

**Part II – Observations and Recommendations**

*Financial and Compliance*

**1. The Biological Assets Property Card (BAPC) and Quarterly Reports of Biological Assets (QRBA) were not prepared and submitted contrary to Chapter 11, Volume I of the Government Accounting Manual (GAM). Likewise, sales of livestock totaling P501,191.17 were not recorded in the books; hence, the accuracy, reliability, and existence of the reported balance of Biological Assets account as of December 31, 2021, amounting to P3,912,400.00 was doubtful.**

- 1.1 Chapter 11 of the GAM, Vol. I requires the use of BAPC to be kept by the Biological Asset/s Caretaker or Officer-in-charge/Accountable Officer for each class or type of biological asset to record promptly the acquisition, description, custody, transfer, disposal and other information about the property. The BAPC shall be reconciled with the physical inventory of the biological asset/s and control accounts annually. Any discrepancies shall be immediately verified and adjusted.
- 1.2 Likewise, QRBA contains among others, the balances at the beginning of the quarter and changes in fair value of the biological assets due to physical changes such as: a) growth, b) degeneration, c) production, and d) procreation and due to price changes. The report shall be the basis of the Accounting Division to recognize in the books through the preparation of JEV the gain or loss on fair value of the biological asset due to physical changes and due to price changes.
- 1.3 The University’s Statement of Financial Position as of December 31, 2021, showed the following balances:

<b>Account</b>	<b>Amount</b>
Bearer Biological Assets	
Livestock	₱ 2,319,000.00
Consumable Biological Assets	
Livestock Held for Consumption/Sale/Distribution	370,000.00
<b>Total Biological Assets</b>	<b>₱ 3,912,400.00</b>

1.4 An interview with the accountant revealed that the Biological Asset/s Caretaker or Officer-in-charge did not submit the BAPC and QRBA to the Accounting Office for CY 2020 and 2021. Further, verification of the accounting records showed that the increase in balances of the accounts from CY 2019 are from purchases of biological assets for the years 2020 and 2021, as shown below:

	<b>Livestock</b>	<b>Livestock Held for Consumption/ Sale/</b>

		<b>Distribution</b>
Beg. Balance – January 1, 2020	₱ 2,303,000.00	₱ 0.00
Purchases for CY 2020 and 2021	1,239,400.00	370,000.00
Ending Balance – December 31, 2021	<u>₱ 3,542,400.00</u>	<u>₱ 370,000.00</u>

Audit of official receipts also showed that there were sales of cows, pigs, and goats for the years 2020 and 2021 which were not recorded in the books as reduction to the biological asset accounts, as shown below:

<b>Biological Asset</b>	<b>2020</b>	<b>2021</b>
Cow	₱ 59,983.33	₱ 329,240.00
Goatery	43,200.00	39,000.00
Pig/Native Pig	26,300.00	3,467.84
<b>Total</b>	<b>₱ 129,483.33</b>	<b>₱ 371,707.84</b>

- 1.5 Partial inventory was conducted in Bulanao Campus, but the report is yet to be received, thus, valuation of the biological assets counted could not be determined.
- 1.6 The non-preparation of BAPC and QRBA by the Biological Asset/s Caretaker and non-recording of the sales of biological assets had cast doubt on the accuracy, existence, and valuation of the booked biological assets as of year-end.
- 1.7 We recommended that the Biological Asset/s Caretaker maintain Biological Assets Property Card (BAPC) and prepare and submit to the Accounting Unit and Office of the Auditor, the Quarterly Reports of Biological Assets (QRBA).**
- 1.8 We also recommended that the accountant record in the books the sale of livestocks in 2020 and 2021 totaling P501,901.17 to establish the correct balances of affected accounts.**

