

**AGENCY ACTION PLAN and STATUS of IMPLEMENTATION**  
**Audit Observations and Recommendations**  
**For the Calendar Year 2016**  
**As of \_\_\_\_\_**

Ref.	Audit Observations	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			
	The validity and existence of the Property, Plant and Equipment (PPE) with total carrying value of ₱199,227,145.22 as of year-end, could not be fully ascertained due to a) unreconciled difference of P27,416,918.71 in the balances of the accounts between General Ledger and property records; b) non-conduct of appraisal of those in the PPE to determine their revalued amount; and c) inclusion in the PPE accounts of tangible items below the capitalization threshold of P15,000.00 amounting to P1,735,471.25 contrary to the provisions of the Government Accounting Manual (GAM), Vol. I.	a. We recommended that both the Accountant and the Supply Officer maintain the prescribed property records and ensure proper reconciliation as regularly as required;							
b. the Supply Officer report the results of the annual physical inventory on the prescribed Report on the Physical Count of Property, Plant and Equipment (RPCPPE) (Appendix 73 of GAM, Volume III) and submit the same to the respective offices concerned; and									
c. the Accountant (i) reclassify tangible items below the capitalization threshold of ₱15,000.00 as semi-expendable property; and (ii) submit to DBM and COA the list of all items reclassified pursuant to DBM Circular Letter No. 2016-7 dated July 20, 2016.									
We also recommended that the University President cause the conduct of appraisal of all its property, plant and equipment as required under Philippine Accounting Standards (PAS 16) and COA Resolution No. 89-17 dated March 17, 1989.									
	Inventory accounts with an aggregate amount of P41,545,955.24 as of December 31, 2016 were doubtful as to actual existence due to a) unreconciled difference of P40,978,049.42 between accounting and property records; and b) non-	We recommended that the University President: a. instruct the Inventory Committee to prepare the Report of Physical Count of Inventory (RPCI) in the prescribed form and submit the same to the Audit Team within the prescribed period;							

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	availability of complete records at the Accounting Office for the accounts. These were all in violation of Section 102 of Presidential Decree No. 1445 and the Government Accounting Manual, Volume I.	<p>b. require the Supply Officer to prepare the RSMI and other prescribed forms in GAM, Vol. II, which shall be promptly and regularly submitted to the Accountant for recording; and</p> <p>c. remind the Accountant to (i) maintain Supplies Ledger Cards; (ii) record regularly the related expense account upon issuance of the inventories based on the RSMI; and (iii) ensure that accounting records are reconciled at any given time with the property records.</p>							
	Despite constant reiteration in previous years' audit reports, the University has continuously failed to submit within the prescribed period the required financial reports, disbursement vouchers, payrolls, receipts and other financial documents contrary to Sections 100 and 122 of Presidential Decree No. 1445 and Section 7.2.1(a) of COA Circular No. 2009-006 dated September 15, 2009 thus, precluding the Auditor from performing timely review and evaluation of the Agency's related transactions.	<p>We recommended that the University President:</p> <p>a. initiate a meeting with all accountable officers concerned and find ways to address the perennial problem on delayed submission of accounts and reports; and</p> <p>b. consider the hiring of additional personnel to augment the present manpower in the accounting unit and ensure a well-defined work assignments, duties and responsibilities so as to accomplish the tasks/reports in time for their submission within the prescribed period.</p>							
	Bank Reconciliation Statements for CY 2016 were not timely submitted in contravention to COA Circular No. 92-125A dated March 4, 1992, thus, Cash-in-Bank balances could not be accurately verified and ascertained.	We recommended that the University President remind the Accountant to ensure timely preparation and submission of the monthly Bank Reconciliation Statements and effect the necessary adjustments in the books for the reconciling items so as to arrive at the correct cash							

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		balance. For the meantime, we also recommended that the University President consider the hiring of additional personnel to augment the existing workforce in the Accounting Department.							
	Collections totaling ₱777,843.71 remained undeposited as of year-end in violation of Section 69 of Presidential Decree No. 1445, thereby exposing government funds to risk of loss or misappropriation.	We therefore recommended that the University President: a. officially designate the Disbursing Officer of the University as Collecting Officer of Sibuyan Campuses and have him properly and adequately bonded in accordance with law; and b. ensure to implement measures for timely recording and deposit of collections as prescribed in DBM – DOF Joint Circular 1-81 so as to reflect the accurate cash balances in the financial statements.							
	The parcels of land with recorded value under the Land account of ₱14,879,594.78 as of year-end are not titled, thus ownership thereof could not be properly established.	We recommended that the University President: a. require an independent survey of all land and land rights to determine the actual area of the agency-owned lands and cause the immediate titling of all the lots to establish absolute ownership over the properties; and b. direct both the Accountant and the Supply Officer to maintain and update Property, Plant and Equipment Ledger Cards (PPELCs) and property cards, respectively, and reconcile them as regularly as required so that adjustments shall be effected as necessary.							

