

EXECUTIVE SUMMARY

INTRODUCTION

Creation and Mandated Function of the Agency

Camarines Norte State College (CNSC) is located in the heart of Daet, the capital town of Camarines Norte. It was created as a tertiary educational institution by virtue of Republic Act (RA) No. 7352 dated April 2, 1992 signed by the then President Corazon C. Aquino.

CNSC is guided by its philosophy, which states "Education is the total development of man in harmony with his environment and his creator." Anchored on this is its ultimate goal: social and ecological responsiveness, ethical value and quality standards, comparative institutional advantages, equitable access to education, enhance management efficiency and fiscal autonomy, and institutional competitiveness.

Financial Highlights

For CY 2015, the Notice of Cash Allocation (NCA) including Tax Remittance Advice (TRA) received from Department of Budget and Management (DBM) for payment of operational expenses of CNSC was ₱205,478,447.81. Of this amount, ₱16,166,221.06 was unused /returned to DBM, resulting to net subsidy income from National Government of ₱189,312,226.45.

In addition to the NCA received from DBM, the College collected internally generated service and business income of ₱88,012,881.14.

The summary of financial position and financial performance of the College during the year are shown below:

Account	Amount (₱)			% of Increase (Decrease)
	2015	2014	Increase (Decrease)	
Assets	398,674,342.50	359,789,183.76	38,885,158.74	0.11
Liabilities	55,930,420.04	105,501,531.67	(49,571,111.63)	(0.47)
Net Assets/Equity	342,743,992.46	254,287,652.06	88,456,340.40	0.35
Revenue/Income	277,325,107.59	256,027,820.97	21,297,286.62	0.08
Expenditures	231,749,523.54	202,928,528.31	28,820,995.23	0.14
Surplus (Deficit) for the period	45,575,584.05	53,099,292.66	(7,523,708.61)	(0.14)

Operational Highlights

Enrolment in tertiary level in Academic Year 2015-2016 of 7,634 is higher by 32 or .42 % compared to last year's enrollees of 7,602. For advanced education, the enrolment decreased by 21.35%, from 103 to 81.

For 2015, CNSC has maintained its remarkable performance in PRC-administered licensure and professional examinations, across various disciplines such as accountancy, engineering, agriculture, fisheries and teachers' education. Comparing the CNSC passing percentage to that of the National Passing percentage, it can be summarized that the overall performance of CNSC exceeded that of the National, by approximately 25%. This feat was even highlighted by a 100% passing rate in electrical engineering and mechanical engineering board examinations.

Other accomplishments of the College are presented in Annex A.

Scope of Audit

Financial, Compliance and Value for Money audits were conducted on the accounts and operations of Camarines Norte State College covering the period January 1, 2015 to December 31, 2015.

Thrusts for the financial and compliance audits were Cash, Receivables-IGP, Property, Plant and Equipment and compliance with the required posting in its official website the reports on the ESGP-PA, Tulong Dunong and Research and Development projects. Also, our emphasis on the Value for Money Audits were the non-implementation/non-completion of Student Pavilion/Covered Court, implementation of ESGP-PA and the manner of approval by the Board of Trustees of infrastructure projects.

The audit was planned and performed to obtain reasonable assurance whether the financial statements were fairly presented and were free of material misstatements; whether the College had complied with existing laws, rules and regulations; and whether scarce government resources were used and managed in an efficient, effective and economical manner.

Auditor's Opinion on the Financial Statements

The Auditor rendered a qualified opinion on the fair presentation of the financial statements due to the following:

- The accuracy of the Income Fund, Cash in Bank-Local Currency Current Account amounting to ₱51,652,743.15 was doubtful due to failure of the Chief Accountant to reconcile the discrepancy of ₱23,080,410.87 between the book balance and the bank balance amounting to ₱74,733,154.02.

