | 109,138.00 |
| Food Supplies Expenses | 0.00 | 1,038,300.00 |
| Drugs and Medicines Expenses | 54,095.31 | 48,034.00 |
| Medical, Dental and Laboratory Supplies Expenses | 47,063.80 | 174,683.50 |
| Fuel, Oil and Lubricants Expenses | 1,446,691.35 | 1,401,876.07 |
| Agricultural and Marine Supplies Expenses | 494,704.00 | 1,850,666.50 |
| Textbooks and Instructional Materials Expenses | 65,308.00 | 0.00 |
| Other Supplies and Materials Expenses | 2,395,817.73 | 2,207,362.97 |
| Semi-Expendable - Office Equipment | 567,278.60 | 403,738.00 |
| Semi-Expendable - ICT Equipment | 1,953,788.00 | 1,453,146.00 |
| Semi-Expendable - Agricultural & Forestry Equipment | 61,060.00 | 8,100.00 |
| Semi-Expendable - Communication Equipment | 252,255.00 | 550,137.70 |
| Semi-Expendable - Disaster Response & Rescue Equipment | 211,600.00 | 1,935.00 |
| Semi-Expendable - Medical Equipment | 1,478.00 | 0.00 |
| Semi-Expendable - Sports Equipment | 167,320.00 | 0.00 |
| Semi-Expendable Technical & Scientific Equipment | 304,760.00 | 122,450.00 |
| Semi-Expendable - Other Equipment | 1,003,194.65 | 414,441.00 |
| Semi-Expendable - Machinery Equipment | 155,100.00 | 0.00 |
| Semi-Expendable - Furniture and Fixtures | 674,590.00 | 713,926.00 |
| Semi-Expendable – Books | 1,003,796.00 | 0.00 |
| Total Supplies and Materials Expenses | 12,154,833.02 | 11,578,181.97 |

23.4 Utility Expenses

This account consists of the following:

| Accounts | 2024 | 2023 |
|-------------------------------|---------------------|---------------------|
| Water Expenses | 1,273,757.93 | 1,295,604.18 |
| Electricity Expenses | 7,742,635.67 | 6,832,543.98 |
| Total Utility Expenses | 9,016,393.60 | 8,128,148.16 |

23.5 Communication Expenses

This account consists of the following:

| Accounts | 2024 | 2023 |
|--|---------------------|--------------|
| Postage and Courier Services | 4,747.00 | 21,800.40 |
| Telephone Expenses | 92,352.00 | 83,952.00 |
| Internet Subscription Expenses | 3,816,106.55 | 6,760,640.45 |
| Cable, Satellite, Telegraph and Radio Expenses | 0.00 | 41,810.00 |
| Total Communication Expenses | 3,913,205.55 | 6,908,202.85 |

23.6 Awards/Rewards and Prizes

This account consists of the following:

| Accounts | 2024 | 2023 |
|-------------------------------------|---------------------|-------------|
| Awards/Rewards Expenses | 1,293,284.15 | 762,717.88 |
| Prizes | 68,367.00 | 214,700.00 |
| Total Awards and Indemnities | 1,361,651.15 | 977,417.88 |

23.7 Survey, Research, Exploration and Development Expense

This account consists of the following:

| Accounts | 2024 | 2023 |
|--|------------------|-------------|
| Research, Exploration & Development Expense | 14,990.00 | 35,225.18 |
| Total Survey, Research, Exploration and Development Expense | 14,990.00 | 35,225.18 |

23.8 Confidential, Intelligence and Extraordinary Expenses

This account consists of the following:

| Accounts | 2024 | 2023 |
|--|-------------------|-------------|
| Extraordinary & Miscellaneous Expenses | 131,592.35 | 124,410.25 |
| Total Confidential, Intelligence and Extraordinary Expenses | 131,592.35 | 124,410.25 |

23.9 Professional Services

This account consists of the following:

| Accounts | 2024 | 2023 |
|------------------------------------|----------------------|----------------------|
| Legal Services | 324,000.00 | 0.00 |
| Auditing Services | 19,213.00 | 53,134.50 |
| ICT Consultancy Services | 0.00 | 11,032.00 |
| Consultancy Services | 1,518,928.82 | 70,000.00 |
| Other Professional Services | 11,506,285.05 | 10,492,456.43 |
| Total Professional Services | 13,368,426.87 | 10,626,622.93 |

23.10 General Services

This account consists of the following:

| Accounts | 2024 | 2023 |
|-------------------------------|----------------------|----------------------|
| Security Services | 2,819,501.32 | 0.00 |
| Other General Services | 12,829,513.93 | 13,939,646.32 |
| Total General services | 15,649,015.25 | 13,939,646.32 |

23.11 Repairs and Maintenance

This account consists of the following:

| Accounts | 2024 | 2023 |
|---|---------------------|---------------------|
| Land Improvements | 961,134.09 | 299,870.00 |
| Buildings and Other Structures | 0.00 | 56,360.00 |
| Buildings | 1,421,668.80 | 1,197,428.00 |
| School Buildings | 2,632,744.21 | 2,157,986.50 |
| Hostel and Dormitories | 1,148,486.00 | 354,901.90 |
| Other Structures | 2,155,254.60 | 2,654,755.49 |
| Machinery | 105,522.00 | 3,500.00 |
| Office Equipment | 234,180.00 | 175,700.00 |
| ICT Equipment | 10,000.00 | 0.00 |
| Agricultural & Forestry Equipment | 5,800.00 | 0.00 |
| Technical and Scientific | 0.00 | 70,000.00 |
| Other Machinery and Equipment | 111,450.00 | 82,115.00 |
| Motor Vehicle | 525,684.28 | 846,504.27 |
| Transportation Equipment | 0.00 | 2,398.00 |
| Furniture & Fixtures | 0.00 | 0.00 |
| Total Repairs and Maintenance Expenses | 9,311,923.98 | 7,901,519.16 |

23.12 Assistance/Subsidy

This account represents Assistance/Subsidy to State Universities and Colleges (SUCs) for Free Higher Education and Scholarship subsidy amounting to ₱72,643,000.00 in 2024.

23.13 Taxes, Insurance Premiums and Other Fees

This account consists of the following:

| Accounts | 2024 | 2023 |
|---|-------------------|-------------|
| Fidelity Bond Premiums | 137,625.00 | 77,625.00 |
| Insurance Expenses | 486,265.32 | 246,528.59 |
| Total Taxes, Insurance Premiums and Other Fees | 623,890.32 | 324,153.59 |

23.14 Labor and Wages

Labor and wages represent the costs incurred for labor payroll paid for projects undertaken by administration, for agricultural activities involving hired labor in the amount of ₱73,377.45 in 2024 and ₱1,271,927.49 in 2023.

23.15 Other Maintenance and Operating Expenses

The breakdown of this account is as follows:

| Accounts | 2024 | 2023 |
|--|----------------------|---------------|
| Advertising Expenses | 115,561.62 | 100,894.00 |
| Printing and Publication Expenses | 192,629.22 | 150,226.88 |
| Representation Expenses | 5,589,129.72 | 4,332,633.16 |
| Rent/Lease Expenses | 1,032,080.00 | 1,560,800.00 |
| Membership Dues and Contributions to Organizations | 2,346,266.58 | 2,119,605.65 |
| ICT Software Subscription Expenses | 5,093,783.20 | 5,024,475.20 |
| Library & Other Reading Materials Subscription Expense | 19,440.00 | 183,353.00 |
| Subscription Expenses | 0.00 | 410,000.00 |
| Bank Transaction Fee | 12,886.13 | 2,055.00 |
| Other Maintenance and Operating Expenses | 1,289,556.29 | 1,849,840.58 |
| Total Other Maintenance and Operating Expenses | 15,691,332.76 | 15,733,883.47 |

24. Financial Expenses

For the calendar year (CY) 2024, there is no expense for bank charges recognized by the College.

25. Non-Cash Expenses

This account consists of the following:

| Accounts | 2024 | 2023 |
|---------------------------------|----------------------|----------------------|
| Depreciation Expense | 26,686,599.52 | 27,917,021.37 |
| Amortization | 4,376,992.08 | 4,376,992.08 |
| Losses | 0.00 | 37,220.00 |
| PPE-outlay Scientific Equipment | 600,000.00 | 0.00 |
| Total Non-Cash Expense | 31,663,591.60 | 32,331,233.45 |

25.1 Depreciation

The straight-line method of depreciation is adopted using the 5% salvage value for all acquired starting CY 2017 but maintains the 10% salvage value for all those acquired prior to CY 2015. The breakdown of the Depreciation Expense is as follows:

| Accounts | 2024 | 2023 |
|-------------------------------------|----------------------|----------------------|
| Investment Property | 1,573,134.67 | 0.00 |
| Land Improvements | 1,786,502.64 | 1,717,639.68 |
| Infrastructure Asset | 281,895.66 | 289,153.44 |
| Buildings and Other Structures | 14,647,332.53 | 17,921,626.24 |
| Machinery and Equipment | 6,572,145.74 | 6,312,408.75 |
| Transportation Equipment | 1,406,235.34 | 1,103,915.24 |
| Furniture, Fixtures and Books | 365,739.70 | 309,454.60 |
| Computer Software | 0.00 | 0.00 |
| Other Property, Plant and Equipment | 53,613.24 | 262,823.42 |
| Total Depreciation | 26,686,599.52 | 27,917,021.37 |

25.2 Amortization – Computer Software

For CY 2024, there is an amortization in computer software amounting to ₱4,376,992.08.

25.3 Impairment Loss – Loans and Receivables

For the CY 2024, there is no impairment loss on Loans and Receivables.

26. Comparison of Allotment and Obligation for CY 2024 with comparative figure for CY 2023 for Fund 101 and 164

| Agency/ Fund | Category | CY 2024 | | |
|-----------------|--------------------|-----------|----------------|----------------|
| | | Allotment | | |
| | | Extended | Current | Total |
| 101 | Current | | | |
| | Personnel Services | | 158,488,025.00 | 158,488,025.00 |
| | MOOE | | 103,146,000.00 | 103,146,000.00 |
| | Capital Outlay | | 17,000,000.00 | 17,000,000.00 |
| | Continuing | | | |

| Agency/ Fund | Category | CY 2024 | | |
|------------------|--------------------|----------------------|-----------------------|-----------------------|
| | | Allotment | | |
| | | Extended | Current | Total |
| | Personnel Services | - | | - |
| | MOOE | 9,731,245.04 | | 9,731,245.04 |
| | Capital Outlay | 93,878.08 | | 93,878.08 |
| | Total | 9,825,123.12 | 278,634,025.00 | 288,459,148.12 |
| 164 | Personnel Services | 5,733,750.15 | 1,950,000.00 | 7,683,750.15 |
| | MOOE | 25,234,918.97 | 58,816,723.02 | 84,051,641.99 |
| | Financial Expenses | | | |
| | Capital Outlay | 9,258,727.85 | 5,600,000.00 | 14,858,727.85 |
| | Total | 40,227,396.97 | 66,366,723.02 | 106,594,119.99 |
| T O T A L | | 50,052,520.09 | 345,000,748.02 | 395,053,268.11 |

| Agency/ Fund | Category | CY 2023 | | |
|------------------|--------------------|----------------------|-----------------------|-----------------------|
| | | Allotment | | |
| | | Extended | Current | Total |
| 101 | Current | | | |
| | Personnel Services | | 150,660,941.00 | 150,660,941.00 |
| | MOOE | | 89,207,500.00 | 89,207,500.00 |
| | Capital Outlay | | 25,000,000.00 | 25,000,000.00 |
| | Continuing | | | |
| | Personnel Services | 0.00 | | 0.00 |
| | MOOE | 6,129,559.94 | | 6,129,559.94 |
| | Capital Outlay | 23,312,686.43 | | 23,312,686.43 |
| | Total | 29,442,246.37 | 264,868,441.00 | 294,310,687.37 |
| 164 | Personnel Services | 3,691,254.10 | 7,033,133.00 | 10,724,387.10 |
| | MOOE | 18,901,821.48 | 44,969,311.09 | 63,871,132.57 |
| | Financial Expenses | 0.00 | 0.00 | 0.00 |
| | Capital Outlay | 8,244,742.35 | 4,100,000.00 | 12,344,742.35 |
| | Total | 30,837,817.93 | 56,102,444.09 | 86,940,262.02 |
| T O T A L | | 60,280,064.30 | 320,970,885.09 | 381,250,949.39 |

| Agency/ Fund | Category | CY 2024 | CY 2023 |
|------------------|--------------------|-----------------------|-----------------------|
| | | Obligation | Obligation |
| 101 | Current | | |
| | Personnel Services | 158,452,730.86 | 150,570,882.10 |
| | MOOE | 103,105,832.37 | 87,476,254.96 |
| | Capital Outlay | 16,984,854.00 | 24,906,121.92 |
| | Continuing | | |
| | Personnel Services | 0.00 | 0.00 |
| | MOOE | 9,729,214.59 | 6,074,675.66 |
| | Capital Outlay | 0.00 | 23,182,870.27 |
| | Total | 288,272,631.82 | 292,210,804.91 |
| 164 | Personnel Services | 2,866,659.25 | 4,990,636.95 |
| | MOOE | 50,106,521.29 | 38,636,213.60 |
| | Financial Expenses | 0.00 | 0.00 |
| | Capital Outlay | 1,441,020.62 | 3,086,014.50 |
| | Total | 54,414,201.16 | 46,712,865.05 |
| T O T A L | | 342,686,832.98 | 338,923,669.96 |

