

FILE

VISAYAS STATE UNIVERSITY
Baybay City

AGENCY ACTION PLAN and STATUS of IMPLEMENTATION
Audit Observations and Recommendations
For the Calendar Years 2008-2017
As of December 31, 2017
(updated as of Oct 12, 2018)



RECEIVED

12/10/18

Ref	Audit Observation	Audit Recommendations	Agency Action Plan				Status of Implementation	Reason for Partial/ Delay / Non-Implementation, if applicable	Action Taken/ Action to be Taken
			Action Plan	Person/ Dept. Responsible	Target Implementation Date				
					From	To			
AAR CY 2017 Observation No. 1	The year-end balance of the Cash in Bank-Local Currency, Current Account of ₱509,909,125.08 is not reliable due to the failure to adjust/correct the following: (a) discrepancy in balances between the General Ledger (GL) and Bank Confirmation Results due to non-preparation of Bank Reconciliation Statements (BRS); (b) reconciling items in the Bank Reconciliation Statements reported as additions and deductions totaling ₱13,999,675.87 and ₱2,810,644.09, respectively; (c) discrepancy in balances amounting to ₱22,171,377.07 between Main Campus and External Campuses records; and (d) calendar year (CY) 2017 unreleased checks amounting to ₱1,792,790.82 which should have been restored/reverted back to the Cash in Bank account as of year-end; all contrary to Sections 74 and 11	We recommended that the President require: the Accountants concerned to: ➤ submit the overdue BRS and henceforth, to prepare and submit the monthly BRS within the reglementary period, pursuant to Sections 74 and 111 of PD No. 1445 and Section 7, Chapter 21 of the GAM for NGAs Volume 1; ➤ look into the causes for the noted discrepancies in the subsidiary records of all campuses and effect the necessary		EEsguerra And Branch Campus Accountants	Jul. 2018	Dec. 2018	Fully Implemented <		

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	of PD No. 1445, pertinent provisions of the Government Accounting Manual (GAM) for National Government Agencies (NGAs) Volume I, and paragraph 29 (b) of the Philippine Public Sector Accounting Standards (PPSAS), thus, affecting the fair presentation of the accounts in the financial statements.	<p>adjustments to come up with correct and reconciled balances; and</p> <p>➤ book-up/adjust the prior years' reconciling items identified as additions and deductions in the BRS as well as the stale checks so as to arrive at an accurate account balance.</p> <p>➤ the Cashiers of the main and external campuses to submit henceforth, the Schedule of Unreleased Commercial Checks as basis for the Accountants to draw a Journal Entry Voucher (JEV) to recognize the restoration to the cash account and booking-up of the appropriate liability account for the unreleased commercial checks as of year-end pursuant to Section 56, Chapter 19, GAM Volume I.</p>					<p>Fully Implemented</p> <p>For implementation</p>	<p>JEVs were made to adjust reconciling items</p> <p>To be implemented in Dec. 2018 since this is a year end procedure</p>	
AAR CY 2017 Observation No. 2	The accuracy of the year-end Accounts Receivable balance of ₱72,957,625.73 is doubtful in view of the inclusion of receivables appropriately recorded as Due from Officers	<p>We recommended that the President require the Accountants concerned to:</p> <p>a) reclassify the receivables from VSU</p>		EEsguerra And Branch Campus Accountants	Jul. 2018	Dec. 2018	Fully implemented	TR JEV # 07-2018-01-	

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	and Employees totaling ₱991,760.04 and discrepancy in balances between accounting records and nine confirmation replies from debtors amounting to ₱502,049.55, thus, affecting the fair presentation of the balance of the account in the financial statements. Moreover, the collectibility of the amount of ₱29,244,685.72 or 40% of the total receivables aging from over one year to more than three years is doubtful, thus, contrary to Sections 2 and 102 of PD No. 1445, depriving VSU of the productive use of funds for its priority programs, projects, and activities.	<p>personnel to the Due from Officers and Employees account in accordance with the Revised Chart of Accounts, GAM for NGAs Volume III;</p> <p>b) investigate causes of discrepancies on the receivables account; to locate the documents pertaining to the overdue and dormant accounts to substantiate their balances; and, to effect the necessary adjustments in order to come up with accurate and reliable balances;</p> <p>c) enforce immediate settlement from officers and employees who are still in active service of their unpaid accounts; and</p>					<p>Partially implemented</p> <p>Partially implemented</p>	<p>0021,IGF JEV # 05-2018-01-0034, BRF JEV # 06-18-01-05</p> <p>Receivable from employees are still being collected through salary deduction</p> <p>Memorandum on monthly recon. was issued as considered as an on-going year round activity as each external campus has a schedule given</p> <p>Collections were enforced through salary deduction of some employees</p>	

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		d) gather information on the last known address of students, customers, retired/transferred officers and employees; and send out demand/collections letters for them to immediately settle their overdue accounts and institute other appropriate measures to ensure collections of the receivable accounts.					Partially implemented		
AAR CY 2017 Observation No. 3	Allowance for Impairment Loss was not provided for the Other Receivables account balance of ₱19,573,206.68 with ages ranging from over one year to over ten years, contrary to Philippine Public Sector Auditing Standards (PPSAS) 29, paragraph 67; Sections 9 and 10, Chapter 7 of the GAM for NGAs Volume I, thus, affecting the fair presentation of the accounts in the financial statements. Likewise, the inadequacy of collection measures/efforts on these receivables has deprived VSU from the use of the funds for its priority programs and projects.	We recommended that the President require the Accountants concerned to: a) provide the necessary Allowance on Impairment Loss for the Other Receivables which are already past due and where there is doubt on their collectibility, pursuant to paragraph 67 of PPSAS 29 and pertinent provisions of the GAM for NGAs Volume I; and b) enforce collection of the past due accounts by sending demand letters to all those debtors with known addresses and those which are still connected with VSU.		EEsguerra And Branch Campus Accountants	Jul. 2018	Dec. 2018	Fully implemented 		

