

OBSERVATIONS AND RECOMMENDATIONS

A. FINANCIAL AUDIT

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.

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, Management may request the write-off of dormant receivables provided all the requisites for write-off 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;

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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;

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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 details of the reported balances of Receivable accounts totaling ₱4.471 million as of December 31, 2025, are as follows:

Accounts	Amount (in ₱)
Current	
Accounts Receivable	0.00
Loans Receivable-Others	0.00
Receivables-Disallowance/Charges	0.00
Due from NGA's	0.00
Total Current Receivables, Net	0.00
Non-current	
Accounts Receivable	677,490.00
Allowance for Impairment	(13,107.07)
Net Value- Accounts Receivable	664,382.93
Loans Receivable-Others	2,655,700.00
Allowance for Impairment	(139,385.00)
Net Value-Loans Receivable-Others	2,516,315.00
Due from NGA's	247,937.95
Receivables-Disallowance/Charges	1,042,409.39
Total Non-Current Receivables, Net	4,471,045.27

1.3 Audit of the details of each account revealed that, as similarly observed in the previous years' Annual Audit Reports, the balances of Accounts Receivable and Loans Receivable-Others as at year-end included dormant receivables aged 10 years or more. The dormant accounts comprise 68.21 percent of the total Receivable balances as of December 31, 2025. These dormant accounts are detailed in the following paragraphs.

A. Accounts Receivable (Non-Current) – ₱0.677 million

1.4 Perusal of the year-end financial statements showed that the Accounts Receivable account had a balance of ₱0.677 million. The amount represents receivables from students and unpaid loans granted to farmer beneficiaries, as broken down below:

Receivables from students	₱ 657,540.00
Receivables from farmers	19,950.00
TOTAL	<u>₱ 677,490.00</u>

1.5 The receivables from students refer to unpaid tuition and other school fees due from various students who enrolled at Bulacan Agricultural State College (BASC) prior to the implementation of Republic Act (R.A.) No. 10931 or the Universal Tertiary Education Act of 2017. Aging analysis of Accounts Receivable as of December 31, 2025, showed that the unpaid balances have been outstanding for at least 10 years, as summarized in the following table:

Table 1
Accounts Receivable – Students, Aged 10 Years and Above
As of December 31, 2025

School Year	Age in Years as of December 31, 2025	Amount (in ₱)
2012-2013	13	93,648.50
2013-2014	12	203,131.00
2014-2015	11	157,600.50
2015-2016	10	203,160.00
TOTAL		657,540.00

1.6 In addition, reconciliation between subsidiary ledgers and the student database generated by the College's computerized system increased the total receivables from students by ₱415,348.63 from ₱242,191.37 in calendar year (CY) 2024, as detailed below:

Table 2
Comparison of Receivable – Students Balances
As of December 31, 2025 and 2024

School Year	No. of Student Debtors	Receivable Balance (in ₱)		
		CY 2025	CY 2024	Increase (Decrease)
2012-2013	102	93,648.50	25,050.00	68,598.50
2013-2014	165	203,131.00	108,011.10	95,119.90
2014-2015	145	157,600.50	56,087.50	101,513.00
2015-2016	154	203,160.00	53,042.77	150,117.23
TOTAL	566	657,540.00	242,191.37	415,348.63

1.7 On the other hand, the receivables from farmers totaling ₱19,950.00 pertain to recipients of the Organic Fertilizer Loans to Farmers program, funded by Commission on Higher Education (CHED) – Higher Education Development Fund (HEDF) in 2007, which aimed at the production and promotion of bio-organic fertilizer. Under this Program, the College performed banking functions, including the lending of funds and the collection of payments and interest from borrowers. The loans are not deemed settled until fully paid by the individual borrowers. However, the program has since been discontinued, and the loans have remained outstanding for 18 years as of CY 2025, with no recoveries made.

1.8 Due to the uncertainty in the recovery of these receivables, the reported year-end balance of Accounts Receivable amounting to ₱0.677 million could not be fully relied upon as it consists entirely of dormant accounts aged 10 years or more.

B. Loans Receivable - Others – ₱2.656 million

1.9 Meanwhile, as similarly noted in previous years' Annual Audit Reports, it has been observed that the Loans Receivable - Others account with a year-end balance of ₱2.656 million includes dormant receivables pertaining to student loans totaling ₱2.476 million. The

dormant loans comprise 93.24 percent of the total Loans Receivable balance as at year-end. The Aging Schedule of Loans Receivable - Others as of December 31, 2025, is as follows:

Table 3
Aging Schedule of Loans Receivable – Others
As of December 31, 2025

Particulars (Fund 164)	Amount Due (in ₱)						
	Total	Current	Past Due				
		Less than 90 days	Over 1 Year	Over 2 Years	Over 3 Years	4 - 9 years	10 years and above
StuFAP Loans (2004-2005)	492,200.00						492,200.00
SAFE 4SR Loans (2008-2009)	1,984,000.00						1,984,000.00
Palayamanan Community	89,500.00				7,000.00	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	50,000.00		50,000.00				
Upscaling of Integrated Rice-Based Farming System in Bulacan	30,000.00			30,000.00			
TOTAL	2,655,700.00	0.00	50,000.00	40,000.00	7,000.00	82,500.00	2,476,200.00

1.10 The student loans pertain to grants under the Student Financial Assistance Program (StuFAP) and the Student Financial Assistance Fund for Education (SAFE 4SR) Program of the CHED. These loans have been outstanding for more than 10 years, as summarized in the following table:

Table 4
Dormant Loans Receivable – Others
As of December 31, 2025

Particulars	Year Granted	No. of Debtors				Amount in ₱		% of Recovery
		Total	Fully Paid	Partially Paid	Unpaid	Total Granted	Balance as of December 31, 2025	
Student Financial Assistance Program (StuFAP) – CHED	SY 2004-2005	266	76	2	188	692,000.00	492,200.00	28.87%

Particulars	Year Granted	No. of Debtors				Amount in ₱		% of Recovery
		Total	Fully Paid	Partially Paid	Unpaid	Total Granted	Balance as of December 31, 2025	
SAFE 4SR Loan Program (CHED)	SY 2008-2009	491	92	14	385	2,504,000.00	1,984,000.00	20.77%
TOTAL		757	168	16	573	3,196,000.00	2,476,200.00	

1.11 It should be noted that there is a slight improvement in the recovery rate for SAFE 4SR Loans, from 20.53 percent in CY 2024 to 20.77 percent this year. Meanwhile, no amount was recouped from StuFAP loans in CY 2025 despite continuous efforts from the College Management to locate the student debtors and recover the unpaid balances.

1.12 Lastly, we noted that no allowance for impairment was applied on these receivable accounts despite its doubtful collectability.

1.13 The persistent inclusion of dormant receivables cast doubt on the collectability of the Accounts Receivable and Loans Receivable – Others accounts amounting to ₱0.658 million and ₱2.656 million, respectively, thus, affecting the fair presentation of the financial statements of the College as of December 31, 2025.

1.14 **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.**

1.15 The College Management affirmed its commitment to address the matter by undertaking a comprehensive review and validation of all receivable accounts, determining their collectability, and ensuring that appropriate measures—whether through the recognition of allowance for impairment or the preparation of requests for write-off—are implemented.

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 Accumulated Surplus/(Deficit) accounts by ₱21.082 million.