| Agency /Fund | Category | CY 2024 | | |
|--------------|--------------------|----------------------|-------------------|----------------------|
| | | Unexpended Balance | | |
| | | Total | Reverted | Extended |
| 101 | Current | | | |
| | Personnel Services | 35,294.14 | 35,294.14 | - |
| | MOOE | 40,167.63 | - | 40,167.63 |
| | Capital Outlay | 15,146.00 | - | 15,146.00 |
| | Continuing | - | | |
| | Personnel Services | - | - | - |
| | MOOE | 2,030.45 | 2,030.45 | - |
| | Capital Outlay | 93,878.08 | 93,878.08 | - |
| | Total | 186,516.30 | 131,202.67 | 55,313.63 |
| 164 | Personnel Services | 4,817,090.90 | - | 4,817,090.90 |
| | MOOE | 33,945,120.70 | - | 33,945,120.70 |
| | Financial Expenses | - | - | - |
| | Capital Outlay | 13,417,707.23 | - | 13,417,707.23 |
| | Total | 52,179,918.83 | - | 52,179,918.83 |
| TOTAL | | 52,366,435.13 | 131,202.67 | 52,235,232.46 |

| Agency /Fund | Category | CY 2023 | | |
|--------------|--------------------|----------------------|-------------------|----------------------|
| | | Unexpended Balance | | |
| | | Total | Reverted | Extended |
| 101 | Current | | | |
| | Personnel Services | 90,058.90 | 90,058.90 | 0.00 |
| | MOOE | 1,731,245.04 | 0.00 | 1,731,245.04 |
| | Capital Outlay | 93,878.08 | 0.00 | 93,878.08 |
| | Continuing | | | |
| | Personnel Services | 0.00 | 0.00 | 0.00 |
| | MOOE | 54,884.28 | 54,884.28 | 0.00 |
| | Capital Outlay | 129,816.16 | 129,816.16 | 0.00 |
| | Total | 2,099,882.46 | 274,759.34 | 1,825,123.12 |
| 164 | Personnel Services | 5,733,750.15 | 0.00 | 5,733,750.15 |
| | MOOE | 25,234,918.97 | 0.00 | 25,234,918.97 |
| | Financial Expenses | 0.00 | 0.00 | 0.00 |
| | Capital Outlay | 9,258,727.85 | 0.00 | 9,258,727.85 |
| | Total | 40,227,396.97 | 0.00 | 40,227,396.97 |
| TOTAL | | 42,327,279.43 | 274,759.34 | 42,052,520.09 |

PART II

AUDIT OBSERVATIONS AND RECOMMENDATIONS

OBSERVATIONS AND RECOMMENDATIONS

A. FINANCIAL AUDIT

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 (1) inclusion in the books of various dormant or non-moving accounts for 10 years or more; and (2) 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.**
 - 1.1 Section 5.7 of COA Circular No. 2016-005 dated December 19, 2016 defines Dormant Receivable Accounts as, “accounts which balances remained inactive or non-moving in the books of accounts for ten (10) years or more and where settlement/collectability could no longer be ascertained.” In accordance with Sections 6.1, 7.1 and 7.4 of the said Circular, the Management may request the write-off of the dormant receivables provided all the requisites in the writing-off of accounts are satisfied, to wit:
 - 6.1 *All government entities shall conduct regular monitoring and analysis of receivable accounts to ensure that these are collected when these become due and demandable and that cash advances and fund transfers are liquidated within the prescribed period depending upon their nature and purpose;*
 - 7.1 *Conduct regular and periodic verification, analysis and validation of the existence of the receivables, unliquidated cash advances, and fund transfers, and determine the concerned debtors, accountable offices (Regular and Special Disbursing Officers, Collecting Officers, Cashiers) and the source and implementing government entities concerned;*
 - 7.4 *Prepare aging of dormant receivables, unliquidated cash advances, and fund transfers on a quarterly basis to support the request for write-off, and indicate in the remarks column the existence of the applicable conditions, as follows:*
 - a. *Absence of records or documents to validate/support the claim and/or unreconciled reciprocal accounts;*
 - b. *Death of the accountable officer/employee/debtor;*
 - c. *Unknown whereabouts of the accountable officer/employee/ debtor, and that he/she could not be located despite diligent efforts to find him/her;*
 - d. *Incapacity to pay or insolvency;*
 - e. *Exhaustion of all possible remedies by the Management to collect the receivables and to demand liquidation of cash advances and fund transfers;*
 - f. *No pending case in court involving the subject dormant accounts.*

- 1.2 The reported balances of Receivable accounts totaling ₱4.398 million as of December 31, 2024 is broken down as follows:

| Accounts | Amount (in ₱) |
|---|---------------------|
| Current | |
| Accounts Receivable | 0.00 |
| Loans Receivable-Others | 240,000.00 |
| Receivables-Disallowance/Charges | 0.00 |
| Due from NGA's | 0.00 |
| Total Current Receivables, Net | 240,000.00 |
| Non-current | |
| Accounts Receivable | 262,141.37 |
| Allowance for Impairment | (13,107.07) |
| Net Value- Accounts Receivable | 249,034.30 |
| Loans Receivable-Others | 2,739,700.00 |
| Allowance for Impairment | (139,385.00) |
| Net Value-Loans Receivable-Others | 2,600,315.00 |
| Due from NGAs | 247,937.95 |
| Receivables-Disallowance/Charges | 1,060,979.39 |
| Total Non-Current Receivables, Net | 4,158,266.64 |
| TOTAL RECEIVABLES | 4,398,266.64 |

- 1.3 Examination of the details of each account as to its accuracy, validity and completeness yielded the following observations:

a) Accounts Receivable – ₱262,141.37

- 1.4 Summarized below is the Aging Schedule of Accounts Receivable as of December 31, 2024:

Table 1
Aging Schedule of Accounts Receivable
As of December 31, 2024

| Fund | Amount Due (in ₱) | | | | | |
|--------------------|-------------------|-------------------|-------------|--------------|--------------|-------------------|
| | Total | Current | Past Due | | | |
| | | Less than 90 days | Over 1 Year | Over 2 Years | Over 3 Years | 4 years and Above |
| General Fund (101) | 0.00 | 0.00 | 0.00 | 0.00 | 0.00 | 0.00 |
| Trust Fund (164) | 262,141.37 | 0.00 | 0.00 | 0.00 | 0.00 | 262,141.37 |
| TOTAL | 262,141.37 | 0.00 | 0.00 | 0.00 | 0.00 | 262,141.37 |

- 1.5 The receivables which have been outstanding for four years and above is further broken down as follows:

| | |
|---------------------------|---------------------------|
| Receivables from students | ₱242,191.37 |
| Receivables from farmers | <u>19,950.00</u> |
| TOTAL | <u>₱262,141.37</u> |

- 1.6 The receivables from farmers totaling ₱19,950.00 pertain to recipients of Organic Fertilizer Loans to Farmers. Funded by CHED-HEDF in 2007, it is a project aimed towards production and promotion of Bio-Organic Fertilizer. Under this program, the College shall perform banking functions of lending, as well as collecting payments and

interests from the borrowers. The loans shall not be deemed settled until fully paid by the individual borrowers. The program has been discontinued. As similarly noted in previous annual audit reports, no amount has been recovered from the borrowers of this loan. The loans have remained outstanding for 17 years as of CY 2024.

- 1.7 On the other hand, the receivables from students refer to unpaid tuition and other school fees due from various students who enrolled at BASC prior to the implementation of Republic Act No. 10931 or the Universal Tertiary Education Act of 2017. Scrutiny of the account revealed that the balance includes receivables totaling ₱189,148.60 which have remained outstanding for 10 years and more, as shown on the table below:

Table 2
Breakdown of Accounts Receivable Aged Four Years and Above
As of December 31, 2024

| School Year | Age in Years as of December 31, 2024 | Amount (in ₱) |
|------------------|--------------------------------------|-------------------|
| 2012-2013 | 12 | 25,050.00 |
| 2013-2014 | 11 | 108,011.10 |
| 2014-2015 | 10 | 56,087.50 |
| <i>Sub-total</i> | | <i>189,148.60</i> |
| | | |
| 2015-2016 | 9 | 53,042.77 |
| | | |
| TOTAL | | 242,191.37 |

- 1.8 The dormant receivable accounts aggregating to ₱189,148.60 represent 78.10 per cent of the total reported balance of Accounts Receivable as of December 31, 2024 amounting to ₱242,191.37.
- 1.9 Further verification revealed that the balance per books as reported in the Financial Statements as of December 31, 2024 did not tally with the balances reflected in the College's computerized system which was developed by a third-party provider. Results generated from the system based on the database of enrolled students per school year yielded balances which are greater than the reported amounts. The variance is summarized in the following table:

Table 3
Comparison of Balances Between General Ledger and Computerized System
ACCOUNTS RECEIVABLE – STUDENTS
As of December 31, 2024

| School Year | Balance as of December 31, 2024 (in ₱) | | |
|-------------|--|-------------------------|------------|
| | Per Financial Statements | Per Computerized System | Difference |
| 2012-2013 | 25,050.00 | 49,681.00 | 24,631.00 |
| 2013-2014 | 108,011.10 | 175,906.85 | 67,895.75 |

| School Year | Balance as of December 31, 2024 (in ₱) | | |
|--------------|--|-------------------------|-------------------|
| | Per Financial Statements | Per Computerized System | Difference |
| 2014-2015 | 56,087.50 | 105,686.50 | 49,599.00 |
| 2015-2016 | 53,042.77 | 149,244.00 | 96,201.23 |
| TOTAL | 242,191.37 | 480,518.35 | 238,326.98 |

- 1.10 According to the Accountant, the balance per books was simply carried over from previous years before the implementation of the current computerized system. As there are noted discrepancies between Accounting records and the system's database, there is a need to reconcile them in order to establish the correct amount of Accounts Receivable to be recovered from the individual debtors, and/or if warranted, to be requested for write-off.

b) Loans Receivable - Others – ₱2.980 million

- 1.11 The Aging Schedule of Loans Receivable - Others as of December 31, 2024 is presented as follows:

Table 4
Aging Schedule of Loans Receivable – Others
As of December 31, 2024

| Particulars (Fund 164) | Amount Due (in ₱) | | | | | |
|---|---------------------|-------------------|------------------|-------------------|--------------|---------------------|
| | Total | Current | Past Due | | | |
| | | Less than 90 days | Over 1 Year | Over 2 Years | Over 3 Years | 4 years and Above |
| StuFAP Loans (2004-2005) | 492,200.00 | | | | | 492,200.00 |
| SAFE 4SR Loans (2008-2009) | 1,990,000.00 | | | | | 1,990,000.00 |
| Palayamanan Community | 202,500.00 | | | 120,000.00 | | 82,500.00 |
| Integrated Rice-Based Farming System in the Rainfed Lowland Toward Food Security, Profitability and Sustainability - Phase 2 | 10,000.00 | | 10,000.00 | | | |
| Sustainability of Diversified and Integrated Rice-Based Farming System in the Rainfed Lowland and Upland Areas of Central Luzon | 240,000.00 | 240,000.00 | | | | |
| Upscaling of Integrated Rice-Based Farming System in Bulacan | 45,000.00 | | 45,000.00 | | | |
| TOTAL | 2,979,700.00 | 240,000.00 | 55,000.00 | 120,000.00 | 0.00 | 2,564,700.00 |

- 1.12 Breakdown of the balance of Loans Receivable aged four years and above totaling ₱2.565 million disclosed that a total of ₱2.482 million pertain to student loans under the Student Financial Assistance Program (StuFAP) and the Student Financial

Assistance Fund for Education (SAFE) Program that have been outstanding for more than 10 years. These are summarized on the table below:

Table 5
Dormant Loans Receivable – Others
As of December 31, 2024

| Particulars | Year Granted | No. of Debtors | | | | Amount in ₱ | | % of Recovery |
|---|--------------|----------------|------------|----------------|------------|---------------------|---------------------------------|---------------|
| | | Total | Fully Paid | Partially Paid | Unpaid | Total Granted | Balance as of December 31, 2024 | |
| Student Financial Assistant Program (StuFAP) - CHED | SY 2004-2005 | 266 | 76 | 2 | 188 | 692,000.00 | 492,200.00 | 28.87% |
| SAFE 4SR Loan Program (CHED) | SY 2008-2009 | 491 | 92 | 10 | 389 | 2,504,000.00 | 1,990,000.00 | 20.53% |
| TOTAL | | 757 | 168 | 12 | 577 | 3,196,000.00 | 2,482,200.00 | |

- 1.13 The presence of dormant Loans Receivable has been a recurring observation from previous years' Annual Audit Reports. It is worth mentioning that the College is continuously exerting efforts to recover the amounts from the student-borrowers, albeit to minimal results. A slight improvement in recovery rate was achieved, from 28.05 per cent in CY 2023 to 28.87 per cent this year for StuFAP Loans, and 20.53 per cent from last year's 20.21 per cent for SAFE Loans.
- 1.14 The inclusion of dormant receivables and the noted variances between reported balances and the individual student records cast doubt on the reliability of the Accounts Receivable and Loans Receivable – Others accounts amounting to ₱262,141.37 and ₱2.980 million, respectively, thus, affecting the fair presentation of financial statements of the College as of December 31, 2024.
- 1.15 **We recommended and Management agreed that:**
- 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.**
- 1.16 During the exit conference, the Vice President for Administration and Finance (VPAF) acknowledged the audit recommendations and confirmed that the College is actively working to segregate dormant accounts from the moving receivable accounts. The College continues to issue demand letters to the debtors in an effort to reduce the

outstanding balances. Additionally, the College is considering submitting requests for write-offs for accounts that have remained outstanding for more than 10 years.