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AAR CY 2017 Observation No. 4	The accuracy of the Property Plant and Equipment (PPE) account balance of ₱999,613,993.77 was unreliable in view of the following: a) non-maintenance of PPE Ledger Cards of all properties by the Main Campus and of PPE Ledger Cards and Property Cards by the Tolosa Campus; b) discrepancy in balances between the General Ledger and the CY 2017 Report of Physical Count of Property, Plant and Equipment of the Main Campus; c) non-conduct of inventory of all the PPE items of the Isabel Campus; d) erroneous recognition as PPE of on-going infrastructure projects totaling ₱8,926,120.12; e) non-recording of assets received through donation; f) non-reclassification to semi-expandable property of tangible items costing below ₱15,000.00 amounting to ₱420,617.64; and g) non-provision of depreciation on some PPE items, contrary to Section 111 of PD No. 1445 and pertinent provisions of the GAM for NGAs, Volumes I and II.	We recommended that the President require: (a) the Supply Officer of Tolosa Campus, to maintain the PCs and the Accountants of Main and Tolosa Campuses, to maintain the PPELCs; (b) the management of Isabel campus to conduct an inventory of all their properties and to prepare and submit the required RPCPPE within the reglementary period and in accordance with the format prescribed under Section 42, Chapter 10 of the GAM for NGAs Volume I; (c) all campuses, to reconcile their records to identify causes for the discrepancies noted in balances between the GL and		EEsguerra, Branch Campus Accountants and Supply Officers	Jul. 2018	Dec. 2018	For implementation for the year 2018 		

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		<p>the submitted RPCPPEs; and to make the necessary adjustments in their records to come up with accurate account balances;</p> <p>(d) the Supply Officer of the Tolosa Campus, to have the donated equipment appraised and to provide appraisal value/cost to their Accountant for recording purposes;</p> <p>(e) all Accountants concerned, to make the necessary adjustments to correct the following:</p> <p><input type="checkbox"/> Non-recognition of various equipment received through donation and erroneous recognition as Buildings and Other Structures of properties which were still in the process of construction or development as of year-end totaling P8,926,120.12, at the Tolosa Campus;</p> <p><input type="checkbox"/> Non-reclassification to semi-expendable property of some tangible items costing below the capitalization threshold of P15,000.00 totaling P382,117.64;</p> <p><input type="checkbox"/> Non-provision of depreciation for some PPE items totaling P842,831.84.</p>					<p>Fully Implement ed</p> <p>Partially Implement ed</p>	<p>an on-going year round activity as each external campus has a schedule given Already recorded in the books of Tolosa Campus</p> <p>Memorandum on monthly recon. was issued as considered as an on-going year round activity as each external campus has a schedule given</p>	

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AAR CY 2017 Observation No. 5	Non-adherence to the rules and regulations governing the grant, utilization and liquidation of cash advances provided under Section 89 of PD No. 1445; COA Circular No. 97-002 dated February 10, 1997; and, COA Circular No. 96-004 dated April 19, 1996, resulted in the accumulation of unliquidated cash advances amounting to ₱1,043,684.73 as of December 31, 2017, thereby exposing cash to possible risk of misapplication and misstatement of both the asset and equity since related expenses were not recorded in the year they were incurred.	<p>We recommended that the President require:</p> <p>a) all officers and employees concerned to immediately liquidate their outstanding cash advances; henceforth, to strictly adhere to the pertinent provisions on the granting, utilization and liquidation of cash advances in compliance with Section 89 of PD No. 1445, COA Circular No. 97-002 and Section 25 of the GAM for NGAs Volume 1; and</p> <p>b) the Accountants concerned to monitor closely the liquidation of outstanding cash advances and to refrain from granting additional cash advances to any official or employee unless the previous cash advance given to him is first settled or a proper accounting thereof is made.</p>		all officers and employees concerned of the whole VSU system who has Cash Advance and EEsguerra, Branch Campus Accountants	Jul. 2018	Dec. 2018	<p>Fully Implemented</p> <p>Fully Implemented</p>	The respective accountants of all campuses are required to submit quarterly schedule of cash advances	