*Management Comment:*

- 1.9 The Biological Asset/s Caretaker agreed to maintain and update the Biological Assets Property Card (BAPC) and Quarterly Reports of Biological Assets (QRBA) of all the biological assets of the University. Likewise, the Accountant agreed to record in the books the sale of livestock in 2020 and 2021.
- 2. Various projects with a total contract cost of P56,962,079.52 were not completed within the stipulated period which is not in accord with the terms and conditions of the contract; thus, putting the government at a disadvantage.**

2.1 Section 2 of Presidential Decree No. 1445 (PD 1445) or the State Auditing Code provides that:

*“It is the declared policy of the State that all resources of the government shall be managed, expended or utilized in accordance with law and regulations, and safeguarded against loss or wastage through illegal or improper disposition, with a view to ensuring efficiency, economy and effectiveness in the operations of government. The responsibility to take care that such policy is faithfully adhered to rests directly with the chief or head of the agency concerned.”*

2.2 Section 8.1 of the 2016 revised implementing rules and regulations of Republic Act No. 9184 states that, *“Where the contractor refuses or fails to satisfactorily complete the work within the specified contract time, plus any time extension duly granted and is hereby in default under the contract, the contractor shall pay the procuring entity for liquidated damages, and not by way of penalty, an amount, as provided in the conditions of the contract, equal to at least one tenth (1/10) of one (1) percent of the cost of the unperformed portion of the works for every day of delay.”*

2.3 Details of the various projects, are the following:

<b>Name of Project/Contractor</b>	<b>Contract Amount/ABC</b>	<b>Target Completion Date</b>
Completion of Performing Arts Theater- <b>Upland Construction and Engineering Services</b>	₱ 11,661,591.02	1/30/2021
Completion of 4 Storey Academic Building Phase III-Bulanao Campus- <b>Gacoscos Construction</b>	29,110,509.36	4/3/2021
Completion of Motorpool- <b>Yunakim Construction</b>	14,750,021.42	5/12/2021
Construction of Generator Set House for Button Mushroom Building- <b>JT Dynamic Builders and Enterprises</b>	360,535.05	10/23/2021
Installation of Roofing at Central Laboratory at KSU-Bulanao Campus- <b>F.C. ARCHS Construction</b>	654,768.60	9/19/2021
Repair and Maintenance of Research, Agriculture and Forestry Laboratory Building’s Ceiling and Flooring- <b>F.C. ARCHS Construction</b>	424,654.07	10/23/2021
<b>Total</b>	<b><u>₱ 56,962,079.52</u></b>	

2.4 Review and analysis of the consolidated quarterly report on government PPAs vis-à-vis ocular verification of the said projects revealed that these projects are still on-going; thus, beyond their targeted completion date. Upon further

inquiry, the audit team was informed that the delays can be attributed to the slow undertaking of the contractors aggravated by the laxity in the monitoring of project implementation by the respective project engineers.

- 2.5 Non-compliance with the terms and conditions set forth on the contract agreement specifically the target completion dates put the government at a disadvantage. Had there been strict and close monitoring on the part of the project engineers such delays could have been immediately addressed and avoided.
- 2.6 **We recommended and management agreed to require the project engineers to closely monitor the project implementation to ensure that these are efficiently carried out within the contract period and to immediately address the cause of delay including notifying the contractors whenever there is a deviation from the PERT/CPM.**
- 2.7 **We also recommended that the University Accountant compute and deduct the liquidated damages from the succeeding claims of the concerned contractors.**

*Management Comment:*

- 2.8 The university accountant computed and deducted the liquidated damages from the claims of the concerned contractors. Upon further verification, it was established that indeed liquidated damages were imposed on the said various projects whose project completion were delayed.
3. **Project billboards/signages posted on the project sites were not in accordance with Section 2.2.3 and Annex A of COA Circular No. 2013-004 . Also, the COA was not informed of posted signages for timely validation by the audit team, contrary to Section 3.1 of the same circular.**

- 3.1 Sections 2.2.3 of COA Circular No. 2013-004 dated January 13, 2013, provides the following:

*“For infrastructure projects, a tarpaulin signboard must be suitably framed for outdoor display at the project location and shall be posted as soon as the award has been made. The design and format of the tarpaulin, as shown in Annex “A” shall have the following specifications:*

Tarpaulin, white, 8ft x 8ft  
Resolution: 70dpi  
Font: Helvetica  
Font size: Main Information – 3”  
Sub-Information – 1”  
Font Color: Black

3.1 The Head of Agency shall inform its SA and ATL within ten (10) days after the award of the infrastructure project or before the start of the program/activity that the appropriate project signboards and/or public notices are already posted, and the SA and ATL, shall validate the same.”