- 1.17 The College President added that they have decided to not renew the subscription of the current system with the third-party provider due to the implementation of the Smart Campus project in CY 2025 which would develop the computerized system of BASC in-house. With this new system, the College envisions that the problems and deficiencies noted in the audit will be properly addressed and corrected.

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 No. 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.

- 2.1 Chapter 8 of the Government Accounting Manual for National Government Agencies (GAM for NGAs) provides specific guidelines and procedures on acquisition, issue, disposal and impairment of inventory and defines the benchmark for those tangible items not enough to be considered as Property, Plant and Equipment (PPE). Relevant provisions include the following:

***Sec. 7. Recognition as an Expense.** When inventories are sold, exchanged, or distributed, their carrying amount shall be recognized as an expense in the period in which the related revenue is recognized. If there is no related revenue, the expense is recognized when the goods are distributed or the related service is rendered.*

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Sec. 10. Semi-expendable Property.

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b. These tangible items shall be recognized as expenses upon issue to the end-user.

- 2.2 Section 16, thereof, enumerates the procedures in the requisition and issue of inventory items. Under this provision, the Property and/or Supply Unit files permanently in numerical order Copy 3 of the duly accomplished Requisition and Issue Slip (RIS) for supplies and materials, and retrieves the same as basis in the preparation of the Report of Supplies and Materials Issued (RSMI). The RSMI and copies of the RIS shall be the basis of the Accounting Office to recognize the issuance of stock as expense.
- 2.3 For semi-expendable property items, COA Circular No. 2022-004 dated May 31, 2022 prescribes the use of the Inventory Custodian Slip (ICS) for issuance of tangible items amounting to less than ₱50,000.00 to end-user to establish accountability over them. Accordingly, the Property and/or Supply Unit shall prepare the Report of Semi-Expendable Property Issued (RSPI) to report/summarize all issued semi-expendable

property at least weekly based on the ICS. It shall be used by the Accounting Unit as basis in preparing the journal entry voucher to recognize the semi-expendable property issued.

- 2.4 The Inventory accounts of Bulacan Agricultural State College (BASC) as of December 31, 2024 has a reported balance totaling ₱25.410 million, broken down as follows:

| | <u>Amount (in ₱)</u> |
|--|-----------------------------|
| Office Supplies Inventory | 994,580.13 |
| Textbooks and Instructional Materials Inventory | 1,263,420.85 |
| Other Supplies and Materials Inventory | 1,330,524.34 |
| Semi-Expendable - Furniture and Fixtures | 3,006,391.83 |
| Semi-Expendable - Office Equipment | 3,211,187.62 |
| Semi-Expendable - Information and Communication Technology Equipment | 7,017,222.02 |
| Semi-Expendable - Agricultural and Forestry Equipment | 382,242.50 |
| Semi-Expendable - Communication Equipment | 2,175,558.17 |
| Semi-Expendable - Disaster Response and Rescue Equipment | 58,894.00 |
| Semi-Expendable - Military, Police and Security Equipment | 0.00 |
| Semi-Expendable - Medical Equipment | 154,844.50 |
| Semi-Expendable - Sports Equipment | 601,933.50 |
| Semi-Expendable - Technical and Scientific Equipment | 455,912.27 |
| Semi-Expendable - Other Equipment | 886,371.55 |
| Semi-Expendable - Machinery | 57,915.00 |
| Semi-Expendable - Books | 3,812,871.46 |
| TOTAL | <u>25,409,869.74</u> |

- 2.5 Analysis of the account revealed discrepancies in the aggregate amount of ₱74.028 million between the Inventory Report of Semi-Expendable Property as provided by the Property Office and the reported balances in the detailed Statement of Financial Position as of December 31, 2024. The analysis is presented in the following table:

Table 6
Comparison of Balances of Semi-Expendable Property
As of December 31, 2024

| Account Title | Balance as of December 31, 2024 (in ₱) | | Difference (in ₱) |
|---|---|-----------------------|----------------------|
| | Property Records | Accounting Records | |
| Office Supplies Inventory | 989,362.60 | 994,580.13 | (5,217.53) |
| Textbooks and Instructional Materials Inventory | 1,858,090.85 | 1,263,420.85 | 594,670.00 |
| Other Supplies and Materials Inventory | 4,901,116.92 | 1,330,524.34 | 3,570,592.58 |

| Account Title | Balance as of December 31, 2024 (in ₱) | | Difference (in ₱) |
|--|---|-----------------------|----------------------|
| | Property Records | Accounting Records | |
| Semi-Expendable - Furniture and Fixtures | 18,462,861.53 | 3,006,391.83 | 15,456,469.70 |
| Semi-Expendable - Office Equipment | 11,744,083.64 | 3,211,187.62 | 8,532,896.02 |
| Semi-Expendable - Information and Communication Technology Equipment | 33,987,841.82 | 7,017,222.02 | 26,970,619.80 |
| Semi-Expendable - Agricultural and Forestry Equipment | 3,153,669.47 | 382,242.50 | 2,771,426.97 |
| Semi-Expendable - Communication Equipment | 6,739,999.45 | 2,175,558.17 | 4,564,441.28 |
| Semi-Expendable - Disaster Response and Rescue Equipment | 339,633.50 | 58,894.00 | 280,739.50 |
| Semi-Expendable - Military, Police and Security Equipment | 22,000.00 | 0.00 | 22,000.00 |
| Semi-Expendable - Medical Equipment | 271,100.80 | 154,844.50 | 116,256.30 |
| Semi-Expendable - Sports Equipment | 1,524,918.50 | 601,933.50 | 922,985.00 |
| Semi-Expendable - Technical and Scientific Equipment | 4,155,933.27 | 455,912.27 | 3,700,021.00 |
| Semi-Expendable - Other Equipment | 5,074,871.50 | 886,371.55 | 4,188,499.95 |
| Semi-Expendable - Machinery | 224,415.00 | 57,915.00 | 166,500.00 |
| Semi-Expendable - Books | 5,987,969.41 | 3,812,871.46 | 2,175,097.95 |
| TOTAL | 99,437,868.26 | 25,409,869.74 | 74,027,998.52 |

- 2.6 Inquiry with the Property/Supply Officer and the Accountant disclosed that the variances arose from inventory items which were issued from a long time ago which remained unaccounted for in property records and unreconciled with accounting records. The Property/Supply Officer explained that they have not dropped these items from their records as the documents evidencing their issuance to end-users have not been located at this time. Consequently, the Accounting Office cannot make adjustments in the books without proper documentation to serve as basis for the drawing of journal voucher entries.
- 2.7 It is worth mentioning that this deficiency is a reiteration of audit observations in previous annual audit reports of the College.
- 2.8 Due to the failure by the Accounting and Property Offices to reconcile and establish their respective records, the accuracy, reliability and completeness of balances of Inventory accounts totaling ₱25.410 million as of December 31, 2024 cannot be fully relied upon.
- 2.9 **We recommended and Management agreed that:**
- 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.**

2.10 The VPAF and the Supply Officer acknowledged the audit recommendations. The College is currently in the process of resolving all discrepancies between the balances as recorded by the Accounting Office and those recorded by the Property/Supply Office, with a target completion date of six months from the date of the exit conference. Subsequently, the Accounting Office will draw the corresponding adjusting journal entries from the Property/Supply Office.

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.**

3.1 The Audit Team conducted an evaluation of College's policies and procedures in the recognition and treatment of Property, Plant and Equipment (PPE) and its related depreciation for Calendar Year (CY) 2024, and noted the following deficiencies:

a) **The Accounting Office failed to depreciate a set of Property Plant and Equipment (PPE) acquired in CY 2024, valued at ₱8.751 million.**

3.2 Relevant stipulations of Chapter 10, of Volume I the Government Accounting Manual for National Government Agencies (GAM for NGAs) on the applicable rules and regulations governing Property, Plant, and Equipment (PPE) are enumerated as follows:

Section 2. Definition of Terms. *When used in this Manual, the following terms shall mean:*

xxx

(c) Depreciation – is the systematic allocation of the depreciable amount of an asset over its useful life.

xxx

(n) *Useful Life* – is the period over which an asset is expected to be available for use by an entity; or the number of production or similar units expected to be obtained from the asset by an entity.

xxx

Section 3. Criteria for Recognition. *The cost of an item of PPE shall be recognized as assets if, and only if:*

- a. it is probable that the future economic benefits or service potential associated with the item will flow to the entity;*
- b. the cost or fair value of the item can be measured reliably;*
- c. beneficial ownership and control clearly rest with the government;*
- d. the asset is used to achieve government objectives; and*
- e. it meets the capitalization threshold of P50,000.00.*

Under this recognition principle, an entity shall evaluate all its PPE costs at the time they are incurred. These costs include cost incurred initially to acquire or construct an item of PPE and costs incurred subsequently to add to, replace part of, or service the PPE.

xxx

Section 27. Depreciation. *PPE gradually loses its ability to provide service over the course of time. Because of this, its cost needs to be distributed on a systematic basis over its useful life. The allocated cost is referred to as depreciation. The depreciation charge for each period shall be recognized as expense unless it is included in the carrying amount of another asset. For example, the depreciation of manufacturing plant and equipment is included in the costs of conversion of inventories. Similarly, depreciation of PPE used for development activities may be included in the cost of an intangible asset recognized. xxx*

- 3.3 Audit of disbursements disclosed that the College purchased a set of laboratory equipment under Contract Agreement No. 2023-06G with a total acquisition cost of ₱8.751 million. Perusal of the Inspection and Acceptance Report showed that the PPEs were delivered, inspected and accepted on May 10, 2024.

Table 7
List of Acquired Laboratory Equipment
May 10, 2024

| Item No. | Description | Quantity | Total Price |
|----------|--|----------|---------------|
| | | | Delivered DDP |
| | | | (in ₱) |
| | 1. LOT - 2023-06G: Acquisition of Laboratory Equipment for the Bulacan Agricultural State College for CY 2024 | | |
| 1 | Full Automatic Triaxial Test Set | 1 | 1,460,000.00 |
| 2 | Analytical Balance | 2 | 240,000.00 |
| 3 | Fume Hood | 1 | 464,000.00 |
| 4 | Visible Spectrophotometer | 1 | 250,000.00 |
| 5 | Flame Photometer | 1 | 333,000.00 |

| Item No. | Description | Quantity | Total Price |
|--------------|---|----------|---------------------|
| | | | Delivered DDP |
| | | | (in ₱) |
| 6 | Muffle Furnace Box Type | 1 | 250,000.00 |
| 7 | Electronic Titrator | 1 | 329,000.00 |
| 8 | Drying Oven | 1 | 80,000.00 |
| 9 | Autoclave | 3 | 900,000.00 |
| 10 | Automatic Kjeldahl Distillation Apparatus | 1 | 665,000.00 |
| 11 | Portable Animal Digital Ultrasound (B/W) | 1 | 250,000.00 |
| 12 | Sperm Analyzer | 1 | 267,000.00 |
| 13 | Herbarium Cabinet | 1 | 580,000.00 |
| 14 | Soil Test kit fertility nutrient analyzer | 1 | 156,000.00 |
| 15 | Laboratory Flow Meter | 1 | 385,000.00 |
| 16 | Binocular Microscope w/LCD | 4 | 200,000.00 |
| 17 | Trinocular Microscope | 4 | 952,000.00 |
| 18 | Thermostatic water bath | 2 | 60,000.00 |
| 19 | Mycotoxin Analyzer | 1 | 450,000.00 |
| 20 | Soil Analysis | 1 | 150,000.00 |
| 21 | Centrifuge (Hematocrit) | 1 | 80,000.00 |
| 22 | Centrifuge (Eppendorf) | 1 | 250,000.00 |
| TOTAL | | | 8,751,000.00 |

Note: above items are to be used and recognized as a set

- 3.4 Review of the pertinent records and other available documents for PPEs and its corresponding depreciation as maintained by the Accounting Office showed that no depreciation expense nor accumulated depreciation was recognized for the aforementioned set of laboratory equipment. Based on the guidelines set forth by Section 27 of the GAM for NGAs, Volume 1, the depreciable assets acquired should have commenced depreciation beginning in May 2024. The table below outlines the monthly and total depreciation amount that should have been recognized in CY 2024:

Table 8
SCHEDULE OF DEPRECIATION OF PURCHASED EQUIPMENT
For the period May 10 - December 31, 2024

| Item No. | Account Name | Description | Quantity | Total Acquisition Cost (in ₱) | USEFUL LIFE (in years) | MONTHLY DEPRECIATION* (in ₱) | UNRECORDED DEPRECIATION, MAY TO DECEMBER 2024 (in ₱) |
|----------|------------------------------------|----------------------------------|----------|-------------------------------|------------------------|------------------------------|--|
| 1 | Technical and Scientific Equipment | Full Automatic Triaxial Test Set | 1 | 1,460,000.00 | 10 | 11,558.33 | 92,466.67 |
| 2 | Technical and Scientific Equipment | Analytical Balance | 2 | 240,000.00 | 10 | 1,900.00 | 15,200.00 |
| 3 | Technical and Scientific Equipment | Fume Hood | 1 | 464,000.00 | 10 | 3,673.33 | 29,386.67 |
| 4 | Technical and Scientific Equipment | Visible Spectrophotometer | 1 | 250,000.00 | 10 | 1,979.17 | 15,833.33 |
| 5 | Technical and Scientific Equipment | Flame Photometer | 1 | 333,000.00 | 10 | 2,636.25 | 21,090.00 |
| 6 | Other Machinery and Equipment | Muffle Furnace Box Type | 1 | 250,000.00 | 10 | 1,979.17 | 15,833.33 |
| 7 | Technical and Scientific Equipment | Electronic Titrator | 1 | 329,000.00 | 10 | 2,604.58 | 20,836.67 |

| Item No. | Account Name | Description | Quantity | Total Acquisition Cost (in ₱) | USEFUL LIFE (in years) | MONTHLY DEPRECIATION* (in ₱) | UNRECORDED DEPRECIATION, MAY TO DECEMBER 2024 (in ₱) |
|--------------|-------------------------------------|---|----------|-------------------------------|------------------------|------------------------------|--|
| 8 | Other Machinery and Equipment | Drying Oven | 1 | 80,000.00 | 10 | 633.33 | 5,066.67 |
| 9 | Other Machinery and Equipment | Autoclave | 3 | 900,000.00 | 10 | 7,125.00 | 57,000.00 |
| 10 | Technical and Scientific Equipment | Automatic Kjeldahl Distillation Apparatus | 1 | 665,000.00 | 10 | 5,264.58 | 42,116.67 |
| 11 | Technical and Scientific Equipment | Portable Animal Digital Ultrasound (B/W) | 1 | 250,000.00 | 10 | 1,979.17 | 15,833.33 |
| 12 | Agricultural and Forestry Equipment | Sperm Analyzer | 1 | 267,000.00 | 10 | 2,113.75 | 16,910.00 |
| 13 | Furniture and Fixtures | Herbarium Cabinet | 1 | 580,000.00 | 10 | 4,591.67 | 36,733.33 |
| 14 | Agricultural and Forestry Equipment | Soil Test kit fertility nutrient analyzer | 1 | 156,000.00 | 10 | 1,235.00 | 9,880.00 |
| 15 | Technical and Scientific Equipment | Laboratory Flow Meter | 1 | 385,000.00 | 10 | 3,047.92 | 24,383.33 |
| 16 | Technical and Scientific Equipment | Binocular Microscope w/LCD | 4 | 200,000.00 | 10 | 1,583.33 | 12,666.67 |
| 17 | Technical and Scientific Equipment | Trinocular Microscope | 4 | 952,000.00 | 10 | 7,536.67 | 60,293.33 |
| 18 | Technical and Scientific Equipment | Thermostatic water bath | 2 | 60,000.00 | 10 | 475.00 | 3,800.00 |
| 19 | Technical and Scientific Equipment | Mycotoxin Analyzer | 1 | 450,000.00 | 10 | 3,562.50 | 28,500.00 |
| 20 | Technical and Scientific Equipment | Centrifuge (Hematocrit) | 1 | 80,000.00 | 10 | 633.33 | 5,066.67 |
| 21 | Technical and Scientific Equipment | Centrifuge (Eppendorf) | 1 | 250,000.00 | 10 | 1,979.17 | 15,833.33 |
| TOTAL | | | | 8,601,000.00 | | | 544,730.00 |

* computed after deducting the 5 per cent salvage value from acquisition cost

- 3.5 The above computation indicates that the College failed to recognize depreciation on the PPE items aggregating to ₱0.545 million for the period May to December 2024. As a result, the Depreciation Expense and corresponding Accumulated Depreciation accounts reflected in the financial statements as at yearend are understated, as follows:

| Account Title | Amount (in ₱) | |
|---|---------------|------------|
| | Debit | Credit |
| Depreciation Expense - Technical and Scientific Equipment | 403,306.67 | |
| Depreciation Expense - Other Machinery and Equipment | 77,900.00 | |
| Depreciation Expense - Agricultural and Forestry Equipment | 26,790.00 | |
| Depreciation Expense - Furniture and Fixtures | 36,733.33 | |
| Accumulated Depreciation - Technical and Scientific Equipment | | 403,306.67 |
| Accumulated Depreciation – Other Machinery and Equipment | | 77,900.00 |

| Account Title | Amount (in ₱) | |
|--|-------------------|-------------------|
| | Debit | Credit |
| Accumulated Depreciation – Agricultural and Forestry Equipment | | 26,790.00 |
| Accumulated Depreciation – Furniture and Fixtures | | 36,733.33 |
| TOTAL | 544,730.00 | 544,730.00 |

3.6 The discrepancy arose from the failure to accurately recognize the depreciation of acquired PPEs during the specified period.

3.7 In the absence of depreciation, the College would present an overstated value of its assets, as the diminution in value due to usage or obsolescence would not be properly accounted for. The omission would result to an inflated net income, as depreciation, a non-cash charge, typically serves to reduce income. Further, the College's financial position could not be fairly relied upon, with the assets appearing to be valued more than its actual carrying amount.

b) The Accounting Office uses the payment date as the reference point for the commencement of the depreciation period of its Property, Plant, and Equipment (PPE).

3.8 Chapter 2, Section 2 of GAM for NGAs, Volume I on the general provisions, basic standards and policies in government accounting states that:

Accrual basis – means a basis of accounting under which transactions and other events are recognized when they occur (and not only when cash or its equivalent is received or paid). Therefore, the transactions and events are recognized in the accounting records and recognized in the financial statements of the periods to which they relate. The elements recognized under accrual accounting are assets, liabilities, net assets/equity, revenue, and expenses.

3.9 Section 6, item (b) thereat, requires that each entity shall recognize and present its financial transactions and operations conformably using accrual basis of accounting in accordance with the International Public Sector Accounting Standards (IPSAS).

3.10 Corollary to the above provisions, item (c) of Section 27 of the same Manual prescribes the guidelines for the recognition of depreciation on PPEs, as follows:

(c) Depreciation of an asset begins when it is available for use such as when it is in the location and condition necessary for it to be capable of operating in the manner intended by management. For simplicity and to avoid proportionate computation, depreciation shall be for one month if the PPE is available for use on or before the 15th of the month. However, if the PPE is available for use after the 15th of the month, depreciation shall be for the succeeding month.

3.11 Further review of the accounting records and related transactions revealed that the Accounting Office sets the payment date as the basis for the commencement of its recognition of depreciation expense. The practice suggests that depreciation begins to be recognized from the moment a payment is made, rather than when the asset is placed into service as mandated by Section 27 of the GAM for NGAs, Vol. 1. Presented

in Table 9 is the actual depreciation schedule for various equipment purchased in CY 2024:

Table 9
DEPRECIATION SCHEDULE
Calendar Year 2024

| Acct. code | DESCRIPTION | ACQUISITION COST (in ₱) | Estimated Useful Life (Years) | Date Delivered | Payment Date (based on O.R.) | Depreciation start date |
|-------------|---|-------------------------|-------------------------------|--------------------|------------------------------|-------------------------|
| 1 06 05 030 | All-in-One Ink Tank Printer Epson Ecotank L15150 | 67,777.00 | 5 | January 10, 2025 | January 26, 2025 | February 2024 |
| 1 06 05 030 | Video and Audio Conference Room Camera | 67,000.00 | 5 | February 15, 2025 | March 6, 2025 | April 2024 |
| 1 06 05 030 | Desktop Computer - Aspire C24 1851 | 54,500.00 | 5 | April 24, 2024 | May 13, 2024 | June 2024 |
| 1 06 05 030 | All-in-One PC - Aspire C27 1751 | 72,000.00 | 5 | April 24, 2024 | May 13, 2024 | June 2024 |
| | Photocopier HP Color Laser Jet Enterprise MFP-M480f | 103,530.00 | 5 | May 29, 2024 | June 21, 2024 | August 2024 |
| 1 06 05 030 | All-in-One Desktop Computer -Acer Aspire C27 | 72,971.00 | 5 | August 08, 2024 | October 04, 2024 | October 2024 |
| | 2.5 Hp Split Inverter Aircon - Carrier Nexus | 73,500.00 | 5 | September 26, 2024 | October 15, 2024 | October 2024 |
| 1 06 05 030 | Laptop Computer - Asus | 54,995.00 | 5 | October 03, 2024 | November 8, 2024 | November 2024 |

3.12 The practice currently implemented by the College resulted to discrepancies in the accuracy of calculations for depreciation, as it deviates from established accounting standards that require the depreciation to begin once an asset is placed in service. By basing depreciation on the payment date instead of the asset's actual usage or in-service date, the reported depreciation expense and its corresponding accumulated depreciation of PPE items may be understated. Thus, the financial statement balances of affected accounts may not accurately reflect the true value or utilization of the asset over time.

3.13 **We recommended and Management agreed that:**

- a. **The Accounting Office to recognize the depreciation expense and corresponding accumulated depreciation on the set of laboratory equipment purchased in CY 2024. The Audit Team proposes the following adjusting journal entries:**

| | <u>Debit</u> | <u>Credit</u> |
|---|-------------------|-------------------|
| Accumulated Surplus | 544,730.00 | |
| Accumulated Depreciation - Technical and Scientific Equipment | | 403,306.67 |
| Accumulated Depreciation – Other Machinery and Equipment | | 77,900.00 |
| Accumulated Depreciation – Agricultural and Forestry Equipment | | 26,790.00 |
| Accumulated Depreciation – Furniture and Fixtures | | 36,733.33 |

***- to recognize Depreciation Expense and Accumulated Depreciation
of laboratory equipment purchased in May 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.**
- 3.14 The College Accountant acknowledged the errors in the recognition of assets and their corresponding depreciation expense, and informed the Audit Team that the necessary adjusting entries related to these errors have been corrected and posted as of March 2025. She also said that the College will follow the prescribed guidelines in the recognition of depreciation, ie., it shall commence on the date of delivery instead of the date of payment by requiring the advanced submission of a copy of the Delivery Receipt to the Accounting Office to facilitate the recognition of depreciation expense.
- 3.15 Meanwhile, a clarification was raised by the Vice President for Administration and Finance (VPAF) and the College Accountant regarding the policy on recognizing assets and depreciation expense. In response, the Audit Team explained that assets should be recorded using the accrual basis of accounting, and that depreciation expense should be recognized once the asset, subject to depreciation, is available for use, rather than on the date of payment.

B. OTHER FINANCIAL-RELATED ISSUES

- 4. Significant delays were noted in the distribution and liquidation of funds for grant-in-aid under the UniFAST Tertiary Education Subsidy - Tulong Dunong Program (TES-TDP), inconsistent with the provisions of UniFAST Memorandum Circular No. 02, series of 2021 as amended by Memorandum Circular No. 02, series of 2022, and Memorandum Circular No. 03, series of 2023. Hence, the release of subsequent funding and its corresponding Administrative Support Costs may be withheld and the intended benefits of the program may not be sustained.**
- 4.1 Republic Act No. 10931, or the Universal Access to Quality Tertiary Education Act, is a law that promotes universal access to quality tertiary education by providing free tuition and other school fees in State Universities and Colleges (SUCs), Local Universities and Colleges (LUCs), and state-run Technical-Vocational Institutions (TVIs). The said law established the Tertiary Education Subsidy Program (TES), a grant-in-aid program that supports the full or partial cost of tertiary education of priority students in SUCs, CHED recognized LUCs and private higher education institutions (HEIs), which includes the Tulong Dunong Program (TDP) that aims to support at least the partial cost of tertiary education, inclusive of education-related expenses of the grantee. The Bulacan Agricultural State College (BASC) is among the SUCs with qualified beneficiaries of the TES-TDP.

- 4.2 The Unified Student Financial Assistance System for Tertiary Education (UniFAST) issued the guidelines for the implementation of the TDP-TES through UniFAST Memorandum Circular No. 02, series 2021. Subsection 9.3 of the said Circular, as amended by Section 6 of Memorandum Circular No. 02, series of 2022 dated January 29, 2022, states that:

9.3 Liquidation of Funds Transferred to SUCs, CHED-Recognized LUCs and Private HEIs. For proper reporting on the release of funds, SUCs, CHED-Recognized LUCs, and Private HEIs should prepare and submit to the CHED Regional Offices within 90 days after the end of the 2nd Semester of the academic calendar the following documents: (emphasis supplied)

xxx

Any subsequent fund releases for SUCs, CHED Recognized LUCs and Private HEIs shall be withheld pending the submission of the herein required liquidation report.

Any unused funds should be returned to CHEDROs together with the liquidation report.

