

EXECUTIVE SUMMARY

A. INTRODUCTION

The Philippine Public Safety College (PPSC) was created under Republic Act 6975, otherwise known as the “Department of the Interior and Local Government (DILG) Act of 1990,”. It is mandated to serve as the premier educational institution for training human resource development and continuing education of all personnel of the Philippine National Police (PNP), the Bureau of Fire Protection (BFP), and the Bureau of Jail Management and Penology (BJMP) with the following functions:

1. Formulate and implement training programs for the personnel of the Department;
2. Establish and maintain adequate physical training facilities;
3. Plan, develop and implement research and development to support educational training programs;
4. Conduct periodic assessment of the educational and training needs of all its clientele; and
5. Perform such other related functions as may be prescribed by the Secretary, Department of the Interior and Local Government.

Presently, the PPSC is under the stewardship of Dr. Margarita R. Cojuangco. As of December 31, 2005, the personnel complement of PPSC totaled to 953, of which 331 are organic non-uniformed personnel and 622 are non-organic uniformed personnel.

B. FINANCIAL HIGHLIGHTS

The following are the agency’s assets, liabilities and government equity, together with the information on the sources and application of funds, to wit:

<u>Group of Accounts</u>	<u>2005</u>	<u>2004</u>	<u>Increase/ (Decrease)</u>
Assets	417,171,072.29	425,887,786.54	(8,716,714.25)
Liabilities	52,365,059.15	65,415,594.21	(13,050,535.06)
Government Equity	364,806,013.14	360,472,192.33	4,333,820.81

Sources and Application of Funds

	<u>2005</u>	<u>2004</u>	<u>Increase</u>
Allotment	534,269,336.00	528,417,700.00	5,851,636.00
Expenditures	534,269,320.30	528,417,409.00	5,851,911.30

C. SCOPE OF AUDIT

The audit covered the operations and financial transactions of the PPSC for the calendar year 2005. The objectives of the audit were to ascertain the fairness and reliability of the College's financial position and results of its operation, ascertain the reliability of the accounting records and reports and compliance of the agency to the prescribed rules and regulations.

D. AUDITOR'S REPORT

The Auditor rendered a qualified opinion on the financial statements due to the discrepancies noted in the balances of accounts as well as deficiencies noted in the agency's accounting system, details of which are discussed in Part II of this report.

E. OBSERVATIONS AND RECOMMENDATIONS

1. Cash advances totaling P23,482,620.34 granted to regular disbursing officers, special disbursing officers, officials and employees remained unliquidated as at year-end contrary to the provisions of COA Circular No. 97-002 dated February 10, 1997, thus, resulted to the overstatement of the cash and receivable accounts and the understatement of the expense accounts.

We recommend that management implement a workable plan to ensure the immediate liquidation of the cash advances. Failure on the part of the concerned accountable officers, officials and employees to liquidate their accounts shall constitute a valid cause for the withholding of their salary as provided for under Section 5.1 of COA Circular No. 97-002.

2. The balances of various Property, Plant and Equipment accounts showed a difference of P1,773,438.55 between the accounting and property records due to the failure of management to record the acquisition of PPE through donation; un-updated and unreconciled Property Ledger Cards and the Property Cards; and improper classification of PPE, thus, casting doubts on their reliability.

We recommend that management record in the books of accounts all PPE acquired through donation, conduct a periodic reconciliation between the property and accounting records and regularly maintain the same and effect the necessary adjustments in the books of accounts.

3. Various PPE valued at P2,863,796.46 were not yet provided with allowance for depreciation due to the absence of acquisition dates of said PPE accounts, thus overstating the PPE account while understating the expense account.

We recommend that management facilitate the verification of the necessary documents supporting the acquisition of said properties in order to provide depreciation thereof as required under the aforementioned provisions and make the necessary adjustments in the books for the fair presentation of the affected PPE accounts in the Financial Statements.

The Auditor however, favorably noted management's remittance of withheld taxes to the Bureau of Internal Revenue in the total amount of P27,211,212.54.

The above observations and recommendations were discussed with the concerned officials of the Philippine Public Safety College. Their views and reactions were considered in this report, where appropriate.

F. IMPLEMENTATION OF PRIOR YEAR'S RECOMMENDATIONS

All the three (3) prior year's audit recommendations contained in the 2004 Annual Audit Report were partially implemented, hence reiterated in this report.