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		<p>b) maintain SLs for the Due to BIR account per campus for all funds to facilitate reconciliation with the GL and for proper control and monitoring; and</p> <p>c) remit taxes withheld regularly and intact to avoid penalties.</p>					<p>Partially Implemented</p> <p>Fully Implemented</p>	<p>remittance of taxes. Separate SL for 2018 per campus per fund will be maintained in addition to the consolidated GL.</p>	
AAR CY 2017 Observation No. 8	<p>The balance of Due to NGAs account of ₱141,363,114.65 as of December 31, 2017 was unreliable due to the following: a) misclassified Commission on Higher Education fund transfer to VSU Alangalang Campus of ₱4,000,000.00; b) total discrepancy in balances of ₱43,021,963.35 between Source Agency and VSU records; c) discrepancy in amounts between the Subsidiary Ledgers and financial reports for Department of Science and Technology (DOST) Phi-LiDAR I and II projects; d) discrepancy in balances of previous years' savings brought forward in the succeeding years' financial/liquidation reports for DOST Phi-LiDAR I and II projects; and e) absence of</p>	<p>We recommended that the President require the Accountant of the Main Campus to:</p> <p>(a) maintain separate subsidiary records for all fund transfers received in compliance with the Memorandum of Agreement entered into by VSU and Source Agency to facilitate review of transactions; and</p> <p>(b) review financial/liquidation reports, source documents, and other reports covering prior years' transactions for all fund transfers/projects to determine errors in recording and to provide details of the expenses identified as "Administrative</p>		<p>EEsguerra, Branch Campus Accountants</p>	<p>Jul. 2018</p>	<p>Dec. 2018</p>	<p>Fully Implemented</p> <p>Partially Implemented</p>	<p>Maintained SL per project</p>	

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	details for the expenses identified as "Administrative Cost for Billing" totaling ₱17,760,316.09, thereby, affecting the fair presentation of the accounts in the financial statements.	Cost for Billing," and to make the necessary adjustments to come up with correct account balances.							
AAR CY 2017 Observation No. 9 & AAR CY 2016 Observation No. 4	The accuracy of the Other Payables account balance of ₱2,852,449.70 as of year-end was doubtful in view of the following: a) misclassification of accounts amounting to ₱8,654,385.16; b) abnormal/negative balances totaling ₱11,466,564.74; c) discrepancy in amounts as recorded in the General Ledger and General Journal; and d) discrepancy in balances between records of the Main Campus and external campuses, thereby affecting the fair presentation of the accounts in the financial statements.	We recommended that the President requires the Accountants concerned to: (a) reclassify the misstated accounts/transactions to their appropriate account/s and thereafter, record all transactions in accordance with the updated Revised Chart of Accounts under the GAM for NGAs; and (b) trace financial reports and source documents relating to accounts with abnormal balances and discrepancies to determine the necessary adjustments to be made in order to come up with correct balances; and thereafter, to conduct periodic reconciliation of their records to ensure accuracy of reported data and balances in the financial statements.		EEsguerra, Branch Campus Accountants	Jul. 2018	Dec. 2018	Partially Implemented 		

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AAR CY 2017 Observ ation No. 10	The disclosure requirements in the Notes to Financial Statements under the PPSASs were not fully observed, thus, information contained in the Notes to Financial Statements did not adequately provide relevant information on the financial position and performance of VSU.	We recommended that the President require the Accountant of the Main Campus to observe the disclosure requirements and the qualitative characteristics in the preparation of financial statements in accordance with the PPSAS and pursuant to Section 5.4 of COA Circular No. 2015-002 for the ensuing year.		EEsguerra, Branch Campus Accountant s	Jul. 2018	Dec. 2018	For implementa tion	2018 year end reports	
AAR CY 2017 Observ ation No. 11	Excess scholarship funds totaling ₱5,258,531.90 of the external campuses for AYs 2015-2016 and 2016-2017 were not automatically reverted to the National Treasury, contrary to NBC No. 556 dated January 5, 2015 and NBC No. 561 dated January 4, 2016, thus exposing the funds to possible risks of misuse or misappropriation. Further, a separate book of accounts for the program was not maintained and excess funds from tuition fee allotment amounting to ₱284,495.00 of the Villaba Campus were paid/released to students without supporting documents to justify its validity/regularity, contrary to CHED-DBM-DSWD-DOLE Joint Memorandum Circular No. 01 dated June 23, 2016.	<p>We recommended that the President require the Accountants concerned to revert the excess scholarship fund of ₱5,258,531.90 to the National Treasury pursuant to NBC No. 561 dated January 4, 2016.</p> <p>We likewise recommended that the President require the Accountant and Scholarship Coordinator of the Villaba Campus to submit the pertinent documents to support the disbursements of excess scholarship fund totaling ₱284,495.00 for purposes of post audit.</p>		Branch Campus Accountant s	Jul. 2018	Dec. 2018	Fully Implement ed	Only VSU Isabel Campus had not remitted to BOT.	Alang alang Campus documents on reversion (Annex A)

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AAR CY 2017 Observation No. 12	There were procedural lapses in the procurement of goods, indicating non-compliance with pertinent sections of Rule XI, Rule XVI and Rule XIX of the 2016 RIRR of RA No. 9184 and Section 18, Article VI of RA No. 9184.	We recommended that management strictly implement the pertinent provisions of RA 9184 and its 2016 RIRR.					Fully Implemented	BAC implemented this starting Sept 2018 transaction	
AAR CY 2017 Observation No. 13	Collections from Income Generating Projects (IGPs) were not remitted to the Collecting Officer daily and intact, contrary to Section 69 of PD No. 1445, resulting in delayed recognition of income thereby affecting the fair presentation of Cash-Collecting Officer and income accounts in the financial statements.	We recommended that management require all Project Managers of IGPs of VSU to remit all their collections to the CO daily and intact pursuant to Section 69 of PD No. 1445; and advise the CO to monitor the prompt remittance of all their duly supported collections inasmuch as they are still her accountabilities.					Fully Implemented	Memo has been issued and this is already implemented starting August 23, 2018	
AAR CY 2017 Observation No. 14	Project Managers of IGPs were allowed to collect government funds even without approved fidelity bond, contrary to Sections 64, 101 and 104 of PD No. 1445 thus, placing the government funds and their safekeeping at risk.	We recommended that management require the designated IGP Managers to apply for appropriate bonds with the BTr in compliance with Sections 64, 101 and 104 of PD No. 1445 and Treasury Circular No. 02-2009 dated August 9, 2017.					Fully Implemented	Fidelity bond of project managers are already approved	

