

EXECUTIVE SUMMARY

A. INTRODUCTION

In pursuance of a Constitutional Mandate as stipulated in Section 2 (1) Article XIV and in Batas Pambansa Blg 22 (Education Act of 1982) . . ."the State shall establish, maintain, and support a complete adequate and integrated system of education, relevant to the needs of the people and society."

House Bill No. 2232, an act constituting the Nueva Vizcaya State Institute of Technology and the Nueva Vizcaya State Polytechnic College located at Bayombong and Bambang both in the province of Nueva Vizcaya into a State University to be known as Nueva Vizcaya State University This house bill was passed by Congress and Senate for approval of the President. But because the Bill 2232 had not been signed by the President of the Republic of the Philippines, it lapsed into law. Republic Act 9272 then institutionalized the merging of the Nueva Vizcaya State Institute of Technology and the Nueva Vizcaya State Polytechnic College into Nueva Vizcaya State University.

Under the new leadership, the vision of the new born University is : NVSU as a higher education institution dedicated to excellence and service, contributory to the needs of the region and responsive to the nation's call for sustainable development, social transformation, appropriate technology and global competitiveness –an effective institution of higher learning matched with the dynamism of the real world.

Its mission shall be a knowledge center in the areas of Agriculture, Education, Forestry, Sciences and Technology providing relevant, effective, efficient and innovative academic, research, extension training and production programs. It will, likewise, continue to improve its internal (Human and physical) capabilities by fully utilizing its existing resources and augmenting these through meaningful fund sourcing.

Its personnel complement follows

For the year under audit, at the helm of the University is Dr. Marilou G. Abon who had been appointed as the first President last June 1,2005. The President are assisted by four vice presidents, three for Bayombong campus and one for namely VP for Administration, VP for Academic Affairs; and VP for Research and Extension. For Bambang campus, VP for Administration and Operations. The University is complemented by 610 personnel, 401 and 209 from Bayombong and Bambang campuses, respectively.

Presented below are the enrolment data for the school year:

BAYOMBONG BAMBANG

Kindergarten

Elementary

Laboratory high school

College

For the first quarter of 2005, the Board of Regents announced the Search and Call for Applications for Presidency for the Nueva Vizcaya State University is now open.. The applicants send their formal application to Ched Commissioner c/o Mr. Marlon H. Febricante. There were eight (8) applicants for the position. Of the eight, the Board selected three (3) candidates from whom to choose as the President of the NVSU, two (2) male applicants and one (1) female applicant, all from the province of Nueva Vizcaya. After a rigid interview and based on the criteria set forth by the Board, the female applicant was selected as the new President of NVSU. This was in the person of Marilou Santos Gilo Abon, PH D. A native of Solano, Nueva Vizcaya. On June 1, 2005 turn over ceremonies was undertaken from the Officer-in-charge President to the new appointed President. She took her oath of office as the first NVSU President. She is assisted by four (4) Vice Presidents; three from Bayombong Campus, namely VP for Administration, VP for Academic Affairs; and VP for Research and Extension. For Bambang campus, VP for Administration and Operations. The University is complemented by 610 personnel, 401 and 209 from Bayombong and Bambang campuses, respectively.

As to its enrolment for school year 2005-2006, in all levels Bayombong campus reached 4,449 while Bambang campus have 3,729 or a total enrolment of 8,178 students.

B. Financial Highlights:

Shown below is the financial profile of the Nueva Vizcaya State University which was provided by the General Appropriation Act for calendar year 2005 and income derived from tuition and miscellaneous fees:

a. Financial Condition:

	2005	2004
Total Assets	218,259,258.70	230312,287.28
Total Liabilities	14400,467.97	17,830,013.12
Residual Equity	203,858,790.73	212482,914.16

b. Sources and Application of Funds:

Sources of Funds	2005	2004
Cash inflows from Operations	170,730,104.37	176,800,358.16
Cash inflows from Investments	7,524,115.67	3,660,072.30
Application/Utilization		
Cash outflows from operations	170,763,227.96	166,452,900.22

C. Operational Highlights

In keeping with its commitments for excellence, the Nueva Vizcaya State University (NVSU) excels in academe. Exchange visits from the University of Maejo of Thailand had been a break through for NVSU. The University officials of Maejo came to Nueva Vizcaya State University to observe the university programs and activities. A linkage from both universities was made. A memorandum of agreement (MOA) was made to pursue and implement a Cooperative Academic Exchange Program (CAEP) wherein they will undertake an exchange of faculty and students in chosen fields to strengthen and reinforce programs, projects and activities.

In like manner, NVSU and CLSU signed a Memorandum of Agreement to pursue and implement an institutional development program. The functions and responsibilities of both universities are to make available the use of their facilities, equipment, etc, for the use and benefit of the student participants of Socio-Cultural Exchange Program (SCEP) in areas of performing arts (dance, music, drama, theater arts).

As to student's performances on courses with board examinations given by the Professional Regulation Commission during the year in the College of Engineering, they were able to produce 24 registered Engineers, 10 Electrical Engineers and 14 Mechanical Engineers. In the College of Education, there were 110 students who passed the Licensure Examination for Teachers (LET).

D. Scope of Audit:

The audit covered the operations of the University for the calendar year 2005. The audit were focused on cash, receivables, property, plant and equipment, accounts payable , income and expenses incurred by the university. The objective of the audit was to determine the agency's compliance with existing laws, rules and regulations and to ensure that sufficient control measures are intact and operating as planned.