2.1 Section 10, Chapter 8 of the GAM for NGAs, Volume I, prescribes the threshold for the recognition of semi-expendable properties and sets forth the corresponding policies governing their accounting and treatment, as follows:

Sec. 10. Semi-expendable Property. Tangible items below the capitalization threshold of ₱15,000.00 shall be accounted as semi-expendable property. The following policies apply as follows:

- a. Semi-expendable property which were recognized as PPE shall be reclassified to the affected accounts.*
- b. These tangible items shall be recognized as expenses upon issue to the end-user. (Emphasis supplied)*

2.2 Relative to this provision, COA Circular No. 2022-004 dated May 31, 2022, increased the capitalization threshold for Property, Plant and Equipment (PPE) from ₱15,000.00 to ₱50,000.00, which correspondingly affects the threshold for the recognition of semi-expendable properties, as follows:

3.1 Semi-expendable property – tangible items which meet the definition and recognition criteria of Property, Plant and Equipment (PPE), but below the capitalization threshold of ₱50,000.00.

2.3 In the review of the College’s financial statements as of December 31, 2025, the Audit Team noted the material balances of the Inventory – Semi-Expendable accounts totaling ₱21.082 million, broken down as follows:

Inventory Account Name	Balance as of December 31, 2025 (in ₱)
Semi-Expendables – Furniture and Fixtures	3,782,430.03
Semi-Expendables – Office Equipment	1,908,730.77
Semi-Expendables – Information and Communication Technology Equipment	7,212,597.02
Semi-Expendables – Agricultural & Forestry Equipment	65,657.00
Semi-Expendables – Communication Equipment	2,112,687.50
Semi-Expendables – Disaster Response and Rescue Equipment	58,894.00
Semi-Expendables – Medical Equipment	84,844.50
Semi-Expendables – Sports Equipment	609,893.50
Semi-Expendables – Technical & Scientific Equipment	402,697.77
Semi-Expendables – Other Equipment	1,012,103.35
Semi-Expendables – Machinery	57,915.00
Semi-Expendables - Books	3,773,810.46
Total Inventory-Semi-Expendable Accounts	21,082,260.90

2.4 The Audit Team conducted audit procedures to verify the existence and accuracy of the Inventory - Semi-Expendable accounts reported in the financial statements by performing a physical count and validating the cost of items found in the stockroom. Actual inventory showed that none of the items on hand are found to have met the criteria for recognition as semi-expendable properties.

2.5 Inquiry with the Accounting Office regarding the balances of the Inventory – Semi-Expendable accounts as of December 31, 2025, disclosed that the remaining amounts pertain to semi-expendable items issued in prior years without corresponding Inventory Custodian Slips (ICSs), as the accountable persons could no longer be identified; hence, there was no basis for recognizing the issuances to end-users as expenses in the books. This condition casts doubt on the accuracy and reliability of the reported balances of the Inventory – Semi-Expendable accounts at year-end, as the ending balances are not supported by actual inventory items on hand.

2.6 As such, the balances of Inventory-Semi-Expendable accounts as of December 31, 2025, are deemed overstated by ₱21.082 million. Consequently, the Accumulated Surplus/(Deficit) account is likewise overstated by the same amount due to the non-recognition of issuances of semi-expendable properties as expenses in previous years.

2.7 **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. We propose the following adjusting journal entry:**

<u>Account Title</u>	<u>Amount (in ₱)</u>	
	<u>Debit</u>	<u>Credit</u>
Accumulated Surplus/(Deficit)	21,082,260.90	
Semi-Expendables – Furniture and Fixtures		3,782,430.03
Semi-Expendables – Office Equipment		1,908,730.77
Semi-Expendables – Information and Communication Technology Equipment		7,212,597.02
Semi-Expendables – Agricultural & Forestry Equipment		65,657.00
Semi-Expendables – Communication Equipment		2,112,687.50
Semi-Expendables – Disaster Response and Rescue Equipment		58,894.00
Semi-Expendables – Medical Equipment		84,844.50
Semi-Expendables – Sports Equipment		609,893.50
Semi-Expendables – Technical & Scientific Equipment		402,697.77
Semi-Expendables – Other Equipment		1,012,103.35
Semi-Expendable – Machinery		57,915.00
Semi-Expendables - Books		3,773,810.46

- to recognize the issuance of Semi-Expendable Inventory items to end-users in previous 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 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.**

2.8 Management explained that the non-recognition was due to delays in the recording and reconciliation of issuances between the Property and Supply Office and the Accounting Office, as well as gaps in the timely submission of supporting documents. The College affirmed its commitment to address this matter by ensuring proper coordination between concerned offices, strengthening internal controls and enforcing timely recognition of issuances of semi-expendable property to maintain the accuracy and reliability of financial records.

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.

3.1 Section 3, Chapter 12 of the GAM for NGAs, Volume I, provides that *[t]o qualify as an intangible asset, an item must possess the elements of identifiability, control over a resource, and existence of future economic benefits or service potential*. Further, Section 4 thereof provides that *[a]n intangible asset shall be recognized if, and only if:*

- (a) it is probable that the expected future economic benefits or service potential attributable to the asset will flow to the entity; and*
- (b) the cost or fair value of the asset can be measured reliably (Par. 28, PPSAS 31)*

3.2 An entity shall assess the probability of expected future economic benefits or service potential using reasonable and supportable assumptions that represent management's best estimate over the asset's useful life.

3.3 Review of Accounting records and verification with the Digital Transformation Office (DTO) disclosed that the College currently owns the following computer software, including their corresponding acquisition costs and status of operation as of December 31, 2025:

Table 5
List of Computer Software Owned by the College
As of December 31, 2025

Item No.	Name of Computer Software	Date Acquired	Type of License	Acquisition Cost (in ₱)	Status of Operation
<i>Fund 101</i>					
1	DJI Terra Pro Overseas (1 device)	December 29, 2021	Perpetual	210,000.00	Fully Operational
<i>Fund 104</i>					
2	School System – Campus Management System	July 14, 2021	Perpetual	7,836,800.00	Partially Operational
3	BASC Online Learning Management System (LMS)	August 18, 2022	Perpetual	14,990,000.00	Partially Operational
TOTAL				23,036,800.00	

3.4 Verification with the DTO disclosed that all computer software owned by the College are still operational and in use. The contracts for items 2 and 3 with the system developers have been discontinued and are set to be replaced by a new University Information System that is currently in its implementation phase. In the meantime, the Campus Management System is being used as reference tool and backup repository for selected data and system processes. On the other hand, the LMS still serves as a supplementary platform for some faculty and personnel and is also used as a data bank for institutional documents, including accreditation-related files and academic resources.

3.5 The DTO also confirmed that all software items are covered by perpetual licenses, which indicates that these intangible assets have indefinite useful lives. Review of Accounting records disclosed that the assets were amortized over an estimated useful life of five years, as presented below:

Table 6
Amortization of Computer Software
Calendar Year 2025

Item No.	Name of Computer Software	Date Acquired	Acquisition Cost (₱)	Amortization (₱)			Carrying Value as of December 31, 2025 (₱)
				CY 2025	Prior Years	Total	
1	DJI Terra Pro Overseas (1 device)	December 29, 2021	210,000.00	39,900.00	119,700.00	159,600.00	50,400.00
2	School System – Campus Management System	July 14, 2021	7,836,800.00	1,488,992.04	5,211,472.14	6,700,464.18	1,136,335.82
3	BASC Online Learning Management System (LMS)	August 18, 2022	14,990,000.00	2,848,100.04	6,645,566.76	9,493,666.80	5,496,333.20
TOTAL			23,036,800.00	4,376,992.08	11,976,738.90	16,353,730.98	6,683,069.02

3.6 This practice is contrary to Section 11, Chapter 12 of the GAM for NGAs, which provides that *intangible asset[s] with an indefinite useful life shall not be amortized*.

