

EXECUTIVE SUMMARY

A. Introduction

The University of Northern Philippines (UNP) was created by virtue of Republic Act 4449 holding the distinction of being the first state university in Northern Luzon. The University is mandated to give technical and professional trainings, advanced instructions in literature, philosophy, the science and arts besides promotion of technological and scientific researches and extension services.

The administration of the University and the exercise of its corporate powers are vested exclusively in the Board of Regents.

The University is headed by Dr. Erwin F. Cadorna, as President, and assisted by four Vice Presidents (VPs) for Academic Affairs, Finance and Administration, Research and Extension, and Student and External Affairs.

The University has a total manpower complement of 1,121 personnel, composed of 393 Permanent/Temporary (Teaching), 184 Permanent (Non-Teaching), 69 Contractual (Teaching), 184 Part-Time (Teaching), 37 Contractual (Non-Teaching), and 254 Contractual (Emergency).

B. Scope of Audit

A comprehensive audit was conducted on the accounts and operations of the University of Northern Philippines, Vigan City, 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 (Restated)	Increase (Decrease)
Assets	₱ 1,672,409,876.95	₱ 1,355,302,070.59	₱ 317,107,806.36
Liabilities	₱ 120,172,528.05	₱ 102,334,100.61	₱ 17,838,427.44
Government Equity	₱ 1,552,237,348.90	₱ 1,252,967,969.98	₱ 299,269,378.92

Comparative Financial Performance

	2019	2018 (Restated)	Increase (Decrease)
Revenue	₱ 300,254,907.58	₱ 230,513,566.05	₱ 69,741,341.53
Expenses	₱ 677,981,386.68	₱ 614,079,255.78	₱ 63,902,130.90

Comparative Appropriations, Allotment and Obligation

	2019	2018	Increase (Decrease)
Appropriations	₱ 636,419,311.00	₱ 683,400,073.00	(₱ 46,980,762.00)
Allotment	₱ 623,252,559.00	₱ 672,828,182.00	(₱ 49,575,623.00)
Obligation	₱ 561,141,984.76	₱ 668,282,893.46	(₱ 107,140,908.70)

D. Operational Highlights

Among the major accomplishments of the University during the year which were validated by the audit team are the following:

1. Advanced and Higher Education Services

Total enrollees during the 2nd term S.Y 2018-2019 was 12,171 and 1st term S.Y 2019-2020 was 13,682, compared to last year's enrollees for the 2nd term S.Y. 2017-2018 of 11,479 and 1st term S. Y. 2018-2019 of 12,545, there was an increase of 692 or 6.03% and 1,137 or 9.06% for each of the terms, respectively.

The University has produced 3,687 graduates from the different colleges for the degree and certificate programs for CY 2019. Among the graduates, there were 25 magna cum laude and 176 cum laude. CY 2019 is the 54th Graduation Exercises of the University.

During the 32nd Annual National Conference of the AACCUP, the University was awarded as one of the top ranking SUCs (in terms of percentage of accredited programs) on March 8, 2019.

2. Research services

The University has completed a total of 80 researches which were funded internally by the University, of which, 16 were presented in International, 17 National, and 2 Regional Conferences.

3. Development/improvement of physical facilities, buildings and other structures.

Three Infrastructure Projects with total cost of ₱ 55,215,348.76 implemented by the University were completed during the year were as follows:

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, accuracy and existence of "Property, Plant and Equipment" accounts with recorded cost of ₱1,307,768,003.36 could not be ascertained due incomplete conduct of inventory and non-preparation of updated Report of the Physical Count of Property Plant and Equipment (RPCPPE) showing an unreconciled variance between book balance and RPCPPE's of ₱1,154,724,757.61, and net discrepancies between the General Ledgers (GLs) and Subsidiary Ledgers (SLs) of ₱9,509,093.68, affecting the fairness of the University's financial statements.

In order to cast away doubts on the reliability, accuracy and existence of recorded cost of Property, Plant and Equipment of the University, we recommended that Management:

- c. Require the Inventory Committee to conduct complete physical inventory of all properties at least once a year and the results of the physical count be prepared in RPCPPE which shall be reconciled with the accounting records as required in Sections 4 and 5.4 of COA Circular No. 80-124, and
 - d. Instruct the Accounting Office to reconcile its supporting schedules/Property Ledger Cards and GLs in conformity with Section 111 of P.D. No. 1445.
2. Eligible student beneficiaries of the Free Higher Education Provision were charged four additional school fees ranging from ₱230-₱240, despite, express prohibition under Section 61, Rule X of IRR of RA No. 10931, while non-eligible student beneficiaries were charged three school fees ranging ₱30-₱40 without the approval of the Board of Regents, in violation of Section 4(d) of RA 8292, resulting in unauthorized collections.

We recommended that Management:

- c. Direct the Finance Office to discontinue charging and collecting unauthorized school fees from students in order to conform with the provisions of Section 61 of the IRR of RA 10931 and section 4 (d) of RA 8292 so as to avoid the penalties of violation thereof as explicitly provided under Section 63 of said IRR, and

- d. Work-out with the UniFAST Board the inclusion of Quality Assurance Fee from among the miscellaneous and other fees being currently collected, if warranted.
3. The Infrastructure Project “Continuation of the Construction of Technology Complex” of the University with a cost of ₱36,645,877.51 was awarded to an unqualified bidder whose financial bid was found non-responsive, in violation of Section 32.2.1 of The 2016 Revised IRR of R.A. 9184, rendering the procurement illegal.

We recommended that Management:

1. Require the BAC to submit explanations/justifications for failure to evaluate, determine the completeness of the bids of said Contractor responsive to the requirements of Section 32.2.1 of The 2016 Revised IRR of R.A. 9184, and remissness from disqualifying said Bidder as required by the above provision of law. The BAC is required, further, to justify why they should not be charged for their omissions in accordance with the provisions of R.A. 9184.
2. Instruct the TWG and BAC to ensure that the procedures prescribed under The 2016 Revised IRR of RA 9184 and GPPB Manual of Procedures for the Procurement of Infrastructure Projects in the conduct of opening of bids be strictly observed, and
3. Direct the Internal Control Office to review the processes conducted by the BAC during bid opening to identify the lapses made in the processes and determine the appropriate actions to address the same in order to avoid the occurrence of similar omissions.

G. Summary of Suspensions, Disallowances and Charges

	Suspensions	Disallowance	Charges
Balance as of January 1, 2019	₱ 0.00	₱ 16,846,928.75	₱ 0.00
Add: Suspensions, Disallowances and Charges during the year	0.00	193,505.00	0.00
Total	0.00	17,040,433.75	0.00
Less: Settlements made during the year	0.00	813,104.62	0.00
Balance as of December 31, 2019	₱ 0.00	₱ 16,227,329.13	₱ 0.00

H. Implementation of Prior Years’ Audit Recommendations

Out of the thirteen (13) audit recommendations contained in the 2018 and 2017 Annual Audit Report, four (4) were fully implemented, seven (7) were partially implemented and two (2) were not implemented and was reiterated under Part II of this report.