3.2 Moreover, Section 1.1 of the said circular states that, “Subject to reasonable conditions prescribed by law, the State adopts and implements a policy of full disclosure of all transactions involving public interest (Section 28, Article II, 1987 Philippine Constitution) and recognizes the right of the people to information on matters of public concern (Section 7, Article III, 1987 Philippine Constitution).

3.3 Also, Section 2.2.5 of the circular, provides that the cost of the public notices referred to above shall be charged against the project cost, provided such notices conform to the specifications set forth therein.

3.4 Particulars of the various projects are the following:

<b>Name of Project</b>	<b>Contract Amount/ABC</b>	<b>Remarks</b>
Upgrading of Button Mushroom (Agaricus Bisporus) Facility	₱4,859,129.00	Not the prescribed billboard
Construction of Four-Storey Library Building-Bulanao	45,000,000.00	Not the prescribed billboard
Construction of KSU- Bulanao Campus Gate 2	1,961,603.40	Not the prescribed billboard
Construction of KSU-Rizal Campus Covered Court	1,437,675.62	Not the prescribed billboard
Construction of KSU-Rizal Campus Goat Farm	2,732,645.00	Not the prescribed billboard

3.5 Two of the said projects, the mushroom facility and the goat farm are being implemented under the trust fund. The library building is being implemented under the regular agency fund while the Bulanao Campus gate is under the internally generated income.

3.6 The posting of billboards which are not the prescribed form deprives the people of their guaranteed rights to information on matters of public concern and access to records pertaining to official transactions of the government. As noted,

important details of the appropriate billboards are absent in the billboards posted on the project site, like the dates of project completion and the date started. The very purpose of which is to serve as a tool or instrument to promote good governance through transparency and accountability. The posting of these appropriate signages and billboards on the project site provides the public with the necessary information and thus, they will be encouraged to participate in monitoring closely the proper implementation of government projects.

**3.7 We recommended that management require the contractors of the on-going projects to post the prescribed or appropriate billboards for transparency otherwise, the cost of the signages posted which are not in accordance with the specifications set in COA Circular 2013-04 shall not be charged against the project.**

**3.8 We also recommended that management inform the Audit Team within 10 days after the award of the infrastructure project or before the start of the program/activity that the appropriate project signboards and/or public notices are already posted, for validation by the Audit Team.**

*Management Comment:*

3.9 The prescribed tarpaulins for the on-going infrastructure projects were complied with as to the stipulated specifications.

**Commented [U1]:** Based on our conversation, you mentioned that not all of the posted tarpaulins complied with prescribed specs. If so, there should be a rejoinder after the comment.

*Auditor's Rejoinder:*

3.10 However, as to the billboard of the joint venture that is still on-going, it was not the case as can be seen on the size of the fonts. This was brought to the attention of the project engineer.

**4. The University failed to impose liquidated damages of ₱18,478.68 for the delayed delivery of supplies and materials contrary to Section 3, Annex D of RA 9184; hence, disallowable in audit.**

4.1 Paragraph 3.1 of the Contract Implementation Guidelines for the Procurement of Goods, Supplies and Materials, Annex D of Republic Act No. 9184 provides the following guidelines for liquidated damages on delays incurred in deliveries as follows:

