

## EXECUTIVE SUMMARY

### A. Introduction

The Mariano Marcos State University (**MMSU**), named after the father of the late former President Ferdinand E. Marcos, was created on January 6, 1978 by virtue of Presidential Decree (**P.D.**) **No. 1279** to provide advance instruction in the arts, agriculture and natural sciences as well as in technological and professional fields.

In its 42<sup>nd</sup> year of existence as a higher education institution, MMSU steady gained a name for itself, one that equates with excellence in institution, research and development, and community engagement.

The University maintains five campuses which are all situated in Ilocos Norte. The main campus is located in Batac City, two in Laoag City, one in Dingras, one in Paoay and one in Currimao. It offers **77** curricular programs categorized into: College of Law, College of Medicine, Advanced/Graduate, Degree, Short-Term, Secondary, Elementary and Pre-School, in its ten (10) academic colleges/units located in those five campuses.

For Academic Year (AY) 2019-2020, including Summer of 2019, it had a total enrolment of 18,664 (1<sup>st</sup> Semester-7,453; 2<sup>nd</sup> Semester- 9914, & Mid-Year 2019-1297), or a decrease of 9.91 % as compared with last School Year's total enrolment of 20,718 due to decrease of Pre-School, Elementary and Secondary Education enrollees.

The governance of MMSU is vested on the Board of Regents (**BOR**) chaired by the Chairman of the Commission on Higher Education (**CHED**) and vice-chaired by the University President. The members of the **BOR** are represented by various sectors in the country.

MMSU is headed by its President, in the person of Dr. Shirley C. Agrupis, supported by one full-fledged Vice-President (VP) and three designated VPs for Academic Affairs; Administration; Research, Extension and Business, and Planning and Finance.

By virtue of Special Order Nos. 17-073 and 17-074, the University President designated 109 MMSU officials and employees to various administrative posts.

As of December 31, 2019, the University had a total manpower complement of 1,366.

## B. Financial Highlights

Comparative financial highlights of the University for Calendar Years 2019 and 2018 are as follows:

<b>ACCOUNTS</b>	<b>2019</b>	<b>2018</b>	<b>INC./(DEC.)</b>	<b>% INC./(DEC.)</b>
Assets	1,406,803,383.25	1,235,572,365.26	171,231,017.99	13.86 %
Liabilities	209,270,553.41	230,093,806.16	(20,823,252.75)	(9.05 %)
Government Equity	1,197,532,829.84	1,005,478,559.10	192,054,270.74	19.10 %

	<b>2019</b>	<b>2018</b>	<b>INC./(DEC.)</b>	<b>% INC./ (DEC.)</b>
<b>Total Revenue</b>	<b>1,004,503,354.10</b>	<b>807,377,621.99</b>	<b>197,125,732.11</b>	<b>24.42%</b>

	<b>2019</b>	<b>2018</b>	<b>INC./(DEC.)</b>	<b>% INC./(DEC.)</b>
<b>Total Expenses</b>	<b>778,450,502.29</b>	<b>694,448,910.96</b>	<b>84,001,591.33</b>	<b>12.10%</b>

## C. Operational Highlights

For Calendar Year 2019, the University garnered the following major accomplishments, to wit:

1. Received three (3) stars from the prestigious Quacquarelli Symonds or QS, making MMSU the first and, so far, the only SUC in the Philippines to have been evaluated and awarded through such a prestigious international metrics. MMSU received 5 stars in Teaching, Employability, Academic Development and Innovation. Also, MMSU received its attestation certificate from SOCOTEC Certification Philippines as Certified ISO 9001:2015, covering all of the University's processes and systems, and awarded Continuing Certification for the Extension Directorate.
2. Maintained one Center of Excellence and four Centers of Development. Remained as National University of Agriculture and Fisheries.
3. MMSU was able to implement thirty-one (31) infrastructure projects for calendar year 2019.

## **D. Scope of Audit**

The audit covered the period January 1 to December 31, 2019 and was conducted to ascertain the propriety of financial transactions and compliance of the Agency to prescribed rules and regulations. It was also made to ascertain the reliability of financial records and reports, as well as, the fairness of presentation of the financial statements. Our audit was conducted in accordance with International Standards of Supreme Audit Institutions (ISSAIs) and we believe that they provide reasonable bases for the results thereof.

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

The Auditor rendered an **unmodified opinion** on the fairness of presentation of the financial statements.

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

The following deficiencies were noted, the most significant of which are summarized hereunder:

1. Issuance of Suspension Work Orders and Grant of Extension of Contract Time in the construction of Five Infrastructure Projects of the University costing P74,138,231.52 were not in order contrary to Sections 9.1 and 10.5, Annex E of the Revised IRR of R.A. 9184, resulting in the untimely completion of said projects, thus, putting the contractors in default, prompting the University to impose upon the contractors the maximum amount of liquidated damages totaling P7,413,823.14.

It is recommended that Management:

1. Strictly comply with Sections 9.1 and 10.5, Annex E of R.A. 9184, in the issuance of suspension of work orders and granting of extension of contract time in order to ensure timely completion of projects; immediate delivery of public service, and enjoyment of government facilities.
2. Impose upon the defaulting contractors the maximum amount of liquidated damages totaling P7,413,823.14 as provided under Sections 8.1 and 8.5, Annex E of the Revised IRR, R.A. 9184, respectively, thus, the interest and welfare of the government are thereby protected and preserved.
2. Salary and bonus differentials, and representation and transportation allowance (RATA) aggregating P5,293,936.72 were granted to designated Vice Presidents, Deans and Director of the University contrary to Rule IV, Section 13 par. C(7) of CSC Memorandum Circular (MC) No. 24, s. 2017 and Supreme Court Decision

in the case of *Dimaaudal vs. COA*, G.R. No. 122197, rendering the payments invalid.

We recommended that Management:

1. Stop granting its VP-Designees the salaries and bonuses attached to the positions they were being designated to, and RATA, including those designated as Deans and Director, as the granting of said RATA was not specifically stated in their Designation Order, contrary to the provisions of Rule IV, Section 13, par. C (7) of CSC Memorandum Circular No. 24, s. 2017 which prescribes the 2017 Omnibus Rules on Appointments and Other Human Resource Actions (ORAOHRA) and Supreme Court Decision in the case of *Dimaaudal vs. COA*, G.R. No. 122197;
2. Demand refund by the designees concerned all the unauthorized salary and bonus differentials and allowances paid to them by reason of their designations, otherwise, necessary Notice of Disallowance will eventually be issued, and
3. Henceforth, the designating authority shall issue designation orders in conformity with the provisions and requirements of Section 13, par. C (7) of CSC Memorandum Circular No. 24, s. 2017.

#### **G. Balances of Audit Suspensions, Disallowances and Charges**

As of December 31, 2019, the University had outstanding audit Disallowances of P5,406,019.63 and zero balances on audit Suspensions and Charges.

Noteworthy, Management is conscientious in enforcing and monitoring settlements of audit disallowances and suspensions.

#### **H. Status of Implementation by the Auditee of Prior Years' Audit Recommendations**

Out of the twenty two (22) audit recommendations contained in prior years' audit recommendations six were fully implemented, and sixteen (16) were partially implemented as of December 31, 2019.