

EXECUTIVE SUMMARY

Introduction

The Partido State University (PSU) was established by virtue of Republic Act (RA) No. 9029 which was signed into law on March 5, 2001. The University envisioned itself to be a continuing source of universal knowledge, global competencies and world class technology for the Bicolanos and the rest of the Filipinos. Its mission is to provide advanced instruction and training in the arts, philosophy, sciences, technology and other graduate and professional courses. It shall also undertake advanced studies, research, production and extension services, and shall provide leadership in these areas.

The governance of PSU is vested in the Board of Regents. The University, composed of seven campuses, is presently headed by Dr. Raul G. Bradecina, University President, and ably assisted by three Vice Presidents for Administration and Finance, Academic Affairs, and Research and Extension Services, together with 11 Campus/College Deans, eight Staff Directors, 17 Administrative Officials, 46 Academic Officials and two Secretaries. As of December 31, 2017, the PSU has a total workforce of 485 personnel.

The seven constituent campuses in Camarines Sur are: PSU-Goa Main Campus, PSU-Lagonoy Campus, PSU-San Jose Campus, PSU-Salogon Campus, PSU-Sagnay Campus, PSU-Tinambac Campus and PSU-Caramoan Campus.

Audit Objective:

Financial and Compliance audit was conducted on the accounts and operations of the University for Calendar Year (CY) ended December 31, 2017. The audit was planned and performed to obtain reasonable assurance about whether the financial statements were fairly presented and were free of material misstatements; whether the agency had complied with existing laws, rules and regulations; and whether scarce government resources were used and managed in an efficient, effective and economical manner.

Operational Highlights:

Presented below are the reported major accomplishments of Partido State University for CY 2017:

Programs/Projects/Activities		Targets	Accomplishments	Percentage of Accomplishment
<i>MFO 1: Higher Education Services</i>				
(PI 1)	Total number of graduates (Qn)	1,016	2,874	283%
(PI 2)	Percentage of graduates that are in priority courses (QI)	20% (204/1,016)	24.25% (697/2,874)	121%
(PI 3)	Average passing percentage of	75%	97.75%	130%

Programs/Projects/Activities		Targets	Accomplishments	Percentage of Accomplishment
	licensure examinations by the PSU graduates/ national passing percentage across all discipline covered by SUC (QI)	(35.05%/46.64%)	(50.40%/51.56%)	
(PI 4)	Percentage of programs accredited at Level I, II & III (QI)	I. 34% II. 34% III. 32%	I. 83.33% (5/6) II. 77.78% (21/27) III. 55.55% (5/9)	I. 245% II. 229% III. 174%
(PI 5)	Percentage of graduates who finished academic program according to prescribed timeframe (T)	72%	98.86% (1,388/1,404)	137%
(P 6)	Percentage of students who rate timeliness of education delivery supervision as good or better (T)	92% (207/225)	96.57% (2,427/2,513)	105%
MFO 2: Advance Education Services				
(PI 1)	Total number of graduates	14	18	129%
(PI 2)	Percentage of graduates engaged in employment within six (6) months after graduation	92.86% (13/14)	100% (18/18)	108%
(PI 3)	Percentage of students who rate timeliness of education delivery/supervision as good or better	92% (207/225)	100% (140/140)	109%
(PI 4)	Average income of graduates 12 months from graduation	₱ 30,831.00	₱ 33,732.70	109%
MFO 3: Research Services				
(PI 1)	Number of research studies completed	62	63	102%
(PI 2)	Research Studies completed in the last 3 years	90%	100% (221/221)	111%
(PI 3)	Research outputs published in a recognized journal or submitted for patenting or patented	75.81% (47/62)	77.42% (48/62)	102%
(PI 4)	Research projects completed within the original project timeframe	90.32% (56/62)	91.94% (57/62)	102%
MFO 4: Technical Advisory and Extension Services				
(PI 1)	Number of persons trained	21,134	22,212.95	105%
(PI 2)	Number of persons provided with technical advice	50	127	254%
(PI 3)	Percentage of trainees who rate the training course as good or better	91% (14,793/16,273)	95.68% (12,964.4/13,550)	105%
(PI 4)	Percentage of client who rate the advisory services as good or better	70% (35/50)	99.21% (126/127)	142%
(PI 5)	Percentage of requests for training responded within 3 days	91% (14,843/16,323)	93.93% (12,839.74/13,669)	103%
(PI 6)	Percentage of request for technical advice that are	90% (45/50)	100% (61/61)	111%

Programs/Projects/Activities		Targets	Accomplishments	Percentage of Accomplishment
	responded to within 3 days			
(PI 7)	Percentage of trainees who rate the training course as good or better	70% (35/50)	99.21% (126/127)	142%

PSU also invested on infrastructure development projects. For CY 2017, it approved and completed seven major projects aggregating ₱32.78 million. These projects were consistent with its vision, intend to elevate its services towards a more improved quality of instruction, research and extension. It had remained committed towards making its system processes and services parallel to international standards in adherence to strict implementation of International Organization for Standardization (ISO) accreditation.