3.7 The erroneous amortization of these software items resulted in the overstatement of Accumulated Amortization by ₱16.354 million and the corresponding understatement of Accumulated Surplus/(Deficit) by the same amount.

3.8 Meanwhile, review of the Notes to Financial Statements as of December 31, 2025, revealed incomplete disclosures on Intangible Assets. Section 16 of Chapter 12 of the GAM for NGAs, Volume I, explicitly requires the following:

For each class of intangible asset, distinguishing between internally generated intangible assets and other intangible assets, an entity shall disclose the following:

- a. *Whether the useful lives are indefinite or finite and, if finite, the useful lives or the amortization rates used;*
- b. *The amortization method used, which is straight line method, for intangible assets with finite useful lives;*

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- f. *For an intangible asset assessed as having an indefinite useful life, the carrying amount of that asset and the reasons supporting the assessment of an indefinite useful life. In giving these reasons, the entity shall describe the factor(s) that played a significant role in determining that the asset has an indefinite useful life; xxx*

3.9 These aforementioned errors and omissions affected the reliability and fair presentation of the College’s financial statements, including the related disclosures in the Notes to Financial Statements.

3.10 **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. We propose the following adjusting entry:**

<u>Account Name</u>	<u>Amount (in ₱)</u>	
	<u>Debit</u>	<u>Credit</u>
Accumulated Amortization – Computer Software	16,353,730.98	
Accumulated Surplus/(Deficit)		16,353,730.98

- to correct the erroneous amortization of 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.

3.11 Management affirmed its commitment to address these issues by ensuring the proper application of amortization policies, correcting the affected balances and enhancing the completeness and accuracy of disclosures in the financial statements in accordance with applicable accounting standards.

OTHER MANDATORY AUDIT AREAS

4. Services rendered in excess of the regular eight hours of duty by Job Order (JO) and/or Contract of Service (COS) personnel were converted into Compensatory Time-Off (CTO) credits despite not being expressly provided for in the terms and conditions of their respective contracts, thereby incurring irregular payments of wages, in violation of the provisions of Commission on Audit (COA)-Department of Budget and Management (DBM) Joint Circular (JC) No. 2, series of 2020, dated October 20, 2020, as amended by CSC-COA-DBM Joint Circular No. 1, series of 2025, dated December 15, 2025.

4.1 COA-DBM JC No. 2, series of 2020, dated October 20, 2020, promulgates the rules and regulations governing COS and JO workers in the government. Paragraph 7.5 thereof, specifies that:

7.5 The services of the COS and JO workers are not covered by Civil Service laws, rules, and regulations, thus, not creditable as government service. They do not enjoy the benefits being received by government employees, such as leave, Personnel Economic Relief Allowance, Representation and Transportation Allowances, and other bonuses and incentives.

4.2 Subsequently, CSC-COA-DBM JC No. 1, series of 2025, dated December 15, 2025, explicitly provides the ancillary benefits of COS and JO workers in addition to the basic pay. Paragraph 11.1 states that *[s]ubject to the availability of funds, the following ancillary benefits shall be provided to the COS and JO workers **under their respective contracts or agreements**: (Emphasis supplied)*

11.1.1 Overtime Pay

(I) COS and JO workers shall receive overtime pay for services rendered beyond official working hours or on rest days/holidays/non-working days, subject to the same rules and regulations prescribed under the CSC-DBM JC No. 2, series of 2015.

(II) Payment of the overtime services will come from the same MOOE item as the service payments of the COS and JO workers. xxx

4.3 Post-audit of payrolls pertaining to wages of JO and COS personnel revealed Daily Time Records (DTRs) showing their performance of services beyond the prescribed regular working hours. Specifically, several JO and COS workers were noted to have rendered an additional one to two hours of work on a daily basis, as indicated in their respective DTRs. The extra hours rendered were not compensated with overtime pay. Instead, these were pooled during the year and used by the employee as CTO. On working days when the COS or JO worker does not report to work and, as such, should have not been paid his daily wage under the No-Work-No-Pay rule, they may instead apply the CTO hours earned and receive wages despite their absence. The days with no logged time on the DTR were marked with 'CTO', meaning the employee was absent on that day but would still be paid his daily wage because CTO was applied.

4.4 Perusal of the supporting documents showed that the extra working hours and eventual absences were supported with approvals from the respective immediate supervisors of the concerned personnel using the "Application for Compensatory Time-Off (CTO)" form. This document contains information pertaining to the JO or COS worker, including compensatory overtime credit balances, reason for the leave application, and the corresponding number of days applied for under CTO.

4.5 Further review and verification of the JO contracts revealed that compensation for overtime work, whether it be monetary or through CTO, was not expressly authorized or stipulated in the contracts executed between the College and the concerned personnel.

4.6 In the case of COS workers, the actual stipulations under Sections 3 and 4 of the COS Agreement between the College and its COS personnel clearly provide that no employer-employee relationship exists and that a "No Work, No Pay" policy should apply with respect to the contract, viz.:

Section 3. Employer-Employee Relationship. Pursuant to JC No. 2, s. 2020, this Agreement shall not create an employer-employee relationship between BASC and the Second Party. As such, the services rendered under this agreement shall not be considered as government service and the Second Party **shall not be entitled to benefits** enjoyed by permanent employees such as, but not limited to, PERA, COLA, RATA, Clothing Allowance, Communication Allowance, Collective Negotiation Agreement, Performance-based bonus, Mid-year and year-end bonuses, Productivity Enhancement Incentive, cash gifts, honoraria, leave benefits, **overtime pay, compensatory time-off**, membership and payment of premium contributions to Government Service Insurance System, Pag-Ibig Fund, Philhealth, and other related benefits.

Section 4. Attendance. The Second Party shall record their attendance through facial recognition-based timekeeping, as registered with the Management Information Systems, and through record book or sheets within their respective offices. The Second Party shall clock-in before the start of their first class and clock-out after the last class for any given day. The **"No Work, No Pay"** Policy applies to this agreement. (Emphasis and underscoring supplied)

4.7 The lack of express provisions on the remuneration for overtime services in the respective JO and COS contracts is a clear violation of Paragraph 11.1 of CSC–COA–DBM JC No. 1, series of 2025. Consequently, the performance of overtime work and the subsequent conversion of such work into compensatory time-off credits by JO and COS personnel lack contractual basis. Such arrangements were not expressly authorized or stipulated in the terms and conditions of their respective contracts. In the absence of a clear contractual stipulation, the grant of compensation for overtime work and its subsequent conversion into CTO credits in favor of JO and COS personnel could not be validly sustained and is therefore unenforceable.

4.8 Moreover, the practice of applying compensatory time-off credits to days when no actual work was rendered constitutes a deviation from the established “No Work, No Pay” policy which strictly governs the engagement of JO and COS personnel. Any form of remuneration for days of absences goes against this policy and leads to the unauthorized granting of compensation or benefits which are not allowed under existing agreements.

4.9 **We recommended and the College Management agreed to implement the following corrective measures:**

- a. **Review the terms of the existing JO contracts and COS Agreements, particularly on the recognition of overtime work and its corresponding remuneration, whether it be monetary or through CTO and;**
- b. **Effect the necessary revisions in the contract agreements, in accordance with the requirements of CSC–COA–DBM JC No. 1, series of 2025.**

4.10 Management acknowledged the observations and committed to fully adhere to the provisions of the aforementioned circulars. Proper orientation will be conducted to ensure that all administrative and finance personnel are well-informed about the updated rules governing the compensation and work arrangements for JO and COS personnel. Management further informed the Audit Team during the exit conference that a review of the terms of JO and COS contracts is already being undertaken to facilitate the revision thereof in consonance with the requirements of CSC–COA–DBM JC No. 1, series of 2025.

