

EXECUTIVE SUMMARY

Introduction

The **SCIENCE EDUCATION INSTITUTE (SEI)** is one of the line agencies of the Department of Science and Technology (DOST) by virtue of Executive Order No. 128 dated January 30, 1987. It started actual operation on March 20, 1988.

The history of SEI can be traced back from the creation of Science Foundation of the Philippines (SFP) under RA No. 770 in 1952 then a government corporation attached to the National Science Development Board (NSDB) now DOST. On March 17, 1982 SFP was converted into regular agency under NSTA and renamed Science Promotion Institute (SPI) by virtue of Executive Order No. 784.

SEI is mandated to develop a critical mass of highly trained S&T manpower by administering scholarships, awards, and grants in S&T and formulating and implementing plans for the promotion, development and improvement of science and technology education and training.

SEI spearheads the direct investment on scientific training through the implementation of programs and projects to address the increasing S&T Manpower requirements of the country for economic development.

SEI is headed by a Director who oversees the overall management of the Institute's programs and projects. The SEI Director is assisted by a Deputy Director who supervises specific institutional programs. The Institute has four divisions, namely: 1) Scholarship and Training Division, 2) Science and Technology Manpower Assessment Division, 3) Science and Technology Education Division, and 4) Finance and Administrative Division.

Financial Highlights

For 2005, the Institute received total allotment of ₱404,410,340 and it incurred obligations amounting to ₱404,404,468, thereby leaving an unobligated balance of allotment amounting to ₱5,872. The Statement of Allotment, Obligations and Balances (SAOB) is presented in Annex 2. SEI also received additional financial assistance from national government agencies and non-government organizations to finance specific projects amounting to ₱19,463,003. Please see Annex 3 for details.

The Institute's assets, liabilities and government equity as of December 31, 2005 were ₱427,419,496, ₱63,818,410 and ₱363,601,086, respectively. As compared to 2004 figures of ₱305,163,360, ₱80,167,454 and ₱224,995,905, the assets and government equity increased in the amount of ₱122,256,136 or 24% and ₱138,605,181 or 38%, respectively due to transfer of scholarship fund from the general appropriation to an authorized depository bank and the recording in the books of accounts the fixed assets purchased out of grants-in-aid fund, while the liabilities decreased by ₱16,349,044 or 26%.

Operational Highlights

In line with the implementation of the Medium-Term Philippine Development Plan (MTPDP) of the government, the DOST through DOST Administrative Order No. 003, series of 2005 has adopted Major Final Outputs (MFOs) that directly link its budget.

Guided under DOST MFO No.3; Development of Human Resources for the Science and Technology Sector, the Institute had undertaken various programs and projects to improve the competitiveness of the country's knowledge and S&T workers and to upgrade the quality of science, math and english teachers. These accomplishments were verified and validated on a test basis and among the significant accomplishments as compared with the previous year are the following:

Accomplishment	2005	2004
• Supported and monitored undergraduate scholars	11,049	12,398
• Supported teachers under the SEI's degree program	83	94
• Trained teachers under the non-degree program		
- Mindanao Upgrading of Science teachers	1,266	1,234
- E Training Program	401	-
- Others	84	-
• Provided funds for science laboratory equipment, multimedia conferencing facilities, robotic kits and computer facilities	3 TEIs	-
• Distributed computer-based teaching modules in the form of CD,s	1,874	11,330
• Supported youth participation in local and international science and math competition	89 awards/ medals	7 awards/ medals

Targets, accomplishments and percentage of accomplishments for the year in comparison with the previous year are presented in detail in Annex 1 of this report.

Scope of Audit

The audit was made on the accounts and operations of the Institute for the year ended December 31, 2005. The objectives of the audit were to determine the fairness of presentation of the financial statements and the propriety of financial transactions.

Auditor's Report

The Auditor rendered a qualified opinion on the fairness of presentation of the financial statements due to non recording in the books of accounts the liquidation documents of transferred funds and cash advances of officers and employees, thus overstating the receivable accounts - Due from National Government Agencies and Due from Non-Government Organizations and Cash-Disbursing Officers and failure to record the equipment purchased out of grants-in-aid funds and complete the conduct of physical inventory of fixed assets thereby, accuracy of recording and existence of these assets could not be determined.

Observations and Recommendations

For the exceptions cited above, the Auditor recommended the complete recording in the books of accounts the liquidation reports submitted by the proponents and the equipment purchased out of grants-in aid funds and to complete the conduct of physical inventory and the preparation of the inventory report. In addition, the following are the other significant findings and recommendations.

1. Refunds of defaulting scholars that were directly deposited to the Land Bank of the Philippines in the amount of ₱2.056 million were not remitted to the Bureau of Treasury, thereby letting the fund to be idle and unproductive.

Remit the funds deposited at the Land Bank of the Philippines to the Bureau of the Treasury so that the government can use it for other purpose;

2. Completed projects totaling ₱26.120 million remained financially open in the books of accounts because of non-submission of liquidation reports which would result to the overstatement of Due from National Government Agencies account and Due from Non- Government Organizations account and understatement of the expense/Prior Year's Adjustment accounts.

Management should demand the financial/liquidation reports from all proponents of completed projects and record the corresponding transactions in the books of accounts. Moreover, follow-up letter should be sent to the proponents requiring them to remit the unexpended balances.

3. Cash advances granted to officers and employees amounting to ₱.163 million remained outstanding despite issuance of formal demand letters, thus resulting to overstatement of the cash account and understatement of expenses accounts.

Impose strict compliance to rules and regulations on the disposition of cash advances. Moreover, management should coordinate with the management of other DOST attached agencies regarding the outstanding obligations of their employees.

The above observations and recommendations contained in this report were presented with concerned officials of the Agency.

Implementation of Prior Year's Recommendations

Of the four audit recommendations contained in the CY 2004 Annual Audit Report, none was implemented, three or 75% are on going and one or 25% remained unimplemented by management. Compliance made by management on the audit recommendations had improved the operations of the agency as evidenced by the various adjustments made as a result of continuous reconciliation of accounts. Details of the actions taken by management are presented in Part III of this report.