Financial Highlights

A.1 Financial Condition

Particulars	2017	2016	Increase/ (Decrease)
Assets	₱ 436,751,789.88	₱ 373,314,293.15	₱ 63,437,496.73
Liabilities	69,770,208.67	53,972,652.52	15,797,556.15
Net Assets / Equity	366,981,581.21	319,341,640.63	47,639,940.58

A.2 Financial Performance

Particulars	2017	2016	Increase/ (Decrease)
Revenue	₱ 362,519,195.08	₱ 283,832,942.02	₱ 78,686,253.06
Current Operating Expenses	303,370,856.21	262,893,386.12	40,477,470.09
Surplus/(Deficit) for the Period	59,148,338.87	20,939,555.90	38,208,782.97

B. Sources and Application / Utilization of Funds

Sources of Funds	2017	2016	Increase/ (Decrease)
Allotment from National Government	₱ 302,182,236.39	₱ 210,623,676.62	₱ 91,558,559.77
Internally Generated Income	60,336,958.69	73,209,265.40	(12,872,306.71)
Total Revenue	₱ 362,519,195.08	₱ 283,832,942.02	₱ 78,686,253.06
Current Operating Expenses	₱ 303,370,856.21	₱ 262,893,386.12	₱ 40,477,470.09

Independent Auditor's Report on the Financial Statements

We have rendered a qualified opinion on the University's financial statements for CY 2017 because the correctness of the balance of the Property, Plant and Equipment was doubtful due to the unreconciled difference of ₱4.83 million between the records of the Accounting and the Property Units.

Significant Audit Observations and Recommendations

For the exception mentioned above, we recommended that Management require the Accounting and Property Units to exert extra effort to reconcile and settle the difference of ₱4.83 million and the Accounting Unit prepare the necessary adjusting entries. In the future, conduct regular reconciliation to preset reliable PPE account balance in the financial statements.

Moreover, the following are the other notable observations and the corresponding recommendations:

1. Fifteen parcels of land procured by/donated to the University were not yet transferred in its name due to the absence of proper and valid documentation.

We recommended that Management work out for the proper and valid transfer of the donated and purchased parcels of land and pursue the titling of the properties in the name of the University to confirm its ownership. Thereafter, record the cost of the purchased land and appraised value of the donated land including all incidental expenses incurred as part of the cost of the land.

2. Non-institution of legal action against the two employees/scholarship program grantees for breach of contract to recover the amount spent for them totaling ₱0.61 million.

We recommended that Management institute the necessary legal action against these two scholarship grantees for not complying with the terms and conditions of the contract in order to recover the amount spent on them.

Financial and Compliance Audit

3. Long outstanding and current Accounts Payable amounting to ₱0.69 million and ₱0.57 million, respectively, or a total of ₱1.26 million was not refunded to students.

We recommended to the Management the following measures:

- a) Identify the students with excess payments and require the Office of the Registrar to provide the complete addresses to locate the whereabouts of the concerned students;

- b) Refund immediately the currently received excess payments of school fees to avoid piling-up of liabilities; and
- c) Continuously refund long outstanding accounts payable to concerned students to avoid deprivation on the use of the amount.

Value for Money Audit

- 4. Two of the Income Generating Projects (IGPs) of the University were not economically and financially viable, thereby defeating the purpose of generating additional income and developing the entrepreneurial capabilities of the stakeholders.

We recommended that Management:

- a) Prefer renting the rice field used in the Rice Production Project, to earn money and derive benefits thereof, without exerting too much effort, time and financial resources. And also, avoid the maintenance of a separate bank account and records for this Project;
 - b) Close the Native Chicken Production; and
 - c) Propose Income Generating Projects that are more viable and sustainable.
- 5. Construction defects and deficiencies were noted on some of the University's infrastructure projects, some were reported as completed but ocular inspection shown otherwise and some were delayed, thus the project's objectives is defeated and the intended users were deprived of its benefits and timely use.

We recommended that Management require the University Engineer to conduct strict supervision of all infrastructure projects of the University. Ensure also that materials used and installed conform with their specifications and of good quality. Noted defects and deficiencies should be communicated immediately to the project's contractor for immediate action or correction.

- 6. Only ₱6.47 million or 41.70 per cent of GAD Budget was utilized and spent for gender related programs and activities.

We recommended that Management ensure that five per cent of the GAD appropriation be fully utilized to correspond to activities supporting GAD plans and programs. Also, require the GAD Focal Person to include all activities of the University attributable as GAD activities in the GAD Accomplishment Report.

Summary of Total Suspensions, Disallowances and Charges as of Year-End

The status of the Notices of Suspension, Disallowances and Charges issued and settlement for CY 2017 is shown below:

Particulars	Beg. Balance As of 12/31/2016	This Period January 1 to December 31, 2017		Ending Balance As of 12/31/2017
		NS/ND/NC	NSSDC	
Notice of Suspension	P 0.00	P 0.00	P 0.00	P 0.00
Notice of Disallowance	12,900.26	150,776.54	138,331.61	25,345.19
Notice of Charge	0.00	0.00	0.00	0.00
Total	P 12,900.26	P 150,776.54	P 138,331.61	P 25,345.19

The remaining balance of the disallowance of P25,345 was under ND No. 2017-12 MDS-TF (2017) dated July 12, 2017 amounting P25,452 for the payment of excess wages to Contract of Service (COS) personnel and the same was partially settled, leaving a balance of P25,345.

Status of Implementation of Prior Years' Audit Recommendations

Out of the 19 significant audit recommendations contained in the AARs for CYs 2016 and 2015 which were not fully implemented as of year-end, 16 or 84 per cent were fully implemented, three were partially implemented as of December 31, 2017. Details of the implementation as well as reasons for partial or non-implementation are presented in Part III of this Report.