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AAR CY 2017 Observation No. 15	CY 2017 transaction documents and accounting reports were not submitted within the reglementary period despite written reminders to management, contrary to Section 122 of PD No. 1445, Section 7.21 (a) of COA Circular No. 2009-006 and Section 7, Chapter 21 of GAM for NGAs Volume I, thus, preventing their timely audit and consequently, precluding the early detection/correction of errors and the timely reporting of significant financial data to users/stakeholders.	We recommended that management: (a) require the Accountants to submit immediately the CY 2017 financial reports and related transaction documents to avoid audit suspensions/disallowances; and, to religiously submit their accounts for the succeeding periods within the time frame under Section 122 of PD No. 1445, Section 7.21 (a) of COA Circular No. 2009-006 and Section 59, Note 4 of GAM for NGAs Volume I; and (b) take appropriate actions against officials/employees concerned for the repeated failure to submit the required reports within the prescribed period.		EESguerra, Branch Campus Accountants	Jul. 2018	Dec. 2018	Fully Implemented Fully Implemented	All vouchers for 2017 were already submitted	
AAR CY 2017 Observation No. 16	The Cash Disbursing Officer (CDO) incurred an average of 66 days delay in the liquidation of various cash advances totaling ₱594,638.19, contrary to COA Circular No. 97-002 dated February 10, 1997, as amended by COA Circular No. 2006-005 dated July 13, 2006;	We recommended that management direct the Disbursing Officer to liquidate the cash advances within the prescribed period pursuant to the specific rules and regulations on the liquidation of cash advances in COA Circular No. 97-002 dated		MMendoza	Jan. 2018	May 2018	Fully Implemented	In 2018 the cash disbursing officer is strictly following the period of liquidation of cash	

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	and, Section 15, Chapter 6 of GAM for NGAs Volume 1; while basic internal control measures were not in place in the Cashier's Office, thereby exposing the accumulated government funds to risk of possible loss due to misappropriation.	<p>February 10, 1997, as amended by COA Circular No. 2006-005 dated July 13, 2006 and Section 15, Chapter 6, GAM for NGAs Volume I.</p> <p>Management should direct Accounting Division to monitor the liquidation of cash advances to safeguard the government funds in the possession of the Accountable Officer against loss due to theft or misappropriation.</p> <p>Further, management should require the accountable officer concerned to change the combination of the safe and to refrain from sharing the new number combination for security purposes.</p>						<p>advances. The vault combination is already changed as of July 2018.</p> <p>Memo Circular No. 51 dated July 30, 2018 regarding liquidation of Cash Advances was issued and the different AO is following the timelines set.</p>	
AAR CY 2017 Observation No. 17	Collections of VSU-Pavilion/Guesthouse, an Income Generating Project (IGP), were not remitted intact and daily by the designated IGP-Manager to the VSU Cashier, contrary to Section 69 of PD No. 1445 and sound internal control, thereby exposing the government funds to risk of possible loss and misappropriation.	<p>We recommended that management, through the Head of Finance, require the IGP Project Managers to remit the collections daily and intact in accordance with the specific rules and regulations under Section 69 of PD No. 1445 and to refrain from using the collection of VSU Pavilion/Guesthouse to defray daily expenses.</p> <p>Further, management is advised to evaluate the actual monthly cash requirement of</p>		J Larosa	Jan. 2018	Jun. 2018	Fully Implemented	The cash balance as of June 30, 2018 is P 11,494.00 which represent collection on the last working days of the month	

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		the IGP to determine the exact amount to be established as revolving fund, to obtain sufficient fund for its recurring expenses for one month, to avoid inappropriate use of collections for its operations; and, to institute adequate measures to strengthen the internal control of the IGP of VSU.							
AAR CY 2017 Observation No. 18	The Gender and Development Plan (GAD) and Budget for CY 2017, which was not endorsed by Philippine Commission for Women (PCW), was implemented by management, contrary to the guidelines set in Annex A of an undated Joint Circular No. 2012-01 issued by PCW, National Economic Development Authority (NEDA) and DBM that specifically contains expenses that CAN or CANNOT be charged to the Gender and Development Budget.	We recommended that henceforth, the President, requires the GAD Focal Person to ensure: (a) that VSU's GPB and AR are prepared in accordance with the guidelines and in the prescribed format and be submitted within the timelines set by PCW-NEDA-DBM JC No. 2012-01; and (b) that a PCW-endorsed GPB will be received and await the directive from the Head of the Agency, a copy of which furnished also to the PCW, before the implementation of these PAPs in accordance with PCW-NEDA-DBM JC No. 2012-01.		MA Tabada	Jan. 2018	May 2018	Fully Implemented <		