The liquidation of funds transferred to SUCs and CHED-Recognized LUCs shall be subject to the usual government accounting and auditing rules and regulations.

- 4.3 On the other hand, UniFAST Memorandum Circular No. 03, series of 2023 dated July 5, 2023 prescribes the guidelines on the use of Administrative Support Cost (ASC) under the TES-TDP. The General Principles under Section 2 of the said Circular states that:

1. 30-Day Release Rule. All HEIs must release all funds to grantees for the payment of TES-1, TES-2, TES3a, and TES-3b or TDP grants within 30 days from receipt thereof as evidenced by a certification of release of funds, certified by the HEI's disbursement officer or cashier or accountant and attested by the school president or head of HEI. Failure to release will result to the holding of the release of ASC due the HEI in the following semester until such time that the liquidation documents have been submitted. Notice of such holding will be given to the HEI prior to said act. (Emphasis supplied)

All HEIs are required to issue schedule of release of TES and TDP grants copy furnished the CHED Regional Offices. HEIs shall update in the TES and TDP Billing System the date of release of said grants to the grantees.

- 4.4 Presented on the following table are the dates of receipt of the scholarship grants from CHED Regional Office (CHED-RO), the granting of cash advances for the distribution of benefits to the student grantees, and their corresponding dates of liquidation:

Table 10
Schedule of Fund Releases, Cash Advances and Liquidation - UNIFAST TES-TDP
For the period January 1 to December 31, 2024

| PARTICULARS | DATE RECEIVED FROM CHED-RO | CASH ADVANCE | | | LIQUIDATION | | BALANCE AS OF DECEMBER 31, 2024 (IN ₱) | REMARKS |
|--|----------------------------|--------------|------------|---------------------|-----------------|---------------------|--|-------------------------------------|
| | | DATE GRANTED | CHECK NO. | AMOUNT IN ₱ | DATE LIQUIDATED | AMOUNT IN ₱ | | |
| UNIFAST TES-TDP Program for the 2nd Sem AY 2022-2023 TDP New 3.1 | 12/19/2023 | 10/9/2024 | 0000118381 | 112,500.00 | 10/14/2024 | 112,500.00 | 0.00 | For Submission to CHED-RO |
| UNIFAST TES-TDP Program for the 1st Sem AY 2023-2024 | 08/21/2024 | 10/12/2024 | 0000141519 | 112,500.00 | 10/14/2024 | 112,500.00 | 0.00 | For Submission to CHED-RO |
| UNIFAST TES-TDP Program for the 2nd Sem AY 2022-2023 TDP Ongoing batch 3 | 08/21/2024 | 8/22/2024 | 0000118354 | 3,780,000.00 | 9/10/2024 | 3,622,500.00 | 157,500.00 | Processing (Balance to be returned) |
| UNIFAST TES-TDP Program for the 1st Sem AY 2023-2024 TES continuing | 08/27/2024 | 9/23/2024 | 0000118366 | 120,000.00 | 9/26/2024 | 120,000.00 | 0.00 | For Submission to CHED-RO |
| UNIFAST TES-TDP Program for the 2nd Sem AY 2023-2024 Batch 1 continuing | 08/27/2024 | 9/24/2024 | 0000118373 | 80,000.00 | 9/26/2024 | 80,000.00 | 0.00 | For Submission to CHED-RO |
| UNIFAST TES-TDP Program for the 1st Sem AY 2023-2024 batch 3.1 | 08/27/2024 | 11/4/2024 | 0000141511 | 832,500.00 | 11/13/2024 | 832,500.00 | 0.00 | For Submission to CHED-RO |
| TOTAL | | | | 5,037,500.00 | | 4,880,000.00 | 157,500.00 | |

- 4.5 Review of the pertinent documents relative to the TES-TDP showed that the BASC has an unliquidated balance of ₱157,500.00 as of December 31, 2024. This amount represents undistributed benefits of TES-TDP grantees. Moreover, the liquidation documents for the TES-TDP grants are yet to be submitted to the CHED-RO as of year-end.
- 4.6 Aging analysis of the number of days from the receipt of funds from CHED-RO, release of benefits to the student-grantees through cash advances, liquidation of the said cash advances, and subsequent submission of liquidation documents to the CHED-RO showed delays exceeding the 90-day period prescribed by the guidelines. The delays ranged from 126 to 378 days. In addition, three fund releases were distributed to the

beneficiaries way beyond the 30-day release rule as required by UniFAST guidelines. The aging analysis is presented in Table 11:

Table 11
Aging Analysis of Fund Releases, Cash Advances and Liquidation - UniFAST TES-TDP
As of December 31, 2024

| PARTICULARS | AGING RECEIPT FROM CHED-RO TO RELEASING THROUGH CASH ADVANCES | | | | AGING CASH ADVANCES TO LIQUIDATION | | | | AGING OF LIQUIDATION BASIC TO CHED-RO | | | | TOTAL DAYS |
|--|---|------------|------------|---------------|------------------------------------|------------|------------|---------------|---------------------------------------|------------|------------|---------------|---------------------|
| | 0-30 days | 31-60 days | 61-90 days | Above 90 days | 0-30 days | 31-60 days | 61-90 days | Above 90 days | 0-30 days | 31-60 days | 61-90 days | Above 90 days | AS OF DEC. 31, 2024 |
| UNIFAST TES-TDP Program for the 2nd Sem AY 2022-2023 TDP New 3.1 | - | - | - | 295 | 5 | - | - | - | - | - | 78 | - | 378 |
| UNIFAST TES-TDP Program for the 1st Sem AY 2023-2024 | - | 52 | - | - | 2 | - | - | - | - | - | 78 | - | 132 |
| UNIFAST TES-TDP Program for the 2nd Sem AY 2022-2023 TDP Ongoing batch 3 | 1 | - | - | - | 19 | - | - | - | - | - | - | 112 | 132 |
| UNIFAST TES-TDP Program for the 1st Sem AY 2023-2024 TES continuing | 27 | - | - | - | 3 | - | - | - | - | - | - | 96 | 126 |
| UNIFAST TES-TDP Program for the 2nd Sem AY 2023-2024 Batch 1 continuing | 28 | - | - | - | 2 | - | - | - | - | - | - | 96 | 126 |
| UNIFAST TES-TDP Program for the 1st Sem AY 2023-2024 batch 3.1 | - | - | 69 | - | 9 | - | - | - | - | 48 | - | - | 126 |

4.7 Inquiry with the concerned officials disclosed that the delays were caused by several factors, such as:

- a. Delays in the release of funds by the CHED-RO – the disbursement of TES-TDP funds from CHED-RO was in itself delayed, which directly impacted the timely release of the grants to the students;
 - b. Availability of the student grantees to claim their benefits – some of the student grantees were unable to claim their benefits on or within the scheduled payout period due to various reasons, such as unavailability on the specified dates, weekends and holidays, or other personal matters;
 - c. Processing of Administrative Support Costs (ASC) – the liquidation process for ASC took a longer time because the supplies and materials charged to the fund had to go through the procurement process which involves steps that take time to complete.
- 4.8 The delays in the distribution of benefits to the student grantees and the subsequent liquidation of TES-TDP funds to the CHED-RO will result to the delay in the release of subsequent funding for the program as well as the release of the ASC, as these are withheld by the CHED-RO until the College submits the liquidation documents. This may also raise concerns about how effectively the College is managing its funds that may result to difficulty in securing future funding requests from the CHED-RO.
- 4.9 Ultimately, the student grantees will be deprived of continuously reaping the intended benefits of the program to ensure its attainment of quality tertiary education.
- 4.10 **We recommended and Management agreed to:**
- a. **Submit the pending liquidation documents and return the undistributed amount of TES-TDP grants to the CHED-RO as soon as possible;**
 - b. **Establish control procedures for the timely distribution of grants to the student beneficiaries and the subsequent submission of liquidation documents to the CHED-RO to ensure the continuous release of benefits to the scholars;**
 - c. **Ensure that the 30-day release rule for the distribution of benefits and the 90-day period required for the liquidation of TES-TDP grants set by CHEDRO are strictly followed in order to avoid the withholding of subsequent scholarship fund releases and its corresponding Administrative Support Costs.**
- 4.11 The Vice President for Administration and Finance (VPAF) and the Director of the Office of Student Affairs and Services (OSAS) affirmed that all pending liquidations, along with their corresponding unreleased checks, have been fully settled and complied with as of the date of the exit conference. The delays cited in the aforementioned observation were attributed to the delayed liquidation of administrative costs. Moreover, the VPAF informed the Audit Team that the College was recognized by the Commission on Higher Education (CHED) as one of the schools with no outstanding liquidations related to the UniFAST TES-TDP.

5. 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.

5.1 Revenue Regulation (RR) No. 2-98 dated April 17, 1998 provides that all government agencies as tax withholding agents are required to remit all taxes withheld by them on or before the 10th day of the succeeding month.

5.2 The Due to BIR account of the College showed a year-end balance of ₱2.203 million, consisting of taxes withheld on account of goods and services procured, execution of government infrastructure contracts, and employees' compensation as of December 31, 2024. The matrices per fund showing the amount withheld and remitted in year 2024 are presented below:

Table 12
SCHEDULE OF TAXES WITHHELD AND REMITTED TO THE BIR
Calendar Year 2024

Fund 101

| CY 2024 | AMOUNT (in ₱) | | | | |
|--------------|-------------------|----------------------|--------------|----------------------|---------------------|
| | Beginning Balance | Amounts Withheld | Total | Amount Remitted | Ending Balance |
| January | 2,038,346.75 | 543,604.13 | 2,581,950.88 | 2,038,346.75 | 543,604.13 |
| February | 543,604.13 | 653,035.43 | 1,196,639.56 | 543,604.13 | 653,035.43 |
| March | 653,035.43 | 582,905.27 | 1,235,940.70 | 655,215.53 | 580,725.17 |
| April | 580,725.17 | 623,441.64 | 1,204,166.81 | 582,725.17 | 621,441.64 |
| May | 621,441.64 | 786,164.49 | 1,407,606.13 | 619,074.84 | 788,531.29 |
| June | 788,531.29 | 1,346,001.89 | 2,134,533.18 | 792,209.24 | 1,342,323.94 |
| July | 1,342,323.94 | 637,598.38 | 1,979,922.32 | 1,349,368.67 | 630,553.65 |
| August | 630,553.65 | 1,129,854.43 | 1,760,408.08 | 621,444.46 | 1,138,963.62 |
| September | 1,138,963.62 | 925,209.22 | 2,064,172.84 | 1,139,463.61 | 924,709.23 |
| October | 924,709.23 | 706,335.31 | 1,631,044.54 | 927,209.22 | 703,835.32 |
| November | 703,835.32 | 1,491,246.09 | 2,195,081.41 | 706,761.15 | 1,488,320.26 |
| December | 1,488,320.26 | 1,694,303.31 | 3,182,623.57 | 1,542,694.18 | 1,639,929.39 |
| TOTAL | | 11,119,699.59 | | 11,518,116.95 | |

Fund 164

| CY 2024 | AMOUNT (in ₱) | | | | |
|----------|-------------------|------------------|------------|-----------------|----------------|
| | Beginning Balance | Amounts Withheld | Total | Amount Remitted | Ending Balance |
| January | 172,438.76 | 340,249.84 | 512,688.60 | 172,438.76 | 340,249.84 |
| February | 340,249.84 | 134,622.56 | 474,872.40 | 340,503.84 | 134,368.56 |
| March | 134,368.56 | 127,674.94 | 262,043.50 | 134,596.56 | 127,446.94 |
| April | 127,446.94 | 44,168.61 | 171,615.55 | 127,446.94 | 44,168.61 |

| CY 2024 | AMOUNT (in ₱) | | | | |
|--------------|-------------------|---------------------|------------|---------------------|-------------------|
| | Beginning Balance | Amounts Withheld | Total | Amount Remitted | Ending Balance |
| May | 44,168.61 | 387,472.58 | 431,641.19 | 44,168.61 | 387,472.58 |
| June | 387,472.58 | 129,333.75 | 516,806.33 | 388,822.58 | 127,983.75 |
| July | 127,983.75 | 299,471.38 | 427,455.13 | 162,884.97 | 264,570.16 |
| August | 264,570.16 | 403,375.67 | 667,945.83 | 267,666.97 | 400,278.86 |
| September | 400,278.86 | 222,118.91 | 622,397.77 | 404,686.45 | 217,711.32 |
| October | 217,711.32 | 183,788.42 | 401,499.74 | 256,741.47 | 144,758.27 |
| November | 144,758.27 | 150,306.75 | 295,065.02 | 165,984.95 | 129,080.07 |
| December | 129,080.07 | 536,621.87 | 665,701.94 | 158,578.67 | 507,123.27 |
| TOTAL | | 2,959,205.28 | | 2,624,520.77 | |

Fund 161

| CY 2024 | AMOUNT (in ₱) | | | | |
|--------------|-------------------|-------------------|-----------|------------------|------------------|
| | Beginning Balance | Amounts Withheld | Total | Amount Remitted | Ending Balance |
| January | 0.00 | 254.00 | 254.00 | 0.00 | 254.00 |
| February | 254.00 | 228.00 | 482.00 | 254.00 | 228.00 |
| March | 228.00 | 0.00 | 228.00 | 228.00 | 0.00 |
| April | 0.00 | 0.00 | 0.00 | 0.00 | 0.00 |
| May | 0.00 | 0.00 | 0.00 | 0.00 | 0.00 |
| June | 0.00 | 31,957.22 | 31,957.22 | 0.00 | 31,957.22 |
| July | 31,957.22 | 551.31 | 32,508.53 | 31,957.22 | 551.31 |
| August | 551.31 | 3,057.59 | 3,608.90 | 551.31 | 3,057.59 |
| September | 3,057.59 | 878.89 | 3,936.48 | 3,057.59 | 878.89 |
| October | 878.89 | 4,748.72 | 5,627.61 | 878.89 | 4,748.72 |
| November | 4,748.72 | 13,020.64 | 17,769.36 | 4,748.72 | 13,020.64 |
| December | 13,020.64 | 55,644.75 | 68,665.39 | 13,020.64 | 55,644.75 |
| TOTAL | | 110,341.12 | | 54,696.37 | |

Recapitulation:

| | |
|--------------|----------------------|
| Fund 101 | ₱1,639,929.39 |
| Fund 164 | 507,123.27 |
| Fund 161 | 55,644.75 |
| TOTAL | ₱2,202,697.41 |

- 5.3 The balance as of December 31, 2024 totaling ₱2.203 million was subsequently remitted to the BIR in January 2025.