5. Of the total insurable Buildings in the aggregate amount of ₱236.026 million, exclusive of their contents, 6.01 percent or ₱14.197 million were not covered by insurance, while 26.37 percent or ₱62.251 million had lapsed coverage due to the non-renewal of insurance policies, contrary to Sections 2, 4(c) and 5 of R.A. No. 656; thus, exposing the College to the risk of non-indemnification or non-compensation for any loss of or damage to its properties in the event of fire, flood, or other force majeure if such insurable properties remain uninsured.

5.1 Sections 2, 4(c), and 5 of R.A. No. 656 or the Property Insurance Law mandate that government entities obtain insurance coverage for their properties against insurable risks, subject to the conditions and exceptions provided therein:

Section 2. In order to indemnify or compensate the Government as defined in this Act for any damage to, or loss of, its properties due to fire, earthquake, storm, or other casualty there is hereby established the “Property Insurance Fund”, which shall consist of all moneys resulting from the liquidation of the

insurance constituted in section three hundred forty of the Revised Administrative Code and from premiums and other incomes.

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Section 4(c). “Property” includes vessels and craft, motor vehicles, machineries, permanent buildings, properties stored therein, or in buildings rented by the Government, or properties in transit.

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Section 5. Every government, except a municipal government below first class, is hereby required to insure its properties, with the Fund against any insurable risk herein provided and pay the premiums thereon, which, however, shall not exceed the premiums charged by private insurance companies: Provided, however, That the System reserves the right to disapprove the whole or a portion of the amount of insurance applied for: Provided, further, That such property or part thereof as may not be insurable or acceptable for insurance may be insured with any private insurance company. A municipal government below first class may upon application insure its properties in the Fund under such rules and regulations as the System may prescribe.

5.2 Subsequently, Section 3 of R.A. No. 656 was amended by Presidential Decree No. 245, which prescribes that the Property Insurance Fund be renamed to *General Insurance Fund* in order to reflect faithfully the functions of the Fund.

5.3 Corollary to this, COA Circular No. 2018-002 dated May 31, 2018, requires all government agencies (except municipal governments below first-class category) to prepare and submit the Property Inventory Form (PIF) to be used as basis for the assessment of general insurance coverage of all insurable assets, properties and interests of the government with the Government Service Insurance System (GSIS).

5.4 Audit of insurable PPE owned by the College revealed that, as of the end of CY 2025, only nine out of 22 buildings in the aggregate amount of ₱159.578 million was covered by insurance with the GSIS. This represents 67.61 percent of the total carrying amount of ₱236.026 million, as reflected in the table below:

Table 7
Status of Insurable Properties – Buildings and Structures
As of December 31, 2025

	Name of Building	Carrying Value (in ₱)	Policy ID	Term	Status as of December 31, 2025	
1	Administration Building	80,000.00	2200519470	2/24/2024	2/24/2025	<i>Expired</i>
2	College Gymnasium	2,450,000.00	2200519467	2/24/2024	2/24/2025	<i>Expired</i>
3	Rene Cayetano Hall	2,451,000.00	2200519472	12/5/2024	12/5/2025	<i>Expired</i>
4	Institute of Graduate Studies Building	8,262,170.59	2200519473	12/5/2024	12/5/2025	<i>Expired</i>
5	Graduate Studies Building (NGS)	3,346,500.00	2200525239	12/5/2024	12/5/2025	<i>Expired</i>

	Name of Building	Carrying Value (in ₱)	Policy ID	Term		Status as of December 31, 2025
6	College Library Extension	584,654.02	2200525238	12/5/2024	12/5/2025	<i>Expired</i>
7	Agri-Business Management Bldg.	16,159,561.84	2200525240	12/5/2024	12/5/2025	<i>Expired</i>
8	Animal Science Building	16,371,479.73	2200525236	12/5/2024	12/5/2025	<i>Expired</i>
9	Student Center	8,338,621.69	2200525237	12/5/2024	12/5/2025	<i>Expired</i>
10	Admin Building Ext.	<u>4,207,348.25</u>	2200525235	12/5/2024	12/5/2025	<i>Expired</i>
	Subtotal	<u>62,251,336.12</u>				
11	Academic Building (Main Campus)	4,260,864.92	for assessment			No Insurance
12	Information Technology Laboratory Bldg.(new)	6,968,721.14	for assessment			No Insurance
13	Internet Café	<u>2,967,335.49</u>	for assessment			No Insurance
	Subtotal	<u>14,196,921.55</u>				
14	Business Center & Dormitory Research and Development Center	71,763.58	2200526127	05/29/2025	05/29/2026	Valid
15	Information Technology (IT) Building	4,160,000.00	2200526123	05/29/2025	05/29/2026	Valid
16	AgriLab Center	6,968,721.14	2200526159	05/29/2025	05/29/2026	Valid
17	New Education Building Phase 1 & Phase 2	2,239,650.00	2200526124	05/29/2025	05/29/2026	Valid
18	Technology Commercialization Center	62,200,096.06	2200526224	05/14/2025	05/14/2026	Valid
19	Registrar & OSA Building	12,111,176.97	2200527437	05/15/2025	05/15/2026	Valid
20	Administration Building Extension (HR)	33,857,212.76	2200527436	05/15/2025	05/15/2026	Valid
21	Veterinary Medicine Building w/ Training Laboratory	5,115,764.28	2200526095	05/29/2025	05/29/2026	Valid
22		<u>32,853,902.62</u>	2200526223	05/14/2025	05/14/2026	Valid
	Subtotal	<u>159,578,287.41</u>				
	TOTAL	<u><u>236,026,545.08</u></u>				

5.5 Further verification disclosed that insurance coverage for 10 buildings with a total cost of ₱62.251 million has lapsed during the year and remained unrenewed as of December 31, 2025. Specifically, insurance policies that expired on February 24, 2025 and December 5, 2025, were not immediately renewed, resulting in periods within which the buildings were not covered by any active insurance policy. According to the Property and Supply Officer, insurance for the Administration Building and the College Gymnasium which expired on February 24, 2025, were not renewed because these were scheduled for renovation during the year. However, verification revealed that renovations for the two buildings have not yet commenced as of December 31, 2025, leaving the College exposed to the risk of non-indemnification for loss due to these buildings being uninsured for almost a year.

5.6 As for the other eight buildings with insurance coverage that expired on December 5, 2025, their policies are scheduled to be renewed in February 2026.

5.7 Meanwhile, three buildings with a carrying amount of ₱14.197 million remained uninsured as of year-end.

5.8 With the absence of insurance coverage over some assets, the College would be exposed to the risk of not being indemnified in case of destruction, damages to, or loss of its

property through fire, flood, theft or other fortuitous events. Moreover, delayed payment or non-payment of insurance premiums may result in penalties being imposed by the GSIS to the person(s) responsible for their non-remittance to the System, as mandated in Section 6 of R.A. No. 656.

5.9 We recommended and the College Management agreed to implement the following measures:

- a. Cause the timely renewal of insurance coverage for the 10 buildings with lapsed policies to ensure continued security from the risk of non-indemnification due to loss, and to avoid penalties; and**
- b. Prepare and submit the updated PIF along with the required supporting documents to the GSIS so that the necessary insurance coverage for the uninsured properties could be obtained from the GSIS General Insurance Fund.**

5.10 According to Management, the noted gaps in coverage were primarily due to delays in the renewal process and the prioritization of other operational expenditures during the period under review. Nevertheless, Management affirmed its commitment to safeguard institutional assets and minimize exposure to potential risks arising from unforeseen events. Appropriate measures shall be undertaken to review the current insurance status of all insurable buildings and ensure that the necessary actions are taken to secure and maintain the required coverage.