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And in following AARS: AAR CY 2015 Observation No. 5, & AAR CY 2014 Observation No. 1, & CY 2013 AAR	year-end could not be ascertained due to the (a) net unreconciled variance of ₱(1,969,561.82) between the book and the bank balances Tolosa Campus caused by the non-preparation and non-submission of overdue monthly Bank Reconciliation Statements (BRS) resulting in the late detection of possible errors; (b) net unreconciled discrepancy amounting to ₱26,997,876.74 between the GL and subsidiary records of external campuses due to failure of the Accountants to conduct period reconciliation of their records contributing in the accumulation of undetected reconciling items; and (c) unrecorded current account of VSU Manila Office maintained at LBP- BSP Servicing Branch with bank balance of ₱70,547.04, all contrary to Sections 74, 111 and 122 of PD 1445. Likewise, BRSs were not prepared in the prescribed form as prescribed by Chapter 21, Volume 1 of the GAM.	a. To reconcile their individual records in order to determine the valid reconciling items for adjustments in the books of accounts; b. To commit the immediate submission of overdue BRS of Tolosa campus from July to December, 2016 and henceforth, submit the monthly BRS regularly pursuant to Sections 74, 111 and 122 of P.D. 1445 and Section 7, Chapter 21, Volume I of the GAM for NGAs; c. Enroll in Landbank's electronic banking and/or regularly request copies of snapshots from the LBP and DBP in order to facilitate reconciliation notwithstanding the submission of monthly BRS in the prescribed format per GAM for NGAs duly supported with complete supporting documents and copies of JEVs to effect book reconciling items; and d. Recognize in the books the unreported balance amounting to ₱70,547.04 of the LBP Account of		s <					

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		the Manila Office and accordingly treat all fund transfer to the MO as transfers and not as advances.							
AAR CY 2016 Observation No. 2	Unutilized balances of NCAs transferred to current accounts of the VSU External Campuses for CY 2016 were not reverted to the Bureau of Treasury as required under Paragraph 3.2 of the National Budget Circular No. 488, which resulted in the accumulation of significant cash balances in their respective Cash in Bank (CIB)– Local Currency, Current Accounts totaling ₱78,970,089.70 as of December 31, 2016.	We recommend that the University President, thru the concerned Accountants to: a. Determine the status of the unutilized balances of the MDS cash of four (4) VSU External Campuses; b. Remit the same to the Bureau of the Treasury and henceforth ensure compliance with Paragraph 3.2 of the National Budget Circular No. 488 and Budget Circular Letter No. 2013-12; and c. Prepare and furnish the Audit Team a copy of the recorded JEV and other documents for validation.		Branch Campus Accountants and Budget Officers	Jul. 2018	oct. 2018	Partially implemented	Only Isabel has not reversed their cash balances	
AAR CY 2016 Observation No. 3	The validity and accuracy of the Property Plant and Equipment (PPE) account with a book value of ₱641,994,212.70 is doubtful in view of: (1) the continuous failure of management to conduct/complete the physical inventory of all PPE and the	We recommend that Management: a. Conduct/complete the physical count of all PPEs render a report thereon using the prescribed form (Appendix No. 73,		EEsguerra, Branch Campus Accountants and Supply Officers of Main and	Jul. 2018	Dec. 2018	Reiterated 2017 observation No.4		

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	non/late-submission of RPCPPE; (2) non-preparation of Property, Plant and Equipment Ledger Cards (PPELC) and Property Cards (PC) by the Accounting and Supply Offices, respectively; (3) overstatement of P1,387,776.17 due to non-observance of the capitalization threshold of P15,000.00 as the minimum cost of an individual asset recognized as PPE; and (4) non-provision for depreciation by Alang-Alang and Tolosa Campuses, which are all contrary to Sections 111 and 122 of PD 1445 and Sections 4, 38 and 42, Chapter 10 of GAM for NGAs, Volume I. Section 38, Chapter 10, Volume I of GAM for NGAs.	<p>Volume III) and submit the same within the prescribed period in conformity with Section 38, Chapter 10, Volume 1 of the GAM for NGAs;</p> <p>b. Require the accounting and supply offices of the main and external campuses to maintain the PPELC and Property Cards for each property and to reconcile their individual records as well as make the necessary adjusting entries for valid reconciling items noted to come up with accurate financial data;</p> <p>c. Instruct all Accountants and Supply Officers to adhere to the capitalization threshold in recognizing individual assets as PPE and adjust, among others, their Property Ledger Cards and Property Cards accordingly. Likewise, the University Accountant should prepare a JEV to effect adjustments for the noted overstatement of P1,387,776.17 ;</p> <p>d. Exert extra effort on</p>		External Campus					

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		establishing the updated Schedule of PPEs of all campuses as basis for the provision of Allowance for Depreciation to arrive at a correct and reliable carrying value of these assets in consonance with Paragraph 59 on Depreciation of Property, Plant and Equipment on PPSAS 17 and Section 27, Chapter 10, Volume 1 of the GAM for NGAs.							
AAR CY 2016 Observ ation No. 4	The balance of the Other Payables account of P47,080,357.68 as at year-end is misstated due to (1) inconsistencies in treating various transactions amounting to P42,135,331.43 as Other Payables account; (2)net unreconciled discrepancy of P3,259,256.49 between balances of GL and subsidiary records of external campuses, caused by non-conduct of periodic reconciliation of their records; and, (3)existence of non-moving/dormant accounts for more than three years totaling P3,346,764.31, all contrary to Section 111 of PD No. 1445 and the Revised Chart of Accounts (RCA) under the GAM for NGAs, thereby affecting the fair presentation of the affected accounts in the financial	We recommend that management should require the Accountants concerned to: a. Reclassify said balances to the most appropriate account/s and thereafter, record the related disbursements in accordance with the Updated Revised Chart of Accounts under Volume III of the GAM; b. Reverse the original entries made in recording the Cash in Bank reconciling items of P8,833,554.27, reestablish the same in the BRS until the particular fund source and project name of the transferred funds as well as the nature of other		EEsguerra, Branch	Jul. 2018	Sept. 2018	Reiterated 2017 observation No.9		