E. Auditors Report

The auditors rendered a qualified opinion on the fairness of the financial position of the Nueva Vizcaya State University as of December 31, 2005

F. OBSERVATIONS AND RECOMMENDATIONS

For the deficiency cited in the Auditor's Report on the Financial Statements, the Auditors recommend to facilitate and submit the inventory reports duly reconciled with the Accounting office.

Below are the other findings together with the suggested course of action to be taken to correct them.

1. The fraudulent issuance of official receipts by Ms. Carol Bulan, Cash Clerk, in acknowledging collections for tuition fees and other miscellaneous fees had resulted to a total deficiency in collection in the amount of P293, 065.00.

Recommendations:

Exert extra effort to collect the unremitted collection from the Cash Clerk through the availment of administrative as well as other legal remedies to effect collection.

Record as accounts receivable –others (Carol Bulan) the unsettled balance of P70, 065.00 to reflect the true and actual balance of tuition and other fees in the book of accounts.

2. Amortizations for personal loans of employees totaling P 151,524.80 were illegally charged against the University allotment deposited at the Land Bank of the Philippines. The action of the bank in charging the said deposit is not proper considering the fact that the loans extended to employees are personal in nature. In cases of default in the payment of the loan amortizations the allotment is unnecessarily depleted to the detriment of the university

Recommendation:

Make proper representations with the Manager of the Land Bank of the Philippines for a possible amendment of the terms and conditions as set forth in the Memorandum of Agreement entered into by and between the agency and the LBP Bambang. For the purpose avail of the provisions as set under Item III (c) of the MOA which states that;

C” Supplement and Amendment at anytime from time to time,
The parties execute a supplement or amendment hereto for
The purpose of adding provisions to or changing or eliminating
Provisions of this agreement as maybe mutually agreed upon.

Require the Human Resource Management Officer to effect the exact deduction based on the notice of deduction given by the Land Bank to forestall the incurrence of deficiency in the payment of loan amortizations and consequently the incurrence of past due accounts.

Furthermore, all request made by employees for the reduction of loan amortizations deductions in the payroll pertaining to loan obtained from the Land Bank should not be entertained and the notice forwarded by the bank as deductibles from their salaries should prevail over their request or objections since the University is only acting as a collecting agent of the Bank but in no case as guarantor in cases of default in payments.

Recognize as accounts receivable from employees the amount debited by the bank from the account of the agency and any collections made thereon must be remitted to the National Treasury.

3. Lack of proper control in the recording and payment of salaries of employees had resulted to overpayment of salary and salary differentials of some Instructors/faculty members totaling P34, 441.00.

Recommendations:

Require the HRMO to adjust the rates used as basis in the computation of salary differentials.

Device proper measures on the payment of salaries and other claims. To forestall the incurrance of double payment in the payment of salaries in the future maintain a subsidiary record for each and every employee.

Require the Accountant to set up accounts receivable –employees for the noted overpayment in payment of salaries. It is advised that the receivables be deducted from their future claims.

4. Payment of Subsistence allowances to Medical Staff is over and above the legal rate as provided under section 7.2 of RA 7305 resulting to overpayment of said allowance by P 19,720.00.

Recommendation:

For control purposes in the payment of subsistence allowance, comply strictly with the Magna Carta of Public Health Workers and likewise, Section 7.2.2. And 7.2.3 .of RA 7305.

5. Revenues from income generating projects totaling P 63,950.00 had remained uncollected as of December 31, 2005 hence depriving the University of Additional Funds which could be utilized to augment their operation.

Recommendations:

Require the income generating project coordinator to re evaluate the fees as stipulated in the Memorandum of Agreement entered into by and between the tenants and the university and to implement strictly the stipulations as stated therein.

Direct the income generating project coordinator to collect monthly stall rentals from lessees in accordance with the contract.

Require the Accountant to reflect the actual income earned from income generating projects for the year.

Direct the dorm master assigned to remind students of their obligation to pay their dorm fees on time.

Require the dorm coordinator to send statement of accounts to students with unpaid rental dues.

6. Honoraria paid to the members of the Board of Regents were found to be over and above the authorized rate by P33, 000.00, contrary to the provisions of DBM circular No. 2003-6 and CHED Memo Circular No. 04 series of 1997, Section 18, thereof.

Recommendation:

Implement strictly the provision of Budget Circular No 2003-6 dated September 29, 2003 and Memo circular No. 04 series of 1997 issued by CHED in the payment of honoraria to Board of Regents/Trustees for Board Meeting/session attended.

7. The schedule of accounts payable presented under special budget on the use of income under fund 164 and under general fund amounting to P 292,621.97 and P253, 768.85, respectively were not accurate as some were found to be fully /partially paid as of year end.

Recommendation:

Require the Accountant to submit a correct and accurate schedule of accounts payable

8. The increase of P 360, 189.00 on the Other Receivables was due to the lapses of management to implement the decision of the Commission on Audit on reported losses of equipment and likewise, their failure to comply with the established rules and regulations.

Recommendation:

Implement the decision of the Commission on Audit on reported losses of equipment. Exert effort to cause its proper replacement or if not, the payment of its replacement cost by responsible officials and employees identified as liable thereof.

G. Implementation of Prior's Year Recommendations.

Bayombong Campus:

Of the two (2) audit recommendations all were implemented except for the restated recommendation which follows:

Reluctance of management to implement measures on the collection of losses in the marketing center amounting to 617,023.40 which spells out negligence on the part of management to protect the interest of the government.

Bambang Campus was able to reconcile the difference of cash advances from the General ledger to subsidiary ledgers. Trust receipts particularly remittances of collection to BIR were reconciled and remitted. The due GSIS/Pag-ibig accounts, reconciliation are in progress.