6. The College maintained its compliance with Gender and Development (GAD) mandates by allocating ₱79.973 million or 23.31 percent of the total agency budget for CY 2025 of ₱343.082 million for gender-responsive programs, activities and projects (PAPs). Actual GAD expenditures and attributions as per GAD Accomplishment Report (GAD AR) amounted to ₱88.055 million or 110.11 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 Philippine Council for Women (PCW)-National Economic Development Authority (NEDA)-DBM JC No. 2012-01.

6.1 Executive Order No. 273 mandates agencies to incorporate and reflect 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 of their total budgets. The GAD Focal Point System shall take the lead in the gender mainstreaming of the agency's PAPs.

6.2 Meanwhile, PCW-NEDA-DBM JC No. 2012-01 provides the mechanics for the development of PAPs to respect, protect, and fulfill the rights of women in the socio-cultural, economic and political spheres.

6.3 Review of the GPB for CY 2025, as endorsed by the PCW, showed that a sum of ₱79.973 million was appropriated for PAPs related to GAD. The amount represents 23.31 percent of the College's total appropriations of ₱343.082 million, which exceeds the minimum five percent of the total appropriations required by law.

6.4 The GAD budget was distributed to nine PAPs and three projects with cost attribution, as summarized below:

Table 8
Summary of Appropriations
Annual GAD Plan and Budget
Calendar Year 2025

GAD Activity	No. of PAPs	Agency Approved Budget (in ₱)
Client-focused Activities	2	118,300.00
Organization-focused Activities	7	1,056,000.00
Attributed Programs	3	78,798,416.00
TOTAL	12	79,972,716.00

6.5 On the other hand, the final GPB as presented in the GAD AR showed that the total budgeted amount was reduced to ₱72.116 million, with an increase in the number of PAPs from 12 to 16. Actual expenditures attributed to GAD for the year per the GAD AR aggregated to ₱88.055 million, or 122.10 per cent of the budgeted amounts. The GAD activities were redistributed to 13 PAPs and three attributed programs, as follows:

Table 9
Summary of GAD Accomplishments
Calendar Year 2025

GAD Activity	No. of PAPs	Expenditures (in ₱)
Client-focused Activities	5	1,404,717.10
Organization-focused Activities	8	2,138,907.12
Attributed Programs	3	84,511,224.40
TOTAL	16	88,054,848.62

6.6 Review of the GAD AR revealed that the planned PAPs were either fully or partially implemented during the year, as shown in the following table:

Table 10
Status of Implementation of GAD PAPs
As of December 31, 2025

Status of Implementation	No. of PAPs	Amount (in ₱)		% of Utilization
		Budgeted	Utilized	
Fully Implemented	6	2,023,526.00	1,404,717.10	69.42%
Partially Implemented	7	176,396.00	2,138,907.12	1,212.56%
Not Implemented	0	0.00	0.00	-
Attributed Programs	3	69,916,076.00	84,511,224.40	120.88%
TOTAL	16	72,115,998.00	88,054,848.62	122.10%

6.7 In addition, review of pertinent reports showed that each program, project or activity was ably supported by adequate documentation and references, which resulted in the prompt approval and endorsement of the GAD AR by the PCW.

6.8 Based on the foregoing information, the Audit Team observed that the College was able to maintain its faithful compliance with GAD mandates by judiciously identifying and assessing the PAPs to be attributed to GAD. Proper coordination among the concerned departments, with the GAD Office as the central implementing office, contributed to the overall effective integration of GAD in the formulation and implementation of the College's gender-responsive PAPs.

6.9 We recommend that the College Management, through the GAD Office, maintain substantial compliance with the GAD mechanisms and processes, in accordance with the pertinent provisions of Executive Order No. 273 and PCW-NEDA-DBM JC No. 2012-01 on the proper attribution and implementation of GAD-responsive PAPs as embodied in the approved GPB.

6.10 The College remains committed to sustaining and further enhancing its GAD efforts, ensuring that all GAD-related interventions are effectively implemented, properly attributed, and aligned with national gender equality goals.

7. The College consistently complied with the proper withholding of taxes on employees' compensation and on payments for goods, services, and infrastructure, as well as the timely remittance thereof to the Bureau of Internal Revenue (BIR), in accordance with Revenue Regulations (RR) No. 2-98 dated April 17, 1998, thereby minimizing the risk of incurring interest and penalties due to non-compliance.

7.1 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.

7.2 Review of the Due to BIR account as of December 31, 2025, showed a year-end balance of ₱2.784 million, consisting of taxes withheld on employees' compensation and on payments for goods, services, and infrastructure. A schedule of amounts withheld per month and the subsequent remittance to the BIR is presented in the following table:

Table 11
Schedule of Taxes Withheld and Remitted to the BIR
All Funds
Calendar Year 2025

Month	Amounts (in ₱)				
	Beginning Balance	Amounts Withheld	Total	Amount Remitted	Ending Balance
January	2,202,697.41	1,063,263.90	3,265,961.31	2,281,723.37	984,237.94
February	984,237.94	945,650.59	1,929,888.53	1,003,698.50	926,190.03
March	926,190.03	1,162,532.07	2,088,722.10	959,710.96	1,129,011.14
April	1,129,011.14	1,049,436.87	2,178,448.01	1,144,961.34	1,033,486.67
May	1,033,486.67	1,314,520.06	2,348,006.73	1,076,602.54	1,271,404.19
June	1,271,404.19	1,310,947.85	2,582,352.04	1,272,273.71	1,310,078.33
July	1,310,078.33	1,097,100.68	2,407,179.01	1,322,370.19	1,084,808.82
August	1,084,808.82	1,333,370.18	2,418,179.00	1,084,787.98	1,333,391.02

Month	Amounts (in ₱)				
	Beginning Balance	Amounts Withheld	Total	Amount Remitted	Ending Balance
September	1,333,391.02	1,598,794.62	2,932,185.64	1,332,902.31	1,599,283.33
October	1,599,283.33	1,292,674.06	2,891,957.39	1,612,387.82	1,279,569.57
November	1,279,569.57	1,932,544.83	3,212,114.40	1,290,799.74	1,921,314.66
December	1,921,314.66	2,912,662.87	4,833,977.53	2,049,531.77	2,784,445.76
TOTAL		<u>17,013,498.58</u>		<u>16,431,750.23</u>	

7.3 From the above table, it could be gleaned that the amounts withheld were regularly fully remitted to the BIR on the following month. Further verification revealed that the balance as of December 31, 2025 totaling ₱2.784 million was subsequently remitted to the BIR in January 2026.

7.4 Strict compliance with BIR regulations reduces the risk of the College incurring interest and penalties from non-remittance of withheld taxes within the prescribed time period.

7.5 We recommended and the College Management agreed to continue to comply with RR No. 2-98 by withholding the appropriate taxes on its transactions and ensuring their timely remittance.

7.6 Management affirmed its continued commitment to maintaining full compliance with applicable tax laws and regulations by ensuring that established procedures on withholding and remittance are strictly observed.

8. The College complied with Climate Change Expenditure Tagging (CCET) requirements, as mandated by Section 38 of the General Provisions of R.A. No. 12116 and DBM–Climate Change Council (CCC) Joint Memorandum Circular (JMC) No. 2015-01 dated March 24, 2015. However, certain areas could still be improved such as: (a) some PAPs related to climate change initiatives were not identified and tagged which could have enhanced and properly represented the College’s efforts towards environmental sustainability; and (b) required CCET reports were not submitted to the Audit Team within the period prescribed under COA Circular No. 2023-001 dated April 18, 2023, which affected audit validation and weakened accountability and transparency over climate change-related expenditures.