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	statements.	<p>reconciling items are rightfully identified and prepare the necessary adjustments;</p> <p>c. Investigate the nature of transactions that caused the abnormal beginning balances, prepare the necessary adjusting/correcting entries in the books for the affected accounts and submit the JEVs and all supporting schedules and documents to COA for validation.</p> <p>d. Reconcile subsidiary records and the GL maintained by external campuses and the main campus, respectively, to ensure that errors are immediately detected and corresponding adjustments are made for valid reconciling items to come up with an accurate financial data in accordance with Section 111 of PD No. 1445.</p> <p>e. Cause the verification of the nature or purpose of the non-moving/dormant funds by tracing to the source documents, make a</p>							

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		review or analysis of the transactions as well as determine their validity and effect necessary adjusting entries, if so warranted and determine proper disposition of said funds in compliance with COA Circular No. 97-001 dated February 5, 1997.							
AAR CY 2016 Observation No. 6	The CY 2016 financial statements lack relevant disclosures on the Notes to Financial Statements and on the face of the FS itself cross-referencing to related information in the Notes thereby not providing adequate and relevant information to the users of the financial statements contrary to Sec. 30, Chapter 19, GAM for NGAs, Volume I.	We recommend that Management require the Accountant to: Give as much weight in the preparation of the Notes to FSs as the other five (5) financial statements, this being an integral part of the whole General Purpose Financial Statements (GPFS). Henceforth, include disclosures of all major items in the Notes to FS in all the financial statements for a more relevant and reliable presentation of accounts.		EEsguerra,	Jul. 2018	Dec. 2018	Reiterated 2017 observation No. 10	To be implemented in Dec. 2018 with more details	
AAR CY 2016 Observation No. 7 AAR CY 2015 Observation No. 11	Payment of the Expanded Students' Grant-In-Aid Program for Poverty Alleviation (ESGP-PA) scholarship funds for the first Semester of AY 2016-2017 totaling P2,180,000.00 was more than two months delayed, which run counter to CHED-DBM-DSWD-DOLE Joint Memorandum Circular No. 01 dated June 23, 2016, due to	We recommend that Management: a. Address all the issues such as documentary deficiencies to facilitate the timely release of financial benefits to scholarship grantees in accordance with the CHED-DBM-DSWD-		USSO c/o C Brit and MB Loreto and Student Service Office in charge of branch campus	Jan. 2018	May 2018	Fully Implemented	Paid the scholars other required fees in order to graduate	

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	delayed submission of the complete documentary requirements resulting in an unpaid obligation of P468,500.00 as at year-end which has deprived the program beneficiaries of their timely utilization.	DOLE Joint Memorandum Circular No. 01 dated June 23, 2016;							
AAR CY 2016 Observation No. 8	Excess scholarship fund of P2,656,566.00 for AY 2014-2015 was not reverted to National Treasury contrary to DBM Budget Circular Letter No. 2013-12 thus, exposing the same to possible risks of misuse or misappropriation.	We recommend that management revert to the National Treasury the excess scholarship fund of P2,656,566.00 pursuant to DBM Budget Circular Letter No. 2013-12 and institute corrective control measures to safeguard government funds against possible loss from spurious disbursements.		EEsguerra, Branch Campus Accountants	Jul. 2018	Oct. 2018	Reiterated 2017 observation No. 11	Only Isabel Campus has not reverted the funds	
AAR CY 2016 Observation No. 8	Representation and Transportation Allowances (RATA) was granted to Campus Administrators of the four external campuses at the rate equivalent to an Assistant Bureau Regional Director instead of the rate for a Chief of Division contrary to Section 7.13.2.3 of NBC NO. 461, Section 4 of NBC 404, Section 2.3 of NBC NCC NO. 67 and Section 5 of NBC 548, thus, rendering the excess payments unauthorized and without legal basis.	We recommend that management should strictly (a) follow the provisions of Section 7.13.2.3. of NBC No. 461, Section 4 of NBC 404, Section 2.3 of NBC NCC No. 67 and Section 5 of NBC No. 548 dated May 15, 2013; and (b) require the officials concerned to refund the amount in excess of the allowable rate.		Branch Campus Deans (MPadayao, OCamoying, EBalbarino and GRomero) and Accountants	Jul. 2018	Dec. 2018	Partially implemented	All the campus administrators refunded the excess RATA and LB Cano has an on-going salary deduction	