*“3.1 When the supplier fails to satisfactorily deliver goods under the contract within the specified period of delivery schedule, inclusive of duly granted time extensions, if any, the supplier shall be liable for damages for the delay and shall pay the procuring entity liquidated damages, not by way of penalty, as amount equal to one-tenth (1/10) of one percent (1%) of the cost of delayed goods scheduled for delivery for every day of delay until such goods are finally delivered and accepted by the procuring entity concerned.”*

Further, paragraph 3.2 of the same guidelines state that:

*“3.2 The procuring entity need not prove that it has incurred actual damages to be entitled to liquidated damages. Such amount shall be deducted from any money due or which may become due to the supplier, or collected from any securities or warranties posted by the supplier, whichever is convenient to the procuring entity concerned. In no case shall the total sum of liquidated damages exceed fifteen percent (15%) of the total contract price, in which event the procuring entity concerned shall automatically terminate the contract and impose appropriate sanctions over and above the liquidated damages to be paid.”*

- 4.2 Post-audit of the 2021 accounts particularly the purchase of supplies and materials revealed that the University had incurred lapses in the imposition of liquidated damages for late delivery of toner and other printing supplies and materials procured from Philippines Duplicator’s, Inc. The amount of P18,478.68 as liquidated damages was arrived at, as follows:

Gross Amount	Delivery Period	Receipt of PO	Date of Delivery	No. of Days Delayed	Liquidated Damages Computation
29,600.00	15 CD	11/17/2020	01/11/2021	40 (01/11/2021-12/02/2020)	$29,600.00 \times .01/10 \times 40 =$ <b><u>1,184.00</u></b>
224,606.20	15 CD	10/28/2020	01/29/2021	77 (01/29/2021-11/13/2020)	$224,606.20 \times .01/10 \times 77 =$ <b><u>17,294.68</u></b>

- 4.3 It is the responsibility of the Supply and Property Management Officer (SPMO) to lead the inspection and acceptance of goods in accordance with the approved purchase orders, while the University Accountant is tasked to process and check the propriety, validity and correctness of amount of every disbursement of the University.
- 4.4 Late deliveries of supplies purchased by the University can cause delay or hamper the implementation of various projects, programs and activities intended for the benefits of the stakeholders.
- 4.5 We recommended that management cause the collection of the computed liquidated damages totaling ₱18,478.68 from the concerned supplier.**
- 4.6 We recommended that henceforth, management impose liquidated damages for late deliveries pursuant to the afore-stated provisions of RA No. 9184 to prevent suppliers from neglecting their responsibility to comply the conditions of the purchase orders and to avoid delay in the implementation of projects, programs, and activities of the university.**

*Management Comment:*

4.7 The supplier has already paid on August 2, 2021, the liquidated damages totaling ₱18,478.68 to the University and that management will henceforth impose liquidated damages for late deliveries of goods and services to the university.

**Commented [U2]:** For validation. If true, the finding should be deleted as the recom in the AOM is already implemented before AAR preparation

**5. Delayed submission of copies of Contracts/Purchase Orders in violation of COA Circular No. 2009-001 precludes the auditorial and technical review of the procurement transactions and prompt detection/correction of possible deficiencies.**

**Commented [EB3]:** I added the word henceforth po mam for emphasis on future transactions that may arise of the same nature.

**Commented [EB4]:**

5.1 Sections 3.1.1 and 3.2.1 of COA Circular No. 2009-001 dated February 12, 2009, provides the following:

*“3.1.1 Within five (5) working days from the execution of a contract by the government or any of its subdivisions, agencies or instrumentalities, including government-owned and controlled corporations and their subsidiaries, a copy of said contract and each of all the documents forming part thereof by reference or incorporation shall be furnished to the Auditor of the agency concerned x x x*

*3.2.1 A copy of any purchase order irrespective of amount, and each and every supporting document, shall within five (5) working days from issuance thereof, be submitted to the Auditor concerned. Within the same period, the Auditor shall review and point out to management defects and/or deficiencies, if any, xxx”*

5.2 Review of available records showed that copies of contracts and/or purchase orders (POs) and their supporting documents were not submitted to the Auditor’s Office within the prescribed period. It has been Management’s practice to submit in bulk, perfected contracts on infrastructures and/or purchases of goods, to the Office of the Auditor without considering the due dates for the submission of such documents.