- 5.4 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.
6. 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. 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.
- 6.1 Paragraph b, Section 6 of R.A. No. 8291, known as The Government Service Insurance System Act of 1997 states that, “*employer shall remit directly to the GSIS the employees’ and employers’ contributions within the first ten (10) days of the calendar month following the month to which the contributions apply. The remittance by the employer of the contributions to the GSIS shall take priority over and above the payment of any and all obligations, except salaries and wages of its employees.*”
- 6.2 Meanwhile, Section 3(a) of Rule VII of Republic Act No. 9679 or the “Home Development Mutual Fund Law of 2009, otherwise known as Pag-IBIG (Pagtutulungan Sa Kinabukasan: Ikaw, Bangko, Industriya at Gobyerno) Fund” states that:

Section 3. Remittance of Collections.

a. All employers shall remit to the Fund their contributions and the contributions of their covered employees as well as the latter’s loan amortizations or payments to the Fund, as provided for under Section 2 of this Rule, when applicable, within fifteen (15) days from the date the same were collected unless another period is previously agreed upon between the employer and the Fund, or within such periods as the Fund may prescribe otherwise. The Fund may prescribe a different remittance schedule for Filipinos employed by foreign based employers depending on the nature of their contracts or manner of their deployment abroad. (Emphasis supplied)

- 6.3 Analysis of the withholding and remittance of mandatory contributions to GSIS of the BASC for Calendar Year (CY) 2024 showed that the College has judiciously complied with the requirements of law, as presented on the table below:

Table 13
SCHEDULE OF AMOUNTS WITHHELD AND REMITTED TO THE GSIS
Calendar Year 2024

Fund 101

| CY 2024 | AMOUNT (in ₱) | | | | |
|----------|-------------------|------------------|--------------|-----------------|----------------|
| | Beginning Balance | Amounts Withheld | Total | Amount Remitted | Ending Balance |
| January | 0.00 | 1,580,466.02 | 1,580,466.02 | 1,578,095.19 | 2,370.83 |
| February | 2,370.83 | 1,594,833.93 | 1,597,204.76 | 1,594,325.89 | 2,878.87 |

| CY 2024 | AMOUNT (in ₱) | | | | |
|--------------|-------------------|----------------------|--------------|----------------------|----------------|
| | Beginning Balance | Amounts Withheld | Total | Amount Remitted | Ending Balance |
| March | 2,878.87 | 1,626,524.36 | 1,629,403.23 | 1,610,194.56 | 19,208.67 |
| April | 19,208.67 | 1,620,039.77 | 1,639,248.44 | 1,623,111.77 | 16,136.67 |
| May | 16,136.67 | 1,744,400.30 | 1,760,536.97 | 1,703,151.87 | 57,385.10 |
| June | 57,385.10 | 1,613,044.91 | 1,670,430.01 | 1,637,946.59 | 32,483.42 |
| July | 32,483.42 | 1,561,508.05 | 1,593,991.47 | 1,584,377.59 | 9,613.88 |
| August | 9,613.88 | 1,817,118.96 | 1,826,732.84 | 1,563,276.10 | 263,456.74 |
| September | 263,456.74 | 1,686,708.93 | 1,950,165.67 | 1,639,930.20 | 310,235.47 |
| October | 310,235.47 | 1,720,841.72 | 2,031,077.19 | 1,988,692.49 | 42,384.70 |
| November | 42,384.70 | 1,742,551.10 | 1,784,935.80 | 1,784,935.80 | 0.00 |
| December | 0.00 | 1,765,064.75 | 1,765,064.75 | 1,765,064.75 | 0.00 |
| TOTAL | | 20,073,102.80 | | 20,073,102.80 | |

6.4 On the other hand, presented below are the amounts withheld and remitted by the College to the HDMF or Pag-IBIG Fund for CY 2024:

Table 14
SCHEDULE OF AMOUNTS WITHHELD AND REMITTED TO HDMF
Calendar Year 2024

Fund 101

| CY 2024 | AMOUNT (in ₱) | | | | |
|--------------|-------------------|---------------------|------------|---------------------|----------------|
| | Beginning Balance | Amounts Withheld | Total | Amount Remitted | Ending Balance |
| January | 0.00 | 123,551.83 | 123,551.83 | 123,451.83 | 100.00 |
| February | 100.00 | 145,051.83 | 145,151.83 | 145,151.83 | 0.00 |
| March | 0.00 | 158,351.83 | 158,351.83 | 157,351.83 | 1,000.00 |
| April | 1,000.00 | 161,595.62 | 162,595.62 | 159,416.00 | 3,179.62 |
| May | 3,179.62 | 153,047.52 | 156,227.14 | 0.00 | 156,227.14 |
| June | 156,227.14 | 138,662.34 | 294,889.48 | 196,727.14 | 98,162.34 |
| July | 98,162.34 | 135,158.96 | 233,321.30 | 97,662.34 | 135,658.96 |
| August | 135,658.96 | 154,724.54 | 290,383.50 | 290,383.50 | 0.00 |
| September | 0.00 | 158,903.93 | 158,903.93 | 158,903.93 | 0.00 |
| October | 0.00 | 157,121.18 | 157,121.18 | 157,121.18 | 0.00 |
| November | 0.00 | 159,500.23 | 159,500.23 | 159,500.23 | 0.00 |
| December | 0.00 | 171,682.95 | 171,682.95 | 171,682.95 | 0.00 |
| TOTAL | | 1,817,352.76 | | 1,817,352.76 | |

Fund 164

| CY 2024 | AMOUNT (in ₱) | | | | |
|--------------|-------------------|-------------------|------------|-------------------|----------------|
| | Beginning Balance | Amounts Withheld | Total | Amount Remitted | Ending Balance |
| January | 0.00 | 2,800.00 | 2,800.00 | 2,800.00 | 0.00 |
| February | 0.00 | 3,200.00 | 3,200.00 | 3,200.00 | 0.00 |
| March | 0.00 | 0.00 | 0.00 | 0.00 | 0.00 |
| April | 0.00 | 0.00 | 0.00 | 0.00 | 0.00 |
| May | 0.00 | 3,000.00 | 3,000.00 | 3,000.00 | 0.00 |
| June | 0.00 | 0.00 | 0.00 | 0.00 | 0.00 |
| July | 0.00 | 2,400.00 | 2,400.00 | 2,400.00 | 0.00 |
| August | 0.00 | 2,600.00 | 2,600.00 | 2,600.00 | 0.00 |
| September | 0.00 | 2,600.00 | 2,600.00 | 2,600.00 | 0.00 |
| October | 0.00 | 203,921.18 | 203,921.18 | 2,600.00 | 201,321.18 |
| November | 201,321.18 | 0.00 | 201,321.18 | 201,321.18 | 0.00 |
| December | 0.00 | 2,400.00 | 2,400.00 | 2,400.00 | 0.00 |
| TOTAL | | 222,921.18 | | 222,921.18 | |

6.5 The College made timely remittances of amounts withheld from mandatory deductions to the GSIS and the HDMF. Thus, no penalty for late payment was imposed and the employees can fully enjoy their benefits as members of these government institutions.

6.6 **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, and Section 3(a) of Rule VII of Republic Act No. 9679 on the prompt remittance to Pag-IBIG Fund of monthly Home Development Mutual Fund (HDMF) contributions.**

7. **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.**

7.1 Paragraph (b), Section 18 of the Revised Implementing Rules and Regulations of Republic Act No. 7875 as amended by R.A. No. 9241 and R.A. No. 10606, otherwise known as the National Health Insurance Act of 2013 states that:

SECTION 18. Payment of Premium Contributions

b. The monthly premium contribution of employed members shall be remitted by the employer on or before the date prescribed by the Corporation.

xxx

- 7.2 Analysis of the Due to PhilHealth account as of December 31, 2024 showed that the BASC has substantially complied with the withholding of monthly contributions and timely remittance of the same to PhilHealth, as presented in Table 15:

Table 15
SCHEDULE OF AMOUNTS WITHHELD AND REMITTED TO PHILHEALTH
Calendar Year 2024

Fund 101

| CY 2024 | AMOUNT (in ₱) | | | | |
|--------------|-------------------|---------------------|------------|---------------------|----------------|
| | Beginning Balance | Amounts Withheld | Total | Amount Remitted | Ending Balance |
| January | 0.00 | 184,351.68 | 184,351.68 | 184,351.68 | 0.00 |
| February | 0.00 | 189,165.40 | 189,165.40 | 189,165.40 | 0.00 |
| March | 0.00 | 204,049.80 | 204,049.80 | 203,165.40 | 884.40 |
| April | 884.40 | 205,868.80 | 206,753.20 | 204,123.64 | 2,629.56 |
| May | 2,629.56 | 206,177.79 | 208,807.35 | 199,798.44 | 9,008.91 |
| June | 9,008.91 | 209,399.06 | 218,407.97 | 212,645.07 | 5,762.90 |
| July | 5,762.90 | 196,868.44 | 202,631.34 | 0.00 | 202,631.34 |
| August | 202,631.34 | 274,335.87 | 476,967.21 | 400,228.16 | 76,739.05 |
| September | 76,739.05 | 213,024.29 | 289,763.34 | 218,730.43 | 71,032.91 |
| October | 71,032.91 | 217,101.38 | 288,134.29 | 217,101.38 | 71,032.91 |
| November | 71,032.91 | 217,101.38 | 288,134.29 | 217,101.38 | 71,032.91 |
| December | 71,032.91 | 217,103.86 | 288,136.77 | 288,136.77 | 0.00 |
| TOTAL | | 2,534,547.75 | | 2,534,547.75 | |

Fund 164

| CY 2024 | AMOUNT (in ₱) | | | | |
|-----------|-------------------|------------------|------------|-----------------|----------------|
| | Beginning Balance | Amounts Withheld | Total | Amount Remitted | Ending Balance |
| January | 0.00 | 13,500.00 | 13,500.00 | 13,500.00 | 0.00 |
| February | 0.00 | 14,500.00 | 14,500.00 | 14,500.00 | 0.00 |
| March | 0.00 | 0.00 | 0.00 | 0.00 | 0.00 |
| April | 0.00 | 0.00 | 0.00 | 0.00 | 0.00 |
| May | 0.00 | 13,000.00 | 13,000.00 | 13,000.00 | 0.00 |
| June | 0.00 | 0.00 | 0.00 | 0.00 | 0.00 |
| July | 0.00 | 11,500.00 | 11,500.00 | 11,500.00 | 0.00 |
| August | 0.00 | 12,500.00 | 12,500.00 | 12,500.00 | 0.00 |
| September | 0.00 | 12,500.00 | 12,500.00 | 12,500.00 | 0.00 |
| October | 0.00 | 446,704.15 | 446,704.15 | 12,500.00 | 434,204.15 |
| November | 434,204.15 | 0.00 | 434,204.15 | 434,204.15 | 0.00 |

| CY 2024 | AMOUNT (in ₱) | | | | |
|--------------|-------------------|-------------------|------------|-------------------|-------------------|
| | Beginning Balance | Amounts Withheld | Total | Amount Remitted | Ending Balance |
| December | 0.00 | 446,209.10 | 446,209.10 | 12,000.00 | 434,209.10 |
| TOTAL | | 970,413.25 | | 536,204.15 | |

