

## 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 2025 and 2024:

	Amount (in ₱)		
	2025	2024	Increase (Decrease)
<i>Comparative Financial Position</i>			
Assets	793,728,481.82	783,883,513.87	9,844,967.95
Liabilities	63,583,793.76	20,623,192.61	42,960,601.15
Net Assets/Equity	730,144,688.06	763,260,321.26	(33,115,633.20)
<i>Comparative Financial Performance</i>			
Revenue and Net Subsidy	367,111,817.72	381,902,295.45	(14,790,477.73)
Expenses	401,803,823.62	355,932,310.46	45,871,513.16
Gains and Losses	0.00	0.00	0.00
Surplus/(Deficit)	( 34,692,005.90)	25,969,984.99	(60,661,990.89)
<i>Comparative Allotment, Obligations and Balances</i>			
Total Allotments	444,989,797.42	395,053,268.11	49,936,529.31
Total Obligations	401,411,894.05	342,686,832.98	58,725,061.07
Balances	43,577,903.37	52,366,435.13	( 8,788,531.76)

### 3. SCOPE OF AUDIT

The audit covered the accounts and operations of the BASC for Calendar Year (CY) 2025. 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 shown on the next page:

#### **a. Financial Audit**

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

#### **b. Other Mandatory Audit Areas**

- Audit of Casuals, Job Orders (JOs), contractuales and consultants
- Contract implementation in the procurement of goods and infrastructure projects
- Audit of Inventory of Physical Assets, Insurance and Bonding of Risks with the GSIS
- Compliance with COA Circular No. 2015-001 on reversion to the General Fund of dormant/unauthorized cash accounts
- Gender and Development (GAD)
- Compliance with tax laws, R.A. No. 9679 (HDMF) and PHIC
- Compliance with R.A. No. 11975 and COA Circular 2023-001 on Climate Change Expenditure Tagging (CCET)
- Compliance with R.A. No. 8291 (GSIS)
- Controls evaluation of Income Generating Projects (IGPs)
- Audit of Research Projects

### **4. INDEPENDENT AUDITOR'S OPINION ON THE FINANCIAL STATEMENTS**

We rendered a qualified opinion on the fairness of presentation of the consolidated financial statements of the BASC as of December 31, 2025.

### **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 Accounts Receivable and Loans Receivable – Others accounts amounting to ₱0.658 million and ₱2.656 million, respectively, as of December 31, 2025, include various dormant accounts that were neither provided with adequate allowance for impairment nor requested for write-off, contrary to COA Circular No. 2016-005, thereby affecting the fair presentation of the financial statements as at year-end.

We recommended and the College Management agreed to implement the following courses of action: (a) 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; and (b) The Accountant to recognize impairment loss or apply allowance for impairment for receivable accounts with doubtful collectability.

2. The balance of Inventory – Semi-Expendable accounts as of December 31, 2025 amounting to ₱21.082 million comprised of property items already issued to end-users in previous years, contrary to the provisions of Section 10, Chapter 8 of the Government Accounting Manual for National Government Agencies (GAM for NGAs), Volume I, resulting in the overstatement of the Inventory – Semi-Expendable and the Accumulated Surplus/(Deficit)accounts by ₱21.082 million.

We recommended and the College Management agreed to implement, through the concerned departments, the following corrective measures: (a) The Accountant to draw a Journal Entry Voucher to recognize the issuance of semi-expendable properties in prior years; (b) Trace the whereabouts of and provide ICSs for the semi-expendable properties already previously issued to end-users, and ensure that future issuances are duly and properly reflected in the books; (c) Require the monthly reconciliation between the reports prepared by the Property and Supply Office and the property ledger cards maintained by the Accounting Office to ensure consistency and accuracy of financial reports; and (d) Establish adequate internal controls over the management and recording of semi-expendable properties from acquisition, maintenance of property records and recognition in the books, up to their issuance or disposal.

3. The balance of the Computer Software account amounting to ₱6.683 million (net of amortization) as of December 31, 2025 is unreliable due to the improper application and recognition of amortization of intangible assets, contrary to the provisions of Chapter 12 of the GAM for NGAs, Volume I; thereby overstating the Accumulated Amortization – Computer Software account by ₱16.354 million and understating the corresponding Accumulated Surplus/(Deficit) account by the same amount. In addition, disclosures in the Notes to Financial Statements on Intangible Assets were inadequate, contrary to Section 16, Chapter 12 of the same Manual.

We recommended and the College Management agreed to implement, through the Accounting Office, the following corrective measures: (a) Draw a Journal Entry Voucher to correct the erroneous application of amortization on Computer Software with perpetual licenses; (b) Update the disclosures in the Notes to Financial Statements to accurately reflect the nature, useful lives, and accounting treatment of computer software; and (c) Be guided by the provisions of Chapter 12 of the GAM for NGAs, Volume I in the recognition, amortization, derecognition, and disclosure of computer software.

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

As of December 31, 2025, the College had unsettled audit disallowances totaling ₱1,389,859.39.

## **7. STATUS OF IMPLEMENTATION OF PRIOR YEAR'S AUDIT RECOMMENDATIONS**

Of the 26 audit recommendations embodied in the prior year's Annual Audit Report (AAR), 21 were fully implemented and five were not implemented.