

## **EXECUTIVE SUMMMARY**

### **Introduction**

The Quirino National Agricultural School, now the Quirino State College, in the municipality of Diffun, province of Quirino was converted into a State College on June 10, 1983 by virtue of Batas Pambansa Bilang 440, and started its operations on January 1, 1984. Under its charter, the College shall primarily provide higher technological, professional and vocational instructions and training in science, agricultural and industrial fields, as well as short-time technical or vocational courses. It shall promote research, advance studies, and progressive leadership in its areas of specialization.

The Quirino State College is principally governed by the Board of Trustees who acts as the policy-making of the body of the College. It is worth mentioning however that although the Board of Trustees governs the College, the College president as the Head of the Agency, is mainly responsible for the general administration of the College. The College has a total personnel complement of 95 as of December 31, 2005.

### **Financial Highlights**

The College has a total assets of P79,453,713.51 for the year 2005 as compared to 2004 of P79,805,885.59 the decrease was due to accumulated depreciation of fixed assets; a total liabilities of P5,503,315.77 higher than the 2004 of P2,702,325.27 and a government equity of P73,950,397.74 lower than the 2004 of P76,405,365.70 also due to the provision of allowance for depreciation.

For the year 2005, the college received total subsidy income from national government amounting to P26, 129,417.44 lower than the subsidy received last year of P27, 738,306.17.

### **Operational Highlights**

The following major accomplishments of the College were partial completion of the Multi-purpose building costing P2,000,000.00 funded by Commission on Higher Education (CHED); renovation of old college building for Criminology Bldg.- P500,000.00; purchase of various equipment for the Audio-visual, Extension Office, Records Office and other Departments of the College amounting to P894,000.00 also fund transfer from CHED; installation of software automation of the Registrar's Office, Cashier, Accounting and Supply Offices with a contract price of P486,000.00 but only P243,000.00 was partially paid to the Digital Software Technology Consultancy. For the course programs, the College newly opened a course offering in Criminology; awarded in Best Paper in Research- 1<sup>st</sup> place; Best Paper in Development- 2<sup>nd</sup> place; Technology Board- 3<sup>rd</sup> place in the Regional Symposium Award for Research. The College also undertook intensive preparation of documents for accreditation for program BEED, BSED, and Bachelor of Science in Home Technology and Industry.

## **Scope of Audit**

The audit covered the operations of Quirino State College for the year 2005. The audit was conducted to determine the fairness of the presentation of the financial statements and the propriety of financial transactions.

## **Auditor's Report**

The Auditor rendered an adverse opinion on the fairness of the presentation of the financial statements due to the failure of management to provide depreciation on some property, plant and equipment amounting to P15,574,650.67 and failure of the accountant to take up in the books the depreciation of Other Property, Plant and Equipment (164) totaling P254,097.04 due to non-submission of inventory reports from the Supply Office.

## **Observations and Recommendations**

For the exception cited above, the Auditor recommended that management should book-up the depreciation on some Property, Plant and Equipment totaling P155, 428.50 and the loans receivable from Student Micro project Loan Fund granted to various students totaling P737, 245.45. Management should also provide depreciation on other property, plant and equipment costing P15, 828,747.71. In addition, the following are the findings and recommendations taken up with management and their comments were incorporated in this report:

1. Cash-Collecting Officer and Income were understated by P63, 020.75 due to unrecorded IGP collections from employees whose payments were deducted from their salaries and the amount was directly deposited in the bank. Necessary adjustment in the books of accounts should be made to take up collections that were not receipted and recorded.
2. Purchases made through Cash Advances by the officials of the College weakened the internal control system of the agency and a violation of Section 89 and 123 of P.D. 1445, hence a total of unliquidated cash advances of P141,282.26 as of December 31, 2005. All rules and regulations applicable to financial transactions should be faithfully adhered to.
3. The College incurred a loss of P23,073.20 on Rice and Corn Production project (Annex C) and the College could have a fixed income of at least P63,750.00 (Annex D) in this project had they leased the land to private sector. Formulate and adopt an evaluation instrument or device to improve the system on rice & corn production if management so desires to maintain the project.

### **Implementation of Prior Year's Recommendation**

Out of the eight (8) audit recommendations cited in the 2004 annual audit report, only four (4) were implemented or 50 %, one included in the current year's findings and recommendations and three (3) were not implemented. Two (2) of our recommendations contained in the AAR 2003 were not also implemented with management justifications and explanation.