- 7.3 All unremitted balances were settled by BASC in full within the deadlines prescribed by law. As such, penalties for late payments were avoided and the employees were able to enjoy the benefits of their membership to PhilHealth.
- 7.4 **We recommended and Management agreed to continue to be compliant with the remittance of mandatory contributions due to PhilHealth in accordance with Paragraphs (a), (b), and (e) of Section 18 of the Revised Implementing Rules and Regulations of Republic Act No. 7875.**
8. **Of the total agency budget of ₱263.407 million for Calendar Year (CY) 2024, the Bulacan Agricultural State College (BASC) allocated ₱15.638 million or 5.94 per cent for projects and activities related to Gender and Development (GAD). Actual GAD expenditures and attributions as per GAD Accomplishment Report amounted to ₱19.867 million or 127.04 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.**
- 8.1 Executive Order No. 273 mandates agencies to incorporate and reflect Gender and Development (GAD) concerns in their agency performance commitment contracts, annual budget proposals, and work and financial plans. Agency heads are instructed to integrate GAD planning in the regular activities of their respective agencies, the cost of implementation of which shall be at least five percent (5%) of their total budgets. The GAD focal point system shall take the lead in the gender mainstreaming in the agency's programs, activities, and projects (PAPs).
- 8.2 Meanwhile, PCW/NEDA/DBM Joint Circular No. 2012-01 provides the mechanics for the development of PAPs to respect, protect, and fulfill the rights of women at the socio-cultural, economic and political spheres.
- 8.3 Perusal of the GAD Plan and Budget (GPB) for CY 2024 of the Bulacan Agricultural State College (BASC) disclosed that a sum of ₱15.638 million was appropriated for PAPs aimed at Gender and Development (GAD). This amount represents 5.94 per cent of the BASC's total budget of ₱263.407 million, which is compliant with the minimum 5% of the total appropriations as required by law.
- 8.4 The GAD budget was distributed to 13 PAPs and one project with cost attribution, as summarized in Table 16 on the following page:

Table 16
Summary of Appropriations
Annual GAD Plan and Budget
Calendar Year 2024

| GAD Activity | No. of PAPs | Agency Approved Budget (in ₱) |
|---------------------------------|--------------------|--------------------------------------|
| Client-focused Activities | 6 | 118,000.00 |
| Organization-focused Activities | 7 | 5,275,173.77 |
| Attributed Programs | 1 | 10,245,000.00 |
| TOTAL | 14 | 15,638,173.77 |

- 8.5 Meanwhile, the Annual GAD Accomplishment Report (GAD AR) as submitted to the PCW showed that the actual expenditures attributed to GAD for CY 2024 aggregated to ₱19.877 million or 127.04 per cent of the budgeted amounts per the GPB, summed up as follows:

Table 17
Summary of GAD Accomplishment
Calendar Year 2024

| GAD Activity | No. of PAPs | Amount of Expenditures (in ₱) |
|---------------------------------|--------------------|--------------------------------------|
| Client-focused Activities | 6 | 302,880.51 |
| Organization-focused Activities | 7 | 19,557,992.11 |
| Attributed Programs | 1 | 5,955.00 |
| TOTAL | 14 | 19,866,827.62 |

Note: The GAD AR presented to the Audit Team is still subject to review and approval of the PCW.

- 8.6 As shown on the above table, only ₱5,955.00 was credited as a GAD expenditure from attributed programs. The project pertains to Phase 2 of the Construction of Solar-Powered 4-Storey 20-Classroom Academic Building with a total budget amounting to ₱10.245 million which received a score of 'zero' per the HGDG-PIMME assessment due to the transfer of its implementation to the Department of Public Works and Highways (DPWH). This was in consonance with Fiscal Year 2024 General Appropriations Act Special Provision No. 5 on State Universities and Colleges (SUCs) which requires that the implementation of infrastructure projects amounting to ₱5.000 million and above be transferred to the DPWH. Only the amount of ₱5,955.00 which was incurred during initial meetings in relation to the said project before it was transferred to the DPWH was attributable to GAD.
- 8.7 It is noteworthy to mention that, despite the fact that a significant portion of the amount from attributed programs was excluded from the actual GAD expenditures, the College was still able to incur a utilization rate of 127.04 per cent of the approved budget for GAD. This indicates that the attainment of a positive overall implementation of the GPB is not dependent on attributed programs which are usually material in amounts. The GAD focal point system of the College was able to respond accordingly when a major project cannot be implemented through the formulation and proper attribution of more GAD-related PAPs.

- 8.8 Overall, the Audit Team observed that the BASC displayed continued advancement in its compliance with the GAD Mandate. The use of the HGDG tool in identifying and assessing the PAPs to be attributed to GAD, particularly on the preparation of GAD AR, resulted to continued improvements in the College's formulation and attribution of programs and activities geared towards gender-responsiveness.
- 8.9 **We recommended and Management agreed to:**
- a. **Require the GAD Focal Person to 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**
 - b. **Continue to carefully plan and develop programs, activities and projects which are doable and attainable even in circumstances that hamper the attainment of plans and goals.**
- 8.10 Management acknowledged and appreciated the commendation of the Audit Team on the College's efforts to continuously comply with the GAD Mandates.
9. **Disbursement for salary differentials to designated Vice Presidents (VPs) has become a complex and contentious issue due to conflicting rulings from the Commission on Higher Education (CHED), the Department of Budget and Management (DBM) and the Civil Service Commission (CSC), thereby resulting to significant financial and operational consequences for the College.**
- 9.1 The Commission on Higher Education (CHED) on its Memorandum Order (MO) No. 12, series of 2018 dated June 22, 2018 outlines the 2016 State Universities and Colleges (SUC) leveling results, leveling benefits and leveling appeal procedures. This memorandum classified Bulacan Agricultural State College (BASC) as a Level III SUC.
- 9.2 On the other hand, the Department of Budget and Management (DBM) issued National Budget Circular No. 589 regarding the Revised Organization and Staffing Standards of SUCs – Phase I, which indicates that the number of Vice President positions shall be dependent on the level of the SUC, as provided under CHED MO No. 12, s. 2018 and DBM-CHED JC No. 2. S. 2003. Thus, the College, as a Level III SUC, is permitted to have two Vice Presidents (VPs) with a rank of 'SUC Vice President III' at Salary Grade (SG) 27. Additional VPs may be designated beyond this limit, provided that the total number of permanent and designated VPs do not exceed five; provided, further, that the funds shall be sourced from internally generated income or from available allotment for Personal Services (PS) of the SUC.

9.3 At present, there are three designated VP positions at BASC:

| No. | Designation | Date of Designation | Position as per CSC Appointment | Salary Grade as of CY 2024 |
|-----|--|---------------------|---------------------------------|----------------------------|
| 1 | Vice President for Academic Affairs | February 1, 2019 | Associate Professor V | 23-1 |
| 2 | Vice President for Administration and Finance | February 1, 2020 | Associate Professor V | 23-1 |
| 3 | Vice President for Research, Extension, Production and Development | January 7, 2022 | Professor VI | 27-1 |

9.4 Audit of expenditures for salaries of personnel disclosed that the two VPs whose salary grades are below SG-27 are receiving compensation equivalent to a permanent VP position. This is in line with the DBM-CHED Joint Circulars (JC) series 2003 and 2004, which state that:

JC No. 2, series of 2003, Section 6 – Faculty members who are designated VPs shall be entitled to the difference between their present salary and the 1st step of the salary grade of a permanent VP position.

JC No. 1, series of 2004, Section 5.1 – The difference between the present salaries of the designated faculty and non-faculty members and the 1st step of the salary grade of the VP position will be considered as salary differential and will form part of the actual salary of the designated VP. The Year End Benefits (YEB) and Retirement and Life Insurance Premiums (RLIP) will be adjusted accordingly during the period of designations.

9.5 The same was stated in Item No. 7.13.3.1 of the DBM Manual on Position Classification and Compensation MPCC which was circularized in February 2007.

9.6 However, the said grant of salary differential to the designated VPs is contradictory to Section 13(c) of Civil Service Commission (CSC) Memorandum Circular No. 24, series of 2017, or the 2017 Omnibus Rules on Appointments and Other Human Resource Actions (ORAOHRA), which provides that, “designees cannot be granted the salaries of the positions they are being designated to.” Allowances that go with the performance of the functions, such as Representation and Transportation Allowance (RATA) or Extraordinary and Miscellaneous Expenses (EME) may be granted as provided by the General Appropriations Act (GAA), the grant of the same is specifically stated in the designation order.

9.7 As of December 31, 2024, the two designated VPs have received salary differentials from the date of their designation totaling ₱7.235 million, as summarized in the following table:

| Designation | Salary Differential Received | Gross Amount in ₱ |
|----------------------------------|------------------------------|-------------------|
| Vice President, Academic Affairs | February -December 2019 | 705,019.00 |
| | January - December 2020 | 688,308.00 |

| | | |
|--|-------------------------|---------------------|
| | January - December 2021 | 694,224.00 |
| | January - December 2022 | 698,585.00 |
| | January - December 2023 | 613,452.00 |
| | January - December 2024 | 668,056.00 |
| | <i>Sub-total</i> | <i>4,067,644.00</i> |
| Vice President, Administration and Finance | January - December 2020 | 445,827.00 |
| | January - December 2021 | 542,358.00 |
| | January - December 2022 | 641,180.00 |
| | January - December 2023 | 805,524.00 |
| | January - December 2024 | 732,080.00 |
| | <i>Sub-total</i> | <i>3,166,969.00</i> |
| | GRAND TOTAL | 7,234,613.00 |

- 9.8 Discussions with the concerned officials of the College disclosed that the granting of salary differential to designated VPs whose present salaries are below SG-27 was adopted in accordance with the DBM MPCC and CHED issuances, and as generally practiced by SUCs. However, from our perspective, it would be for the best interest of the College if Management was more prudent in consulting with the relevant policy-making bodies, particularly with the DBM and the CSC, in clarifying the contradictory guidelines since these rulings carry material financial implications as shown on the above analysis. Based on our assessment, any misinterpretation of the rules will result to overpayments which might need to be rectified by the affected individuals.
- 9.9 The conflicting rules may lead to inconsistencies in enforcement, where some government agencies or individuals may receive preferential treatment while others face strict compliance measures due to differences in interpretation and implementation. This will create a perception of unfairness. It is best for the College to apply due diligence and engage in extensive consultation to arrive at well-informed decisions that clearly align with the prevailing rules and regulations in order to maintain stability, fairness and clarity.
- 9.10 **We recommended and Management agreed to:**
- Immediately suspend payment of salary and bonus differentials to the designated Vice Presidents until the matter of contradictory rules and regulations is duly addressed and resolved;**
 - Make representation and directly communicate with the CSC, DBM and CHED for clarification and guidance on the conflicting mandates; and**
 - Document all actions taken to address this compliance issue, including any correspondence with all the governing bodies concerned and the steps taken to conform the salary structure with the applicable rulings.**
- 9.11 The Vice President for Administration and Finance (VPAF) informed the Audit Team that the payment of salary differentials to the designated VPs was promptly suspended in March 2025.

- 9.12 In response to the audit recommendations, a formal letter of inquiry has been submitted to the CSC field office; however, the field office has instructed the College to direct the letter to the CSC Main Office. The College is currently awaiting a response from the CSC. Additionally, the College is in the process of drafting letters of inquiry to the Department of Budget and Management (DBM) and the Commission on Higher Education (CHED).

10. Payments to government suppliers were made before the goods have been delivered or the services have been rendered, in violation of COA Circular No. 82-177 dated March 4, 1982 and Section 4 of Annex D of the 2016 Revised Implementing Rules and Regulations (IRR) of Republic Act (R.A.) No. 9184, or the Government Procurement Reform Act.

- 10.1 COA Circular No. 82-177 dated March 4, 1982 explicitly prohibits against advance payment on government contracts, to wit:

“All concerned should see to it that payment shall be made only after services or supplies and materials had been rendered or delivered, duly inspected and accepted as certified by the head of the agency concerned, except in cases where advance payment was previously authorized by the President.”

- 10.2 Further, Section 4 of Annex D of the 2016 Revised Implementing Rules and Regulations (IRR) of Republic Act (R.A.) No. 9184 or the Government Procurement Reform Act prescribes the following guidelines regarding advance payments:

4.1 In accordance with Presidential Decree 1445, advance payment shall be made only after prior approval of the President, and shall not exceed fifteen percent (15%) of the contract amount, unless otherwise directed by the President; Provided, however, that for cases mentioned under 4.3, 4.4, and 4.5 of these guidelines, no prior approval by the President shall be necessary.

xxx

4.3 A single advance payment not to exceed fifty percent (50%) of the contract amount shall be allowed for contracts entered into by a procuring entity for the following services where requirement of down payment is a standard industry practice:

- a) Hotel and restaurant services;*
- b) Use of conference/seminar and exhibit areas; and*
- c) Lease of office space.*

4.4 Advance payment not to exceed fifteen percent (15%) of the contract amount, unless otherwise directed by the President, shall also be allowed for procurement of goods required to address contingencies arising from natural or man-made calamities in areas where a “State of Calamity” has been declared by appropriate authorities.

