

## EXECUTIVE SUMMARY

### A. Introduction

The Ilocos Sur Polytechnic State College (ISPSC) was created by virtue of Republic Act 8549 authored by Congressman Eric D. Singson of the second district of Ilocos Sur. It is a comprehensive multi-campus institution composed of six campuses which are divided into two clusters namely: North Cluster (Sta. Maria, Narvacan and Santiago) and South Cluster (Tagudin, Cervantes and Candon)

The College is headed by Dr. Rogelio T. Galera, Jr., as Officer-in-Charge, and assisted by three Vice Presidents (VPs) for Academic Affairs, Finance and Administration, and Research and Extension.

The College has a total manpower complement of 456, composed of 208 (Teaching) and 137 (Non-Teaching) Regular Employees, 6 Casuals, 35 Contract of Service/Job Order and 70 Part Time Teaching Personnel.

### B. Scope of Audit

A comprehensive audit was conducted on the accounts and operations of the Ilocos Sur Polytechnic State College, Sta. Maria, Ilocos Sur for the year ended December 31, 2019. The audit consisted of the review of operating procedures, post audit of disbursement vouchers, payrolls and receipts; inspection and evaluation of programs and projects; verification, reconciliation and analysis of accounts and such other procedures deemed necessary in the circumstances. Our audit was conducted in accordance with the International Standards of Supreme Audit Institutions (ISSAIs) and we believe that they provide reasonable bases for the results thereof.

### C. Financial Highlights

#### *Comparative Financial Position*

	2019	2018	Increase (Decrease)
Assets	₱ 487,464,447.05	₱ 388,166,437.39	₱ 99,298,009.66
Liabilities	₱ 44,096,992.29	₱ 43,809,026.10	₱ 287,966.19
Government Equity	₱ 443,367,454.76	₱ 344,357,411.29	₱ 99,010,043.47

#### *Comparative Financial Performance*

	2019	2018	Increase (Decrease)
Revenue	₱ 67,940,170.71	₱ 61,524,902.94	₱ 6,415,267.77
Expenses	₱ 250,557,890.63	₱ 267,174,410.58	(₱ 16,616,519.95)

*Comparative Appropriations, Allotment and Obligation*

	2019	2018	Increase (Decrease)
Appropriations	₱ 238,457,225.00	₱ 253,315,702.00	(₱ 14,858,477.00)
Allotment	₱ 238,457,225.00	₱ 253,315,702.00	(₱ 14,858,477.00)
Obligation	₱ 233,816,149.44	₱ 250,058,168.32	(₱ 16,242,018.88)

**D. Operational Highlights**

Among the major accomplishments of the College during the year are the following:

1. Instruction

- a. Enrollees for the Second Semester of SY 2018 – 2019 of 6,130 increased by 1 or .016% compared to the Second Semester of SY 2017 – 2018 number of enrollees of 6,129. For the First Semester of SY 2019 – 2020 enrollees of 5,020 decreased by 1,430 or 22.17% as compared to the first semester of SY 2018 – 2019 number of enrollees of 6,450.
- b. The College has produced 1,699 graduates from the different Degree and Certificate Programs for CY 2019. Among the graduates, there were 2 Magna Cum Laude, 34 Cum Laude and 141 with distinction. CY 2019 was the 21<sup>st</sup> graduation exercises of the College.

2. Production

The College was able to generate a total income of ₱ 2,984,756.86 for the whole year, broken down per campus, as follows:

Sta. Maria Campus	₱ 2,428,791.86
Narvacan Campus	69,620.00
Santiago Campus	77,590.00
Tagudin Campus	227,495.00
Candon Campus	125,904.00
Cervantes Campus	58,170.00
Total	₱ 2,984,756.86

3. Research and Development

There were 22 researches completed during the year, of which, 11 were presented in International, 10 were presented in National, and 1 was presented in Regional Conferences.

## **E. Independent Auditor's Report**

The Auditor rendered a qualified opinion on the fairness of the presentation of the financial statements for the year then ended.

## **F. Summary of Significant Observations and Recommendations**

The significant observations and recommendations are as follows:

1. The reliability and accuracy of the "Property, Plant and Equipment" account with total net book value of ₱333,655,006.02 could not be ascertained due to the non-maintenance of Subsidiary Ledgers (SLs)/ schedules supporting the General Ledgers (GLs), and unreconciled variance of ₱94,065,867.34 between the book balance and Report of the Physical Count of Property, Plant and Equipment (RPCPPE), which were not in conformity with Section 111 of P.D. No. 1445, Section 12.b(2) of GAM for NGAS, Volume I and Section 5(4) of COA Circular No. 80-124, thereby, affecting the fairness of presentation of the College' financial statements.

We recommended that Management:

- a. Require the Accounting Office to maintain SLs/supporting schedules to support the GLs of PPE accounts as prescribed in Section 111 of P.D. No. 1445 and Section 12.b(2) of GAM for NGAS, Volume I, and instruct the Accounting and Property Offices to reconcile their respective records and determine the cause/s of discrepancies so that the necessary corrections/adjustments can be effected in their records to arrive at the correct/reconciled balances as required under Section 5 (4) of COA Circular No. 80-124, in order to ascertain the reliability and accuracy of the PPE accounts of the College, and
  - b. Direct the Property Office to submit RPCPPE on or before January 31 of each year as provided in Section 4 of COA Circular No. 80-124.
2. The legality, regularity and propriety of expenses incurred in the conduct of SCUAA-I in the total amount of ₱4,310,287.36 were doubtful for failure to follow processes and procedures prescribed under The 2016 Revised IRR of R.A. 9184, and deficient documentary requirements required under Section 4(6) of P.D. No.1445 and Section 24, CHED Memorandum Order (CMO) No. 20, S. 2011.

We recommended that Management:

- a. Require the Budget Officer/Accountant to submit Program of Receipts and Expenditures duly approved by the Board of Trustees to support the utilization of Fund 05 to conform with Section 4(6) of P.D. No.1445 and

Section 24, CHED Memorandum Order (CMO) No. 20, S. 2011, in order to cast away doubt on the regularity of transactions;

- b. Direct the Accountant not to accept Acknowledgment Receipts as evidentiary forms of payment for disbursements, and the Procurement Unit to procure from duly authorized/accredited Suppliers/Contractors;
- c. Require concerned units to judiciously plan and prepare their PPMPs and APP duly approved by the Head of Procuring Entity;
- d. Henceforth, in succeeding College' procurements, strictly adhere to the provisions of Sections 7, 54.1, and Item b, Annex "H" of The 2016 Revised IRR of RA 9184, in order cast away the doubtful legality, regularity and propriety of the transactions.

#### **G. Summary of Suspensions, Disallowances and Charges**

	Suspensions	Disallowance	Charges
Balance as of January 1, 2019	₱ 0.00	₱ 866,153.34	₱ 0.00
Add: Suspensions, Disallowances and Charges during the year	8,588,107.27	8,928,786.07	0.00
Total	8,588,107.27	9,794,939.41	0.00
Less: Settlements made during the year	8,566,967.27	164,584.79	0.00
Balance as of December 31, 2019	₱ 21,140.00	₱ 9,630,354.62	₱ 0.00

#### **H. Implementation of Prior Years' Audit Recommendations**

Out of the sixteen audit recommendations contained in the 2018 Annual Audit Report, two (2) were fully implemented, ten (10) were partially implemented and four (4) were not implemented and were reiterated under Part II of this report.