8.1 In line with the Climate Change Act of 2009 and the National Climate Change Action Plan (NCCAP), the Audit Team verified the College’s compliance with the Guidelines for CCET, validated the appropriated amounts for PAPs addressing climate change adaptation and mitigation, and determined whether said appropriations were utilized accordingly.

A. Tagging of Climate Change PAPs and Submission of QAR to the DBM-CCC

8.2 Section 38 of the General Provisions of R.A. No. 12116 or the General Appropriations Act (GAA) for Fiscal Year (FY) 2025 mandates all national government agencies, including State Universities and Colleges, to tag their respective budgets for climate change adaptation and mitigation. The results of such tagging shall guide the formulation of subsequent budgets toward the mainstreaming of climate change strategies.

8.3 Accordingly, DBM-CCC JMC No. 2015-01 dated March 24, 2015, prescribes the guidelines for CCET. It requires agencies to identify and tag PAPs as either climate change adaptation or mitigation, accomplish the Quality Review and Assurance (QAR) using the CCC-prescribed templates, submit the QAR to the CCC for evaluation and approval, and ensure that tagged PAPs are aligned with NCCAP. Paragraphs 4.2 and 4.3.3 of the said Circular require agencies to:

- Utilize the QAR Guidelines (Annex A) developed by the CCC in evaluating and finalizing PAPs for tagging based on climate change typology; and
- Tag identified climate change expenditures in the prescribed budget forms (BP Form 201-F, DBM Form 712 or BP Form 207) as part of their Online Submission of Budget Proposals (OSBP).

8.4 Validation of the agency's compliance with the aforementioned mandates disclosed that the College substantially complied with the CCET requirements, as evidenced by the approval of its CY 2025 QAR by the DBM-CCC. The approval indicates that the identified PAPs were supported by clear objectives, appropriate climate change typologies, and defined climate risks addressed, in accordance with the technical and procedural requirements of the Circular.

8.5 Review of the approved QAR shows four proposed CCET PAPs for CY 2025, consisting of infrastructure projects such as construction of buildings and structures with climate risk considerations, with the objective of providing a clean and renewable energy source for the College. These PAPs are enumerated in the following table:

Table 12
Proposed CCET Programs/Activities/Projects
Calendar Year 2025

Program/Activity/Project	Climate Change Typology Used	Proposed Project Cost (in ₱)
Construction of 4-storey Technological Laboratory and Fabrication Facility with Solar Panel	A534-01 (adaptation)	100,000,000.00
Construction of 4-storey Tourism Management Building with Solar Panel	A534-01 (adaptation)	40,000,000.00
Construction of 2-storey DRT Administration Building with Solar Panel	A534-01 (adaptation)	30,000,000.00
Construction of 2-storey Agroforestry Building with Rainwater Catchment Facility	A534-01 (adaptation)	25,000,000.00
TOTAL		195,000,000.00

8.6 The College's diligent compliance with CCET mandates enabled the proper identification, allocation, and monitoring of climate-related expenditures and ensured alignment of programs and projects with national climate change priorities.

B. Implementation of CCET PAPs

8.7 Review of the CCET Accomplishment Form for FY 2025 revealed that, of the four proposed CCET PAPs, only one infrastructure project was implemented by the College during the year. The details of the project are presented below:

Name of Project	Amount (in ₱)		Date Started	Target Date of Completion	Status of Completion as of December 31, 2025
	Appropriated	Obligated			
Construction of 2-storey Agroforestry Building with Rainwater Catchment Facility located at BASC DRT Campus	25,000,000.00	24,790,919.25	January 17, 2025	January 21, 2026	87% completed

8.8 Included in the project's specialty works is the installation of four sets of 1,000-liter 1BC Tanks rainwater catchment facilities, which was validated by the Audit Team through ocular inspection.



8.9 Perusal of the GAA for FY 2025 disclosed that the other three CCET projects which were proposed by the College in the QAR for CY 2025 were not approved for funding.

8.10 Meanwhile, browsing through the official website of BASC showed that the College has been implementing various PAPs with a goal of "Sustainability and Green Environment", but were not included in the QAR presented to the DBM-CCC. In addition, the College's Annual Procurement Plan (APP) for the year showed related small-value procurements such as a water pump conversion project with the following details:

Program/Project/Activity	Date Conducted	Objective	Amount (₱)		Engaged Units
			Budget	Actual Expenses	
Conversion of water pump into solar-powered water pump	April 30, 2025	To convert the existing electrically powered water pump into a solar-powered water pump system in order to reduce electricity consumption, lower operational costs, and promote the use of renewable energy.	290,000.00	287,300.00	BASC employees and students

8.11 Given that this project, along with other similar PAPs which are not infrastructure in nature, are climate-relevant and could contribute to climate change adaptation and mitigation objectives, they could have been integrated in the CY 2025 CCET QAR. According to the Planning and Development Office, these projects were endorsed in the fourth quarter of CY 2024. Thus, it was not possible to identify, tag and include them in the CCET for CY 2025 as the QAR for the year was prepared and submitted to the DBM-CCC in the first quarter of CY 2024.

8.12 Nevertheless, the College may have to enhance its planning and endorsement process as regards project proposals for CCET to further enhance the College's commitment towards climate change initiatives and properly represent the College's efforts towards environmental sustainability.

C. Submission of required CCET reports to the Audit Team

8.13 Item VII of COA Circular No. 2023-001 dated April 18, 2023, provides the following responsibilities of the audited agency:

*The audited agencies shall mainstream climate adaptation and mitigation initiatives in its annual PAPs. It shall also submit **within five (5) working days from receipt of the approved QAR from the CCC**, a copy of the annual climate change plan, as an annex to BP Form No. 201-F or DBM Form 712, as the case may be, Annex "C" hereof, and its corresponding appropriations, to the COA Audit Team assigned to the agency. Likewise, a copy of the corresponding Annual Accomplishment Report shall be furnished to the Audit Team **within fifteen (15) working days from January of the ensuing year**. (Emphasis supplied)*

8.14 Records show that the College was not able to submit the copies of the following documents to the Audit Team within the prescribed period:

- a. the approved QAR from the CCC;
- b. the Annual Climate Change Plan as an annex to BP Form No. 201-F or DBM Form 712, as applicable; and
- c. the corresponding Annual Accomplishment Report.

8.15 The aforementioned reports were provided only upon the Audit Team's specific request during the course of the audit.

8.16 The delayed submission of these documents affected the validation and monitoring of proposed and implemented CCET projects and weakened accountability and transparency over climate change-related expenditures.

8.17 We recommended and the College Management agreed to implement the following measures:

- a. Further strengthen the planning, budgeting, implementation, and reporting processes for CCET to ensure effective mainstreaming of climate change adaptation and mitigation initiatives and compliance with existing laws, rules, and regulations; and**
- b. Direct the concerned offices to facilitate the timely submission of the required CCET reports to the COA Audit Team, as prescribed by Item VII of COA Circular No. 2023-001 dated April 18, 2023.**

8.18 Management recognizes that certain climate change-related PAPs may not have been fully identified and tagged, which could have better reflected the institution's initiatives toward environmental sustainability. As for the delayed submission of required CCET reports to the Audit Team, these were due to the limitations in coordination among concerned units and the absence of a consolidated monitoring mechanism for CCET reporting. Moving forward, the College commits to strengthening its CCET processes by ensuring the comprehensive identification and proper tagging of all eligible PPAs, enhancing coordination among implementing units, and strictly adhering to prescribed timelines for report submission to the COA.