- The correctness and completeness of various Property, Plant and Equipment (PPE) accounts book balance aggregating to ₱2,598,105.54 were doubtful due to failure of the Accountant and the Property Officer to reconcile the discrepancy of ₱1,917,523.54 between the book balance and result of physical inventory count.
- The validity and propriety of land account amounting to ₱6,957,478.53 could not be fully ascertained due to inadequate records/documents supporting the College's legal ownership.

The inadequacy of its records did not permit us to apply alternative procedures to determine the validity of these accounts.

Summary of Significant Observations and Recommendations

For the exception mentioned earlier, we recommended to management that:

1. Require the Chief Accountant of the Main campus to prepare and submit immediately the monthly BRS for Income Fund account Cash in Bank - LCCA for the period January to December 2015 and effect the necessary adjustments.
2. Require the Property Officer and the Accountant to reconcile the discrepancies between the amounts of physical inventory with the accounting records to reflect the correct book balances of the Agricultural and Forestry Equipment, Communication Equipment, Medical Equipment, and Construction in Progress PPE accounts.
3. Exert extra efforts to facilitate the acquisition of land title to document its ownership/safeguard the real properties of the College and in order to fully ascertain the validity of its recorded land account.

Moreover, the following are the significant observations and recommendations:

4. The College failed to comply with the required posting in its official website the reports on the Expanded Students' Grant-in-Aid Program, Tulong Dunong Program and Research and Development projects.

We recommended that the President direct the web administrators to post in its College's website the quarterly reports on the financial and physical accomplishments of the scholarship programs and the annual reports on the financial and physical accomplishments of the research and development projects, as required under the Special Provisions Applicable to State Universities and Colleges embodied in the GAA for FY 2015.

5. Non-implementation of Student Pavilion/non-completion of Covered Court infrastructure projects totaling ₱20.9 Million within the timelines and cash

availability deprived the intended beneficiaries of the benefits that can be derived therefrom.

We recommended that Management speed up the completion of the unimplemented Student Pavilion and the unfinished Covered Court to be charged to the Continuing Appropriation in CY 2016.

6. Sixty-Eight grantees of the Expanded Students' Grant-in-Aid Program for Poverty Alleviation were not able to avail of the Program due to deficiencies in its implementation by the College.

We recommended that Management address the above-mentioned problems in order to prevent recurrence of the same, through the following courses of action:

- a. Timely release of stipend and textbook allowances;
 - b. Improve the quality of food being served to the students;
 - c. Institute a bridging program to provide remedial/mentoring activity to cater to the special needs of the student-grantee; and
 - d. Discuss with the student grantees and the Office of the Student Services to open an ATM for the ESGP-PA
7. The approval by the Board of Trustees to award the contract for the construction of Entrance Pavilion and Entrepreneurship Buildings in CY 2015 was delayed by 191 calendar days, thus exceeded the maximum allowable timelines of 4 to 7 calendar days.

We recommended that Management make proper representation with the BOT to comply with the 4 to 7 calendar days legally mandated timelines for the approval of the award of the contract in compliance with Section 37.1.2 of RA 9184.

Summary of Total Suspensions, Disallowances and Charges as of year-end

	Beginning Balance (As of December 31, 2014)	This Period January 1 to December 31, 2015		Ending Balance (As of December 31, 2015)
		Issuance	Settlement	
Notice of Suspension	0	₱280,000.00	₱280,000.00	0
Notice of Disallowance	₱ 238,408.48	₱ 6,045.00	₱ 6,045.00	₱ 238,408.48
Notice of Charge	0	0	0	0
Total	₱ 238,408.48	₱286,045.00	₱286,045.00	₱ 238,408.48

Status of Implementation of Prior Years' Audit Recommendations

Out of 12 recommendations in the previous years' Annual Audit Report, six were fully implemented, four were partially implemented and the remaining two were not implemented as of December 31, 2015.

The Audit Team has communicated the observations and recommendations through the issuance of Audit Observation Memoranda (AOMs) and discussed them with management during the exit conference conducted on April 29, 2016. The latter's comments are incorporated in the report, where appropriate.