

EXECUTIVE SUMMARY

A. INTRODUCTION

The Eulogio “Amang” Rodriguez Institute of Science and Technology (EARIST) was established in 1945 as a vocational high school. By virtue of Presidential Decree No. 1524, enacted on June 11, 1978, EARIST was converted to a state college with a Board of Trustees as governing body.

As mandated by law, two major functions of EARIST are to provide pre-service training in the basic manipulative skills, technical knowledge and related information, desirable attitude and habits of work and other related cultural and professional subjects necessary in preparing the individual for gainful employment in trade, industrial, technical, business and professional pursuits, and to provide in-service training and extensive or supplemental education for the purpose of upgrading competence, work skills, job intelligence and morale for persons already employed in the occupational, technological, scientific and professional fields with a view of helping them obtain higher position or better wages in their employment.

The governance of EARIST is vested upon the Board of Trustees composed of the Chairman of the Commission on Higher Education or Commission’s representative as Chairman, the President of EARIST as Vice-Chairman, and the members are as follows:

1. Secretary of the Department of Science and Technology or its representative;
2. Director General, National Economic and Development Authority or its representative;
3. Chairman, Senate Committee on Education and Arts or its representative;
4. President of EARIST Faculty Association;
5. President of EARIST Alumni Association;
6. President of EARIST Student Government;
7. Two prominent citizens within the community or region.

B. FINANCIAL HIGHLIGHTS

For 2005, the Institute’s appropriations amounted to ₱89,773,000.00 pursuant to Republic Act No. 9336. It received allotments of ₱91,468,861.00 and collected a total income of ₱19,245,043.26 which was taken up under Fund 164 of which ₱10,034,721.28 was approved under a Special Budget.

The Institute’s assets, liabilities and government equity at year-end are ₱254,063,405.73, ₱15,837,767.68 and ₱238,225,638.05, respectively.

C. OPERATIONAL HIGHLIGHTS

The performance of the Institute is anchored on the priority thrust of the CHED and the quadruple function of the higher education.

Beginning SY 2000 to present, the Institute had dutifully subscribed to the check on the quality of education through the accreditation process and the fortification of continuing staff educational development which no doubt is vital to attaining excellence in an institution.

During the SY 2004-2005, a total of 22,607 students enrolled at EARIST Main and EARIST, General Alvarez School of Arts and Trade (GASAT), broken down as follows: Graduate Studies, 2,589; Undergraduate, 15,811; Secondary Laboratory High School, 86; Evening Special Program, 1,466.

Over-all, there was a decrease of three percent or 651 decrease in enrollees from 23,258 in SY 2003-2004 to 22,607 in SY 2004-2005.

D. SCOPE OF AUDIT

The audit covered the operations of EARIST for CY 2005. The objectives of the audit were to ascertain the fairness of presentation of the Institute's financial position and results of operation. We also conducted compliance audit to determine regularity and propriety of transactions.

E. AUDITOR'S REPORT

A qualified opinion is rendered on the fairness of presentation of the financial statements of the Institute as the audit disclosed: (a) the Land account of ₱1.12M and the School Building of ₱176.39M cannot be ascertained in the absence of pertinent documents to support the recorded balance; (b) the validity and accuracy of Equipment accounts were not ascertained due to the unreconciled difference of ₱15.26M between the accounting and the property records; (c) the Accounts Payable account is overstated by ₱1.61M for unliquidated cash advances erroneously recorded in the account and unclaimed retirement benefits of employees; and (d) the Tuition Fees account was overstated by ₱2.20M for failure to adjust actual income earned to recognize unearned or deferred credits at year end.

F. OBSERVATIONS AND RECOMMENDATIONS

The following are the significant observations with the corresponding recommendations:

1. The Land account of ₱1.12M and the School Building of ₱176.39M cannot be ascertained in the absence of pertinent documents to support the recorded balance.

We recommended and management agreed to exhaust all remedial measures to find the necessary documents to substantiate the amount of the School Buildings account reflected in their financial statement.

2. The validity and accuracy of Equipment accounts were not ascertained due to the unreconciled difference of ₱15.26M between the accounting and the property records.

We recommended and management agreed to require the Property and Accounting Offices to immediately work back on their respective records to effect reconciliation vis a vis the physical inventory report and to prepare the necessary subsidiary ledgers. Accordingly, prepare the necessary adjustments in the books as a result of the reconciliation.

3. Accounts Payable is overstated by ₱1.61M for unliquidated cash advances erroneously recorded in the account and unclaimed retirement benefits of employees.

We recommended and management agreed to instruct the Accounting Office to draw a Journal Voucher to adjust the Accounts Payable for the unliquidated cash advances and the immediate reversion of the undocumented and outstanding Accounts Payable in accordance with the NGAS

4. Tuition Fees was overstated by ₱2.20M for failure to adjust actual income earned to recognize unearned or deferred credits account at year end.

We recommended and management agreed to use the accrual method of accounting for income as required.

G. IMPLEMENTATION OF PRIOR YEAR'S RECOMMENDATIONS

The 2004 Annual Audit Report contained five recommendations. The three or 60% of recommendations are reiterated in Part III of this report.