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AAR CY 2016 Observation No. 10	The GAD Plan and Budget (GPB) and GAD Accomplishment Reports (AR) for calendar year 2016 submitted to the Department of Budget and Management (DBM) was not reviewed and endorsed by the Philippine Commission for Women (PCW) due to the failure of CHED to review and submit it to PCW within the prescribed timeline contrary to Section 8.2 of PCW-NEDA-DBM Joint Circular No. 2012-01, PCW Memorandum Circular No. 2014-04 and PCW MC No. 2016-05, hence, the issues and activities identified therein could not be assessed as to whether the related programs/projects were actually undertaken and carried out economically, efficiently and effectively.	We recommend that management direct the GAD Focal Person: a) To take the necessary steps that the GPB submitted to the CHED is reviewed and submitted to PCW within the prescribed timeline and the same is reviewed and endorsed by PCW before its submission to the DBM; b) To prepare and submit GAD Accomplishment Report in accordance with Section 8.2 of PCW-NEDA-DBM Joint Circular No. 2012-01, PCW Memorandum Circular No. 2014-04 and PCW MC No. 2016-05; c) To submit copy of Annual GPB to the COA Audit Team within five (5) working days from the receipt of PCW-endorsed and approved GPB and furnish a copy of the corresponding Accomplishment Report within five working days from the end of January of the preceding year.		MATabada	Jan. 2017	Mar. 2017	Fully Implemented	Complied with the on line submission of GPB and prepared the GAD AR	

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AAR CY 2016 Observation No. 11	Management failed to set aside at least one percent (1%) of their total budget to programs/projects/activities for older persons and persons with disabilities contrary to the R.A. No. 10633 or the GAA for FY 2016 and DBM-DSWD Joint Circular No. 2003-01, thus, depriving the beneficiaries of the benefits due them.	We recommend that Management require the concerned officials to: a. Allocate at least one (1) percent of their respective budget for the implementation of plans, programs, projects, activities and services for older persons and persons with disabilities. b. Formulate plans, programs and projects intended to address the concerns of senior citizens and persons with disability, insofar as it relates to the agency's mandated functions.		LC Ampac and M Pancito	Jan. 2018	May 2018	Fully implemented	The different infra projects in the university has allocation for ramp.	
AAR CY 2015 Observation No. 4	The accuracy of the balance of the Cash Collecting Officer account of P 619,160.71 is not reliable due to discrepancies in amount per Report of Collections and Deposits of external campuses as compared to the amount reflected in the Consolidated Cash Receipt Journal for External Campuses of the VSU main Campus.	We recommend the accounting section to: Prepare the necessary adjusting journal entries for the noted differences after verifying the causes of the variances between the records of external campuses and of the consolidated Cash Receipt Journal. Attached Cash Receipts Journal of external		EEsguerra, Branch Campus Accountants	Jul. 2018	Dec. 2018	Partially implemented		

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		campuses to the consolidated Cash Receipt Journal.							
AAR CY 2015 Observation No. 6	The Accountant had not implemented the requirement provided in Section 4.2 of COA Circular No. 2015-002 dated March 9, 2015 in the maintenance of separate set of books to generate trial balances and financial statements, resulting in the difficulty in providing easy access and analysis of real-time financial data and misleading information contained in the financial statements.	We recommend that management should require the Accountant to prepare and maintain separate sets of books and generate the Trial Balances and Financial Statements by fund clusters under the Unified Accounts Code Structure (UACS) pursuant to the pertinent provisions of Joint Circular No. 2013-1 dated August 6, 2013 and COA Circular No. 2015-002 dated March 9, 2015.		EEsguerra, Branch Campus Accountants	Jan. 2016	Dec. 2016	Fully implemented		
AAR CY 2015 Observation No. 7	Unutilized Notice of Cash Allocation (NCAs) of all VSU Campuses for CY 2015 were not reverted to the account of the National Treasury contrary to DBM Circular Letter No. 2013-12, DBM National Budget Circular No. 551, Section 186 of the Government Accounting and Auditing Manual (GAAM) Volume 1 and prescribed accounting rules and regulations resulting in unreliable balances of Cash Accounts presented in the Financial Statements.	We recommend that VSU External Campuses should remit their unutilized NCA or general fund balances to the National Treasury after the actual unutilized balance as of December 31, 2015 has been determined and necessary adjustments has been made, to comply with the provisions of DBM Circular Letter 2013-12 and DBM Budget Circular 551 so cash balances presented in the Financial Statements will be reliable. The Audit Team should be furnished a copy of the duly validated deposit slip for validation and audit		EEsguerra, Branch Campus Accountants	Jul. 2018	Oct. 2018	Fully Implemented	The External Campuses are required to make a request for fund transfer for release of their Capital Outlay projects.	

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		purposes.							
AAR CY 2015 Observation No. 10	Outstanding receivables from STUFAP, SLP/COE and SAFE loan programs totaling P1,044,771.42 for loans granted since CY 2004 to 2009 in the Main and External Campuses were not promptly monitored and collected contrary to CHED Memorandum Orders No. 4 s. 2004, and CHED Memorandum Order 25 s. 2008.	We recommend that management exert effort in the collection of the outstanding loan receivables to give other qualified beneficiaries a chance to avail the benefits of the programs. Likewise, the Accountant should, 1) Update loan records with the necessary data as to present addresses and employment records of borrowers to facilitate collection; 2) send out collection letters for accounts which have become due and demandable and for those nearing maturity; 3) Exhaust possible means to collect from co-makers in case of default on loan repayments of borrowers.		EEsguerra, Branch Campus Accountants, CBrit and MLoreto and Student Services personnel of Branch campus	Jul. 2018	Dec. 2018	Not implemented	due to inavailability of addresses	
AAR CY 2015 Observation No. 13	The Report of Checks Issued (RCI) and the Report of Disbursements (RD) together with all the supporting vouchers/payrolls/documents for the disbursement of expenses in the implementation of various projects funded by different agencies were not reported and submitted separately by the Cashier, thus causing delay in the conduct of audit of	We recommend that management require: The University Cashier to comply with Section 6.4 of COA Circular No. 94-013 on the submission of RCI and RCD with all the supporting vouchers/payroll and documents per project to the Accountant, within five (5) days after the end of each		CNuevo and EEsguerra,	May 2018	June 2018	Reiterated 2017 observation No. 15		