5.3 As of the date of this report, copy of contracts and its supporting documents of the following procurement transactions were not yet submitted:

<b>Name of Project</b>	<b>Contract Amount</b>
Upgrading of Button Mushroom (Agaricus Bisporus) Facility	₱ 1,074,788.59
Rehabilitation of Cold-Water Lines and Sewer Lines of Law Building	305,985.04
Completion of 4 Storey Academic Building Phase III	764,484.06
Conversion of FITS Center into Medical and Dental Clinic	1,480,936.06
Rehabilitation of the College of Education Building’s	1,294,686.08



Name of Project	Contract Amount
Electrical Wirings	
Construction of KSU-Rizal Campus Covered Court	1,277,606.26
Construction of Bulanao Campus Gate 2	2,227,610.45
Construction of Technology and Innovation Park-Bulanao campus	16,977,553.20
Construction of Covered Multi-Purpose Hall of CBAA Building Phase II-Dagupan Campus	1,452,332.50
Completion of HRM Extension Building	5,788,328.84
Construction of Perimeter Fencing of Mulberry Farm	1,454,829.69
Construction of KSU Rizal Goat Farm	2,727,645.00

5.4 Whereas 231 out of 453 submitted purchase orders or 51% of the total are submitted one day to one hundred sixty-eight (168) days late or an average of twenty-five (25) days delayed.

5.5 The non-submission or delayed submission of the purchase orders and contracts together with supporting documents precluded the conduct of auditorial and technical review by COA until such time that the disbursement vouchers are submitted for post-audit which usually takes several months thereafter. As a result, evaluation of the reasonableness of costs as well as review of compliance with applicable rules and regulations were not undertaken on a timely manner to correct defects/deficiencies, if any.

**5.6 We recommended and Management agreed to furnish the Auditor copies of purchase orders and contracts not later than five (5) working days from their issuance together with duly accomplished supporting documents for auditorial and technical review, in compliance with COA Circular No. 2009-001.**

**6. Property Acknowledgement Receipts (PARs) were not renewed regularly or every time there is a change in custodianship contrary to Appendix 71 of Government Accounting Manual (GAM), Volume II; thus, the basis in making the physical count is not properly established.**

6.1 Appendix 71 of the GAM, Vol. II, states that “The PAR shall be used in the Supply and/or Property Division/Unit to record the issue of PPE to end-user. It shall be maintained by fund cluster. It shall be renewed every three years or every time there is a change in custodianship/user of the property.”

6.2 Also, the PARs shall be filed alphabetically by the property officer for ready reference and renewed every January of the 3<sup>rd</sup> year after issue. PARs not renewed after three years shall not be considered in making physical count of the equipment (*Handbook on Property and Supply Management System*).