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- 10.3 Audit of disbursements for various ongoing projects of the College during the year revealed instances wherein payments were made to the suppliers/service providers before the goods were delivered or the service has been rendered/completed. These are presented on the table below:

Table 18
Advance Payments on Procurement Contracts
Calendar Year 2024

| PURCHASE ORDER | | | PARTICULARS | AMOUNT in ₱ | Testing Period | | Actual Date of Delivery | Date of Payment |
|----------------|------------|--------------------------------------|---|------------------|--|----------|-------------------------------|--------------------|
| No. | Date | Date of Acceptance by Supplier | | | From | To | | |
| 2024-09-442 | 9/3/2024 | 9/6/2024 | Payment for soil testing kit for BASC-FRT demo farm production and planting materials. | 3,000.00 | Terms of delivery were not indicated on the contract | | 10/04/24 | 10/03/24 |
| 2024-11-624 | 11/11/2024 | 11/25/2024 | Supplies for project: Preparation of rabbit Frankfurter made with different lipid source. | 5,079.20 | 01/02/25 | 01/21/25 | 01/22/25 | 12/19/24 |
| 2024-11-625 | 11/11/2024 | 11/22/2024 | Laboratory Analysis to be used for the LAPANUGGETS nutritional analysis. | 21,840.00 | 12/20/24 | 01/14/25 | 01/15/25 | 12/18/24 |
| 2024-11-626 | 11/11/2024 | 11/28/2024 | Supplies for project: Physical and sensory evaluation of fruit crisps with bitter ground. | 14,448.00 | No results yet | | No results yet | 12/19/24 |
| | | | TOTAL | 44,367.20 | | | | |

- 10.4 Perusal of the transactions showed that the nature of the expenditures was not among the exceptions to the general rule on advance payments as specified in Section 4, Items 4.3 and 4.4 of Annex D of the IRR. Moreover, there was no prior approval from the President of the Philippines that expenditures of such nature are allowed to be paid in advance.

- 10.5 Further verification disclosed that these transactions which were paid in advance incurred delays in its delivery or completion, as shown on the following table:

Table 19
Delayed Delivery/Completion of Contracts Paid in Advance
Calendar Year 2024

| PURCHASE ORDER | | | PARTICULARS | AMOUNT in ₱ | Testing Period | | Actual Date of Delivery | No. of Days Delayed |
|----------------|----------|--------------------------------------|--|----------------|--|----|-------------------------------|---------------------------|
| No. | Date | Date of Acceptance by Supplier | | | From | To | | |
| 2024-09-442 | 9/3/2024 | 9/6/2024 | Payment for soil testing kit for BASC-FRT demo | 3,000.00 | Terms of delivery were not indicated on the contract | | 10/04/24 | cannot be determined |

| PURCHASE ORDER | | | PARTICULARS | AMOUNT in ₱ | Testing Period | | Actual Date of Delivery | No. of Days Delayed |
|----------------|------------|--------------------------------------|---|------------------|----------------|----------|-------------------------------|---------------------------|
| No. | Date | Date of Acceptance by Supplier | | | From | To | | |
| | | | farm production and planting materials. | | | | | |
| 2024-11-624 | 11/11/2024 | 11/25/2024 | Supplies for project: Preparation of rabbit Frankfurter made with different lipid source. | 5,079.20 | 01/02/25 | 01/21/25 | 01/22/25 | 28 |
| 2024-11-625 | 11/11/2024 | 11/22/2024 | Laboratory Analysis to be used for the LAPANUGGETS nutritional analysis. | 21,840.00 | 12/20/24 | 01/14/25 | 01/15/25 | 24 |
| 2024-11-626 | 11/11/2024 | 11/28/2024 | Supplies for project: Physical and sensory evaluation of fruit crisps with bitter ground. | 14,448.00 | No result yet | | No result yet | 45 |
| | | | TOTAL | 44,367.20 | | | | |

10.6 According to the officials concerned, the delay is caused by the late release of results of testing from the laboratory. The Audit Team further observed that no extensions were requested on the contract duration. Liquidated damages were also not imposed on the delays, as the transactions were already paid before the delivery was made or even before the laboratory testing commenced.

10.7 Payments made in advance not only violates the basic rule that all government contracts must be delivered or rendered before payment is made. There is also the risk that the contractor/supplier might abscond from fulfilling the terms of the contract. It would be difficult for the College to impose penalties and sanctions on defaulting contractors and suppliers as they are already paid before the goods have been delivered, or the service has been rendered.

10.8 **We recommended and Management agreed to:**

- a. **Refrain from making payments to government contractors and suppliers before the goods have been delivered or the services have been rendered; and**
- b. **Ensure strict compliance with the prohibition on advance payment of government contracts. Be guided with the provisions of COA Circular No. 82-177 dated March 4, 1982, and Section 4 of Annex D of the 2016 Revised Implementing Rules and Regulations of R.A. No. 9184.**

10.9 The VPAF acknowledged the recommendations provided by the audit team. In response, the College issued a memorandum mandating strict compliance with COA Circular No. 82-177, dated March 4, 1982, and Section 4 of Annex D of the 2016 Revised Implementing Rules and Regulations (IRR) of Republic Act (R.A.) No. 9184,

also known as the Government Procurement Reform Act. The memorandum was distributed to all College offices, including the end-users.

- 10.10 The VPAF also assured the Audit Team that they will actively look for suppliers and service providers that will not require advance payments before delivery of goods and/or services.

11. The computation of proportional monthly salary and Personnel Economic Relief Allowance (PERA) of regular employees are not consistent with the prescribed formula under CSC Memorandum Circular No. 8, series of 2014 dated May 5, 2014, and DBM Budget Circular No. 3, series of 2009 dated August 18, 2009, thus, resulting to overpayments of salaries, wages and allowances to employees.

- 11.1 Civil Service Commission (CSC) Memorandum Circular No. 8, series of 2014 dated May 5, 2014 states that:

Pursuant to CSC Resolution No. 1400454 dated March 21, 2014, the Civil Service Commission (CSC) adopts the following formula in the computation of salaries of employees who incur leave of absence without pay:

$$\text{Salary} = \frac{\text{No. of days paid status*}}{22 \text{ days}} \times \text{Monthly Salary}$$

**Where number of days paid status refers to 22 days less number of days without pay*

- 11.2 Chapter 3.7 of the Manual on Position Classification and Compensation (MPCC) as per Department of Budget and Management (DBM) Circular Letter No. 2007-6 dated February 19, 2007, provides guidelines and clarifications regarding the Salary Schedule which can be read as:

- *All rates in the Salary Schedule represent full compensation for full-time employment in a 40-hour work week regardless of where the work is performed.*
- *The daily wage represents full compensation for full-time employment in an 8-hour work day regardless of where the work is performed. The daily rate shall be computed based on the authorized/actual monthly rate for the position divided by 22 days.*

- 11.3 On the other hand, Section 5.4 of DBM Budget Circular No. 3, series of 2009 dated August 18, 2009, outlines the guidelines regarding the payment of Personnel Economic Relief Allowance (PERA), which provides as follows:

- *The PERA of personnel who incurred absences without approved leaves of absence or on leave of absence without pay during the month shall be computed on the basis of the number of days worked with basic pay. For each working day, the PERA shall be P90.91 (computed by dividing P2,000 per month by 22 working days per month).*

- 11.4 In the audit of expenditures for salaries and wages, the Audit Team observed that the calculation of employees' first salary, when assuming on a mid-month date, and the salaries and PERA of regular employees on Leave Without Pay (LWOP) were based on the actual number of calendar days in the month, including Saturdays, Sundays, and Holidays, less days on Leave Without Pay (LWOP). The computation of the daily salary rate, for the purpose of determining the employees' salaries, was based on the total number of calendar days in each month (e.g., 31 days for January and 28 days for February). The calculation was derived by dividing the Monthly Basic Salary (based on salary schedule) of an employee by the total number of days of each month, i.e., all working days and Saturdays, Sundays, and holidays, less those days that are filed with LWOP. This method deviated from the practice of deducting LWOP days from the standard 22 days prescribed under CSC MC No. 8-2014. Below is the actual formula used in determining the salaries of employees on leave without pay:

$$\text{Salary} = \frac{\text{Monthly Salary}}{31 \text{ days (January)}} \times (31 \text{ days} - \text{LWOP days})$$

- 11.5 The Audit Team also noted that the standard 22 days per month, as prescribed in the abovementioned guidelines, was not applied in the formula of calculating the proportional monthly salary.
- 11.6 The table below shows the comparison of results between the formula currently in use and the formula prescribed by the above-cited provisions. The sample calculations assumed that the employee's compensation level is Salary Grade 5 Step 1, with 2 LWOP days.

| <u>Actually used:</u> | | | <u>Should be:</u> | | |
|-----------------------|---|--|---|--|--------------------------------|
| Salary | $\frac{\text{Monthly Salary}}{31 \text{ days (January)}}$ | $\times (31 \text{ days} - \text{LWOP days})$ | Salary = | $\frac{\text{No. of days paid status}}{22 \text{ days}}$ | $\times \text{Monthly Salary}$ |
| | | | <i>Where number of days paid status refers to 22 days less number of days without pay</i> | | |
| Salary | $\frac{17,866.00}{31 \text{ days (January)}}$ | $\times (31 \text{ days} - 2 \text{ LWOP days})$ | Salary = | $\frac{22-2}{22 \text{ days}}$ | $\times 17,866.00$ |
| = | 576.32 | $\times 29 \text{ days}$ | = | 0.9091 | $\times 17,866.00$ |
| Salary | 16,713.28 | | Salary | 16,241.82 | |

- 11.7 Based on the sample computation outlined above, the prescribed salary formula, after considering the LWOP days, has resulted in a lower salary amount to be received by the employee when compared to the current formula in use. This discrepancy is due to the differing methodologies used in calculating the salary deduction for LWOP.
- 11.8 We further observed that the computation of the corresponding PERA of employees with LWOP days, or those who assumed office in the middle of the month, also uses the actual number of calendar days as divisor instead of the prescribed 22 working days.

11.9 The consequence of using the current formula for computation of salaries and PERA in comparison to the prescribed formula resulted to a lesser reduction of salary from LWOP days, thereby maintaining a higher overall compensation payout to the employee. Ultimately, the payment of salaries, wages and allowances may be deemed excessive, which may compel the affected employees to refund the excess payments.

11.10 **We recommended and Management agreed to:**

- a. **The Human Resource Management Office to adopt the prescribed 22 working days in a month in determining the daily salary rate for the computation of proportional salary and PERA of regular employees; and**
- b. **The Human Resource Management Office and the Accounting Office to review and standardize the formula to be used in the computation of daily salary rate, as needed.**

11.11 The VPAF acknowledged the observations and recommendations. He informed the Audit Team that the College has conducted benchmarking with other State Universities and Colleges (SUCs) and has received confirmation from the Civil Service Commission (CSC) regarding the utilization of 22 days as divisor in the computation of the proportional salary for government employees. The VPAF further clarified that the College has standardized the computation of proportional salary and is in the process of developing templates for the calculation of first salaries, as well as those for employees on Leave Without Pay.

12. As of December 31, 2024, 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)

12.1 Section 7.1 of the Revised Rules on the Settlement of Accounts (RRSA) provides, among others that the Head of Agency shall ensure that the settlement of disallowances and charges is made within the prescribed period, the requirements of transactions suspended in audit are complied with and appropriate actions are taken on the deficiencies noted as contained in the Audit Observation Memorandum (AOM).

12.2 As of December 31, 2024, the balance of the unsettled disallowances remained at ₱1.390 million, as detailed below:

| Notices | Beginning Balance (As of December 31, 2023) | This period (January 1 to December 31, 2024) | Settlement this period (January 1 to December 31, 2024) | Ending Balance (As of December 31, 2024) |
|------------------------|--|---|---|---|
| | | NS/ND/NC | NSSDC | |
| Notice of Suspension | ₱ 0.00 | ₱ 0.00 | ₱ 0.00 | ₱ 0.00 |
| Notice of Disallowance | 1,389,859.39 | 0.00 | 0.00 | 1,389,859.39 |

| Notices | Beginning Balance (As of December 31, 2023) | This period (January 1 to December 31, 2024) | Settlement this period (January 1 to December 31, 2024) | Ending Balance (As of December 31, 2024) |
|------------------|--|---|---|---|
| | | NS/ND/NC | NSSDC | |
| Notice of Charge | 0.00 | 0.00 | 0.00 | 0.00 |
| TOTAL | ₱ 1,389,859.39 | ₱ 0.00 | ₱ 0.00 | ₱ 1,389,859.39 |

12.3 The outstanding balance of ₱1.390 million as of year-end pertains to the individual audit disallowances of various payees. Partial settlements were received during the year from currently employed with BASC as well as those separated from the service. However, a Notice of Settlement of Suspensions, Disallowances and Charges (NSSDC) is yet to be issued until the total amount as per Notice of Disallowance has been settled in full.

12.4 **We recommended and Management agreed to:**

- 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.**

12.5 The College Accountant affirmed that the College is making efforts to enforce the settlement of disallowances by proactively issuing demand letters to the persons liable. Moreover, the College has finalized the request for settlement via installment basis to be transmitted to the COA Central Office to facilitate the settlement of these obligations.

PART III

STATUS OF IMPLEMENTATION OF PRIOR YEAR'S AUDIT RECOMMENDATIONS

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> |

| Reference | Observations | Recommendations | Status of Implementation |
|---|--|--|---|
| | | <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> |

| Reference | Observations | Recommendations | Status of Implementation |
|---|--|---|---|
| | | 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> |

| Reference | Observations | Recommendations | Status of Implementation |
|---|--|---|--|
| | 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: | |

| Reference | Observations | Recommendations | Status of Implementation |
|---|---|---|---|
| | 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> |

| Reference | Observations | Recommendations | Status of Implementation |
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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. |