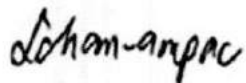
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	transactions.	month; The University Accountant to verify the reports within ten (10) days after receipt from the AO and to submit the same to the Audit Team.							
AAR CY 2014 Observation No. 3	Campus personnel of Alang-alang, Tolosa and Villaba who were granted with hazard pay totaling to P1,070,000.00 were not among those authorized under Section 21 of R.A. 7305 and Budget Circular No. 2005-4 dated 13 July 2005, thus resulting to illegal disbursements of public funds.	We recommend that management discontinue the payment of hazard pay to its personnel and require the full refund of the amount granted.		Branch Campus Accountants except Isabel Campus	Jul. 2018	Sept. 2018	fully implemented	Already paid in full the hazard pay	
AAR CY 2013 Observation No. 2	Of the total balance of Other Receivables, 76% or P15,453,548.87 is considered past due with age of more than 90 days to over ten years, an indication that the University has not exerted efforts to collect the same and which may result in possible losses inconsistent with Section 2, PD 1445. Moreover, the balance of the account is doubtful in view of: i) the misclassification of loans granted to students and the inclusion of the interest thereon contrary to the Chart of Accounts, ii) unreliable schedule supporting the balance which is not based on the subsidiary ledgers in violation of the NGAS Manual, and iii)	We recommend that management immediately i) exert earnest effort to collect these receivables, ii) reclassify loans granted to its appropriate account, ii) separate the interest and take it up as Interest Receivables, and iii) require the Accountant to maintain subsidiary ledgers, complete with details as prescribed in Appendix 7, NGAS Manual, Volume II.		EEsguerra, Branch Campus Accountants and IGP Managers	Jul. 2018	Dec. 2018	Reiterated 2017 observation # 2 and 8		

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	<p>absence of other details contrary to Section 111 of PD 1445.</p> <p>Reliability of the balance of account Due to NGAs (416) of P57,358,451.69 could not be ascertained due to inadequate maintenance of subsidiary ledgers and absence of schedules contrary to Section 111, PD 1445 and the pertinent provisions Section 12, NGAs Manual, Volume II.</p> <p>Reliability of the balance of Accounts Receivable of P41,283,081.44 could not be ascertained due to inadequate maintenance of subsidiary ledgers thus, the balance of account could not be supported with complete and detailed schedule contrary to Section 111 of PD 1445 and the pertinent provisions in the NGAS Manual.</p>								
AAR CY 2012 Observati on No. 8	Diesel and gasoline purchased for the operating requirement of the university, including those of the various projects being implemented by it are issued and sold to employees and students of the university contrary to Sections 2 and 4 of PD 1445	We recommend to stop the issuance and sale of diesel and gasoline to employees and students of the University pursuant to Section 2 and 4 (2) of PD 1445		Top Manageme nt			Not implemente d since it is the clamor of staff especially the students that it would require that		

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							they travel to baybay or avail of retail gasoline in the nearby barangays. This is for value added services to clientele		
AAR CY 2011 Observation No. 9	Management's failure to install, implement, and monitor a sound internal control system in the various operations of Income Generating Projects and other Business Operations (under STF) contrary to the provisions of Section 123 and 124 of PD 1445, rendered the reported income and other financial information from IGPs and other business operations unreliable.	Adopt necessary methods and measures to ensure that IGPs operations are consistent with laws, regulations and policies so that the university's resources are safeguarded against loss, wastage and misuse; income reported are reliable, accurate and timely; operations are economical, efficient and effective.		IASO personnel	July 2018	Sept 2018	Fully implemented, pick up mechanism of cash collections of all IGP projects		
AAR CY 2008 Observation No. 6	The University incurred P12,771,261.62 of electric bill consumption as of December 31, 2008 due to lack of more prudent management of resources, lack of monitoring on the efficient utilization of energy, and compliance with established University policies contrary to the provisions of Section 2 and 4 of PD 1445, and VSU housing guidelines.	Revisit the existing policy (BOT Resolution No. 22, s. 1983) on the free usage of 100 kilowatt hours for occupants of the college/staff houses or apartments and determine whether the said privilege/benefit still warrant to be continued or should be stopped in accordance with Sections 2 and 4 of PD 1445. Stop the private business		UADCO and Top Management	n/a		Not implemented since the BOT is enforceable and we have paid a portion of electricity through IGP school share		

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		operations using government resources and refund the amount paid by the VSU for electric consumption. Enforce compliance with the established housing rules and policies and impose sanctions mentioned in BOR Resolution No. 25, in case of defiance to established guidelines.							

Agency Sign Off:



LOUELLA CHAN-AMPAC
OIC Finance



ERLINDA S. ESGUERRA
Chief Accountant

Date October 12, 2018

Note: Status of Implementation may either be (a) Fully Implemented, (b) Ongoing, (c) Not Implemented, (d) Partially Implemented, or (e) Delayed.