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	Outstanding cash advances for all funds accumulated to as much as ₱7,494,318.41 as of December 31, 2016, of which ₱725,611.09 have remained outstanding for over five years due to management's failure to strictly enforce the guidelines provided under Section 89 of Presidential Decree No. 1445 and COA Circular No. 97-002 dated February 10, 1997 in the granting and liquidation of cash advances within the prescribed period.	We reiterated that the Management, through the Accountant, (a) take extra effort to demand the immediate liquidation of all outstanding cash advances from the concerned officials and employees pursuant to COA Circular Nos. 97-002 and 2012-004 dated February 10, 1997 and November 28, 2012, respectively, (b) henceforth, require the refund of all cash advances which are no longer needed or has not been used for a period of two months; and (c) impose sanctions prescribed in the Circulars for non-compliance thereof.							
		We further recommended that the University President require the Accountant to: a. ensure the timely liquidation of cash advances and that no additional cash advance is granted to officials and employees unless the previous cash advance given to them is first settled and fully liquidated; and b. exert extra effort to evaluate the dormant accounts amounting to ₱725,611.09 and initiate the proper disposition of the account.							
	Balances of various cash, receivables, inventory and liability accounts as of December 31, 2016 showed abnormal balances totaling ₱476,881.86, thus, rendered the reliability of the accounts doubtful.	We recommended that the University President instruct the Accountant to analyze the accounts with negative/abnormal balances and ensure appropriate adjusting/correcting entries are made and corrective measures are implemented to avoid the recurrence of the same deficiency in the future.							
	Non-moving accounts with a	We recommended that the							

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	cumulative amount of P1,320,208.69 remained in the books of accounts for several years now and their validity could not be ascertained due to lack of supporting documents and records thus, casting doubt on the reliability of these accounts. Also, this is a clear case of infidelity in the handling of public records.	University Accountant (a) exert efforts to locate pertinent documents relative to these receivables and payables to establish their validity and existence; (b) send demand letters to persons concerned for the full settlement of the accounts with the University; (c) trace back previous records of long outstanding obligations to determine which among the payables are to be retained or reverted; (d) pay those found valid in order to clear the books of these payable accounts; and (e) with the approval of the Board of Regents, revert/reclassify to the Accumulated Surplus account recorded obligations without valid documentation and/or which have been outstanding for two years or more and against which no actual claim has been filed.							
	The University is not compliant in the repayment of its loan obligations with the CHED amounting to P1,000,000.00 under the CHED Higher Education Development Fund (HEDF) which remained overdue for a period of 11 years due to losses incurred by the University in the funded Income Generating Project.	We recommended that the University President allocate funds for the settlement of its loan obligations of P1 million with the CHED.							

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	The University failed to fulfill its role as co-implementer of Joint Memorandum Circular (JMC) No. 2014-1 in view of the non-posting of the quarterly financial and accomplishment reports in the official website of the agency, thus may affect the transparency of the program to the disadvantage of the general public.	We recommended that the University President (a) ensure compliance with all the requirements of the JMC on ESGP-PA, in particular the posting of the quarterly reports on financial and physical accomplishments of the program, including the list of student-grantees in the official website of the SUC; and (b) instruct the Project Management Office to request the IT Department to post the said reports of the program for transparency purposes.							
	Copies of perfected contracts/Purchase Orders (POs) and their supporting documents were not submitted within the prescribed period as provided under COA Circular 2009-001 dated February 12, 2009 thus, prevented the timely review and rendition of relevant audit results.	We therefore reiterated our recommendation that the University President together with the BAC and its Secretariat, initiate control measures to ensure strict adherence to pertinent COA rules and regulations in the submission of POs/contracts and supporting documents to facilitate timely review and evaluation and immediate communication of defects and deficiencies noted therein, if any.							
	Payments for the purchases of goods, equipment and services totaling ₱197,429.00 lacked sufficient documentation contrary to pertinent provisions of Republic Act No. 9184 and its Revised Implementing Rules and Regulations (RIRR), Section 4(6) of Presidential Decree (PD) No. 1445 and COA Circular No. 2012-001 dated June 15, 2012 thus, the validity and propriety of reported disbursements could not be ascertained.	We recommended that the University President, through the Accountant, (a) require the concerned staff to submit complete supporting documents for payments made to various suppliers totaling P197,429.00; and (b) henceforth, ensure complete documentation on all procurement transactions pursuant to the provisions of PD No. 1445 and COA Circular No. 2012-001 dated June 14, 2012 to ascertain the validity and propriety of disbursements.							
	Monetization of leave credits	We recommended that the							

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	totaling P2,866,859.93 by 100 officials and employees of the University for CY 2016 was not in accordance with the requirements set forth under Sections 22 and 23 of Rule XVI of the Omnibus Rules Implementing Book V of Executive Order (EO) 292, otherwise known as the Omnibus Rules on Leave, thereby affecting the validity of the disbursements incurred.	<p>University President instruct the:</p> <p>a. Human Resource in-Charge to determine the available balances of employees' leave credits and update the leave cards to exclude sick leave credits unless the requested monetization is for illness-related purposes; and</p> <p>b. Accountant to ensure that payrolls in payment thereof are duly supported with proper documentation pursuant to COA Circular No. 2012-001 dated June 14, 2012.</p>							
	The University's allocation on GAD of P10,300,000.00 was within the required five percent of the total appropriations of P225,715,000.00. However, only P4,083,690.72 or 40% of the GAD planned activities were undertaken in contravention to Section 2.4 of DBM, NEDA and PCW Joint Circular No. 2004-1 dated April 5, 2004. Also, the approved GAD Plan and Budget, with the corresponding Accomplishment Reports, were not promptly furnished to the Auditor thus, timely evaluation of the projects could not be made.	<p>We reiterated prior year's recommendation that the University President instruct the GAD Focal Person to:</p> <p>a. prepare GAD Plans and Budget and GAD Accomplishment Report earlier and submit it to the Commission on Audit not later than the dates prescribed by COA Circular No. 2014-001 for timely analysis and evaluation; and</p> <p>b. coordinate with the heads of responsible units/offices on the execution of GAD programs, projects and activities based on the approved plans and budget.</p>							

Agency sign-off:

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Name and Position of Agency Officer

\_\_\_\_\_  
Date

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