9. The College substantially complied with the remittance requirements for employees' mandatory contributions to the GSIS, Pag-IBIG Fund, and Philippine Health Insurance Corporation (PHIC), in accordance with R.A. Nos. 8291, 9679 and 7875, and their respective Implementing Rules and Regulations (IRRs), thus, minimizing its exposure to penalties and surcharges and ensuring that employees could fully enjoy the benefits of their membership.

9.1 Section 6(b) of R.A. No. 8291, known as the "Government Service Insurance System Act of 1997", states that, *[e]ach 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.*

9.2 Meanwhile, Section 3(a) of Rule VII of R.A. No. 9679 or the "Home Development Mutual Fund (HDMF) 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)

9.3 Lastly, Section 18(b) of Rule III of the Revised IRR of R.A. 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:

SECTION 18. Payment of Premium Contributions

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

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9.4 As reported in previous years’ Annual Audit Reports, the College has consistently complied with the withholding and remittance of monthly employee and employer contributions, as well as loan repayments, to the GSIS, HDMF, and PhilHealth, as applicable. Review of accounting records showed that the amounts withheld were subsequently remitted within the prescribed periods in accordance with their respective mandates, as presented in the following tables:

Table 13
SCHEDULE OF AMOUNTS WITHHELD AND REMITTED TO GSIS
All Funds
Calendar Year 2025

Month	Amounts (in ₱)				
	Beginning Balance	Amounts Withheld	Total	Amount Remitted	Ending Balance
January	0.00	1,752,148.18	1,752,148.18	0.00	1,752,148.18
February	1,752,148.18	1,845,550.90	3,597,699.08	3,561,452.93	36,246.15
March	36,246.15	2,041,777.65	2,078,023.80	2,028,451.35	49,572.45
April	49,572.45	1,872,212.38	1,921,784.83	1,878,182.03	43,602.80
May	43,602.80	1,880,348.57	1,923,951.37	1,908,557.33	15,394.04
June	15,394.04	1,849,959.06	1,865,353.10	1,865,353.10	0.00
July	0.00	1,774,099.48	1,774,099.48	1,774,099.48	0.00
August	0.00	1,825,632.62	1,825,632.62	1,831,153.08	(5,520.46)
September	(5,520.46)	1,911,709.08	1,906,188.62	1,879,224.61	26,964.01
October	26,964.01	1,789,272.81	1,816,236.82	1,789,890.75	26,346.07
November	26,346.07	1,835,761.01	1,862,107.08	1,799,174.03	62,933.05
December	62,933.05	1,819,122.39	1,882,055.44	1,882,055.44	0.00
TOTAL		22,197,594.13		22,197,594.13	

Table 14
SCHEDULE OF AMOUNTS WITHHELD AND REMITTED TO HDMF
All Funds
Calendar Year 2025

Month	Amounts (in ₱)				
	Beginning Balance	Amounts Withheld	Total	Amount Remitted	Ending Balance
January	0.00	175,977.44	175,977.44	175,977.44	0.00
February	0.00	176,312.56	176,312.56	176,312.56	0.00
March	0.00	196,645.89	196,645.89	193,745.89	2,900.00
April	2,900.00	192,721.27	195,621.27	192,621.27	3,000.00
May	3,000.00	194,619.54	197,619.54	196,719.54	900.00
June	900.00	194,904.03	195,804.03	195,604.03	200.00
July	200.00	201,773.14	201,973.14	202,373.14	(400.00)
August	(400.00)	181,268.69	180,868.69	181,868.69	(1,000.00)
September	(1,000.00)	186,797.05	185,797.05	183,997.05	1,800.00
October	1,800.00	205,685.88	207,485.88	205,085.88	2,400.00
November	2,400.00	200,766.92	203,166.92	201,766.92	1,400.00
December	1,400.00	205,260.43	206,660.43	206,660.43	0.00
TOTAL		<u>2,312,732.84</u>		<u>2,312,732.84</u>	

Table 15
SCHEDULE OF AMOUNTS WITHHELD AND REMITTED TO PHILHEALTH
All Funds
Calendar Year 2025

Month	Amounts (in ₱)				
	Beginning Balance	Amounts Withheld	Total	Amount Remitted	Ending Balance
January	434,209.10	228,891.06	663,100.16	663,100.16	0.00
February	0.00	237,202.86	237,202.86	227,865.66	9,337.20
March	9,337.20	293,358.91	302,696.11	293,105.51	9,590.60
April	9,590.60	751,881.97	761,472.57	257,175.52	504,297.05
May	504,297.05	742,855.81	1,247,152.86	754,665.99	492,486.87
June	492,486.87	248,850.48	741,337.35	741,337.35	0.00
July	0.00	253,311.68	253,311.68	255,224.80	(1,913.12)
August	(1,913.12)	248,874.80	246,961.68	251,293.16	(4,331.48)
September	(4,331.48)	262,500.35	258,168.87	249,532.33	8,636.54
October	8,636.54	249,933.04	258,569.58	247,446.05	11,123.53
November	11,123.53	249,708.11	260,831.64	258,443.00	2,388.64
December	2,388.64	243,767.37	246,156.01	246,156.01	0.00
TOTAL		<u>4,011,136.44</u>		<u>4,445,345.54</u>	

9.5 All unremitted balances were settled by the College in full within the deadlines prescribed by law. As such, penalties and surcharges arising from late payments were avoided and employees would be able to fully enjoy the benefits of their membership to the GSIS, HDMF and the PhilHealth.

9.6 We recommended and the College Management agreed to continue to ensure strict compliance with the withholding and timely remittance of mandatory monthly contributions and loan repayments, as applicable, to the GSIS, HDMF, and PhilHealth, in accordance with the provisions of R.A. Nos. 8291, 9679, and 7875 and their IRRs.

9.7 Management affirmed that the timely and accurate remittance of these contributions remains a priority to ensure that employees are able to fully avail of their entitlements and to minimize the risk of penalties and surcharges. The College will continue to strengthen its internal processes and monitoring mechanisms to sustain full compliance and uphold accountability in the administration of employee benefits.

10. The College earned ₱3.446 million in revenues from various Income Generating Projects (IGPs) in CY 2025 or an increase of 25.60 percent from the previous year, thereby achieving its objective of adding revenues to boost its operations while providing venues for research, extension and training activities, and a show window for farmers and other members of the community. However, the monitoring and evaluation of IGP operations were hindered by the non-preparation and non-submission of the monthly financial reports prescribed under the BASC IGP Manual.

10.1 In line with the College's mission *to strive for excellence in Agriculture and other allied disciplines; and, to provide for and address ever-changing educational needs and services for those seeking to expand their intellectual horizons*, the BASC institutionalized the establishment and operation of IGPs that will add revenues to boost its operations in the face of budgetary constraints brought about by the diminishing subsidies from the National Government.

10.2 The IGPs shall also serve as venues for research, extension and training activities of students, faculty members, and staff, and more importantly, constitute a show window for farmers and other constituents in the community, which would eventually contribute to BASC's realization and attainment of flexibility in fund management to effectively carry out its mandate as a state institution of higher learning. IGPs also serve as good laboratories for classroom instruction and provide students more learning opportunities relevant to the needs and interests of the school. It shall also provide a convenient place for training sessions in different fields like agriculture, research and other trade crafts for its faculty, staff and students. IGPs are implemented with the mission of *[pursuing a] sustainable agri-business program for the province of Bulacan that will help develop the capabilities of the College constituents through utilization of its resources*. (Part One, BASC IGP Manual)

10.3 To serve as a common guide in the management of IGPs, the BASC IGP Manual was created and approved to provide uniform procedures in the start-up, organization, management, monitoring and evaluation of IGPs.

