



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

INDEPENDENT AUDITOR'S REPORT

THE BOARD OF TRUSTEES

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, 2025, and the Statement of Financial Performance, Statement of Changes in Net Assets/Equity, Statement of Cash Flows and Statement of Comparison of Budget and Actual Amounts for the year then ended, and Notes to Financial Statements, including a summary of significant accounting policies.

In our opinion, except for the effects of the matter described in the Bases for Qualified Opinion section of our report, the accompanying financial statements present fairly in all material respects, the financial position of the Bulacan Agricultural State College (BASC) as at December 31, 2025, and its financial performance, its cash flows, and its statement of comparison of budget and actual amounts for the year then ended in accordance with International Public Sector Accounting Standards (IPSASs).

Bases for Qualified Opinion

As discussed in Part II of this report, there were material accounting errors and omissions that affected the fairness of presentation of the accounts in the financial statements such as: (a) 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; (b) 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; and (c) 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 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.

Key Audit Matters

Except for the matters described in the Bases for Qualified Opinion section, we have determined that there are no other key audit matters to communicate in our report.

Responsibilities of Management and Those Charged with Governance for the Financial Statements

Management is responsible for the preparation and fair presentation of the financial statements in accordance with 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.

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

COMMISSION ON AUDIT



COA Signed
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IMELDA S. LATAY
Supervising Auditor

March 31, 2026