10.4 The Manual classifies IGPs implemented by the College into two categories:

- a. Food Production Projects – crop projects, livestock projects, poultry projects, fishery projects, bakeshop or bakery, and food processing or food preservation

- May also be used for laboratory activities, practicum of students, instructional and student learning purposes
- b. Service Projects – projects that have something to do with provision of services, such as canteen, cafeteria or catering, hostel or dormitory, printing and binding facility, modules or instructional guide production, merchandising and others

10.5 In CY 2025, the following IGPs were operated by the College as reported by the BASC Auxiliary Services Office (ASO):

A. IGPs with Approved Proposals

1. BASC Palayamanan Techno-Demo Farm as Income Generating Project
2. BASC H2O Purified Drinking Water

B. Facilities and Spaces for Lease

<i>Category</i>	<i>Location</i>
Rental Facilities	Cayetano Hall, Covered Court, FTC (Farmer’s Training Center 2 nd floor and cafeteria), BASC Multi-purpose Gym, Function Hall
Rental Spaces	Business Center, Dormitory, Food Court, Food Park, Housing, Hostel
Kiosks and Canteens	College of Management Kiosk, Old Hostel, DRT Canteen, BASC Main Campus Canteen
Leased Spaces	San Ildefonso Water District (SIWAD), Flying V, Goals Gym

C. Production Projects (currently utilized for instructional and student learning purposes)

1. Cattle Production
2. Carabao Production
3. Rabbit Production

D. Other Revenue Sources

1. Ambulant or rolling vendors
2. Book Sales (Differential Calculus)
3. Tent Rentals (20 units available)

10.6 Review of Accounting records showed that the College earned a total of ₱3.446 million from IGP operations in CY 2025. The revenues for the year posted a 25.60 percent net increase from the previous year’s total of ₱2.743 million, as presented in the following table:

Table 16
Revenue from Income Generating Projects
Calendar Years 2025 and 2024

Account Name	Description	Amount (in ₱)			%
		CY 2025	CY 2024	Increase/ (Decrease)	
Rent/Lease Income	Income from rental/lease of food court stalls, food park, dormitory, ambulant vendors, rolling stores, etc.	3,106,336.24	2,595,114.05	511,222.19	19.70%
Other Business Income	Income from BASC H2O project	42,263.00	0.00	42,263.00	0.00%
Gain on Sale of Agricultural Produce	Income from sales of production output from agricultural projects, e.g., vegetables, eggs, vermi compost	214,890.00	56,947.00	157,943.00	277.35%
Gain on Sale of Biological Assets	Income from sales of rabbit meat, farm animals	82,060.00	91,270.00	(9,210.00)	(10.09%)
TOTAL		3,445,549.24	2,743,331.05	702,218.19	25.60%

10.7 The generally upwards trajectory in the performance of IGP indicates that the College is continuously pursuing the achievement of its objectives of providing additional sources of funds to address the deficits in subsidies coming from the National Government, while serving as venues for research, extension and training activities and as a show window for farmers and other members of the community.

10.8 However, we have noted that financial reports for some IGPs were not consistently prepared by the persons-in-charge on a monthly basis. Evaluation and monitoring mechanisms were provided for in the BASC IGP Manual, particularly in the following paragraphs:

4.3. Project Operations

XXXX

4.3.7 A consolidated project report/statement of operation must be submitted. For crops and special projects, the report has to be submitted at the end of the cropping period, whereas the project on poultry, livestock, nursery and other similar projects shall be submitted on a monthly basis;

XXXX

4.9 Monitoring and Evaluation System

4.9.1 Submission of reports by the Project-in-Charge and the Director for Business Affairs

Type of Report	Frequency	Prepared By	Submitted To
<i>Project Status</i>	<i>Monthly</i>	<i>Project-in-Charge</i>	<i>Vice President for Administration, Finance and Business Affairs (VP AFBA) Director for Business Affairs or Research, Extension, Production and Development (REPD) Directors Accounting Office</i>
<i>Income Statement</i>	<i>Monthly or End of Production Cycle</i>	<i>Project-in-Charge</i>	<i>VP AFBA Director for Business Affairs or REPD Directors Accounting Office</i>
<i>Semi-Annual Report</i>	<i>Twice a Year</i>	<i>Director for Business Affairs</i>	<i>VP AFBA or REPD Directors Accounting Office</i>
<i>Annual Report</i>	<i>Once a Year</i>	<i>Director for Business Affairs</i>	<i>VP AFBA or REPD Directors Accounting Office</i>

10.9 Verification of existing records showed that monthly Income Statements were not prepared and submitted for most of the IGPs without a set production cycle. Only those with approved project proposals, namely the Palayamanan Techno-Demo Farm and H2O Water Purifier Project, were provided with Income Statements, as submitted to the Audit Team.

10.10 The preparation and submission of financial and operational reports as required by the BASC IGP Manual would facilitate monitoring and evaluation of the performance and viability of each IGP. Moreover, providing timely and accurate financial reports would aid Management in identifying trends, problems and potential risks by using actual figures to support its decision-making processes.

10.11 **We recommended and the College Management agreed to implement, through the concerned departments, the following actions:**

- a. **Continue to identify, implement and operate IGPs that will augment BASC's financial resources, alongside achieving its mission of pursuing sustainable agri-business programs that would help develop the capabilities of the College community through the utilization of its resources; and**
- b. **Prepare and submit the financial reports as prescribed by the BASC IGP Manual to facilitate timely monitoring and evaluation of the performance and viability of each IGP.**

10.12 Management recognized that the absence or inconsistency in the preparation of monthly financial reports limits the timely assessment of financial performance and operational efficiency of the IGPs. Moreover, the ASO explained during the exit conference that there were limitations in the determination of operational expenses directly attributable to each IGP. For instance, electricity costs could not be ascertained for a specific period in some IGPs because they do not have a dedicated electric sub-meter to measure the consumption. Nevertheless, the College committed to reinforcing compliance with the provisions of the

BASC IGP Manual by requiring all IGP units to regularly prepare and submit the prescribed monthly financial reports.

11. As of December 31, 2025, the total unsettled audit disallowances remained at ₱1.390 million, contrary to Section 7.1. of the Revised Rules on Settlement of Accounts (RRSA)

11.1 Section 7.1 of the 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.

11.2 The Status of Audit Suspensions, Disallowances and Charges () as of December 31, 2025 showed that unsettled disallowances remained at ₱1.390 million, as presented below:

Notices	Amount (in ₱)			
	Beginning Balance (As of December 31, 2025)	This period (January 1 to December 31, 2025)	Settlement this period (January 1 to December 31, 2025)	Ending Balance (As of December 31, 2025)
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
Notice of Charge	0.00	0.00	0.00	0.00
TOTAL	1,389,859.39	0.00	0.00	1,389,859.39

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

11.4 We recommended and Management agreed to:

- a. **Require the immediate settlement of the disallowances that have become final and executory; and**
- b. **Instruct the concerned officials to exercise diligence in the processing of claims and ensure that succeeding transactions comply with existing regulations to avoid suspensions and disallowances in audit.**

11.5 During the exit conference, the College Accountant informed the Audit Team that the College has finalized the request for settlement via installment basis and is awaiting the final decision of the COA Legal and Adjudication Office to facilitate the settlement of these disallowances.