- 6.3 Contrary to the above provisions, review of one hundred sixty-eight (168) PARs issued from CY 2019 to August 2021 disclosed that PARs were not renewed every three years. One hundred fifty-eight (158) PARs pertain to those issued upon receipt of the property which are newly acquired and those that were verified by the property officer and ten (10) PARs are renewal. The renewal of the PARs is necessary for reconciliation purposes and to monitor the agency's properties.
- 6.4 Interview with the property officer revealed that the reason for non-renewal of PARs every three years was because the property officer has not yet validated the properties of the agency. During the pandemic, they cannot conduct property validation because some if not most employees are on work from home arrangement. Another reason is when there are new designations, there were no proper turnover of the equipment/s issued to the employees. There is no clearance made for the outgoing employee; hence the property officer cannot monitor the transfer of accountability of the properties.
- 6.5 We recommended and the Property Officer agreed to maintain an efficient property management by following the prescribed procedures, among others, the renewal of the Property Acknowledgement Receipts every three years or every time there is a change in custodianship/user of the property.**
- 6.6 We also recommended that a turnover of property accountability be required between the outgoing and the incoming employee to pinpoint responsibility/accountability and which should be the basis for the clearance to be issued to the outgoing employee.**
- 7. Separate financial statements for each IGP were not prepared, contrary to Financial Management Guidelines of the Manual of Operations for IGPs of the University; thus, facilitative evaluation of viability of each project was not provided.**
- 7.1 Letter C of the Financial Management Guidelines of the Manual of Operations for IGPs of the University states that *"The end of the product of the financial accounting process is a set of reports, which are called financial statements. The three financial statements which we have to be prepared by the Project Leader and Accountant every end of the period for submission to the IGU (Income Generating Unit) Director are the following: (a) income statement; (b) cash flow statement and (c) balance sheet."*
- 7.2 Interview with the accounting staff in charge with the preparation of the financial statements of these IGPs revealed that only the income statement was prepared. Likewise, the income statement is not for each IGP but divided it into agricultural and non-agricultural category. Agricultural is for the income and expenses for goatery, cow/cattle, egg production, pig, fertilizers, fruits, rice, and chicken. Non-agricultural is for the income and expenses of the sale of

uniforms, ID production, printing and publication, book sales, and rent/lease income from dormitory/cottage/store.

- 7.3 While the accounting office prepares and maintains General Journal, ledgers, and financial statements for the Business Type Income (BTI) fund, these are not considered full compliance with the foregoing requirements, which provide that separate financial statement for each IGP shall be prepared.
- 7.4 The preparation of the complete set of financial statements will aid in the evaluation and decision-making to ensure continued financial viability of each project. The maintenance of the necessary financial statements will give an overall financial picture of every project, not only on its profitability, but also on its liquidity, and the nature of its cash receipts and disbursement.
- 7.5 We recommended that Management require the Accounting Office to prepare the necessary financial statements of each IGP as prescribed in the Financial Management Guidelines of the Manual of Operations for IGPs of the University.**

*Management Comment:*

- 7.6 The Accounting Office and Business Affairs Office will prepare and update the Financial Statements of each IGP as prescribed in the Financial Management Guidelines of the Manual of Operations for IGPs of the University.

#### ***Gender and Development***

**8. In CY 2021, the KSU utilized the amount of ₱ 32,637,164.78 or 98.29% of the allocated amount of ₱ 33,203,652.76, or 9.46% of the total GAA amounting to ₱ 345,063,000.00 for the implementation of planned GAD activities that addresses gender issues within the University in accordance with Joint Circular No. 2012-01 of the Philippine Commission on Women (PCW), Department of Budget and Management (DBM) and National Economic and Development Authority (NEDA).**

- 8.1 Joint Circular No. 2012-01 of the Philippine Commission on Women (PCW), Department of Budget and Management (DBM) and National Economic and Development Authority (NEDA) dated July 20, 2012 states that Pursuant to the Magna Carta of Women (MCW) and the General Appropriations Act (GAA), all government departments, including their attached agencies, offices, bureaus, state universities and colleges (SUCs), government-owned and controlled corporations (GOCCs), *local government units (LGUs) and other government instrumentalities shall formulate their annual GAD plans and budgets within the context of their mandates to mainstream gender perspectives in their policies, programs and projects. GAD Planning shall be integrated in the regular activities of the agencies, the cost of implementation of which shall be at least five percent (5%) of their total budgets. The computation and utilization*

*shall be implemented in accordance with the specific guidelines provided therein.*

- 8.2 In CY 2021, the GAD Office of the University formulated a GAD Plan to address the gender issues such as gender-responsive governance, protection and fulfillment of women’s human rights and promotion of women’s economic empowerment.
- 8.3 As shown in the year-end accomplishment report for the year, various seminar/workshops relative to Gender Sensitivity Orientations were conducted. Of the total budget, the amount of ₱32,637,164.78 was utilized on the following GAD activities:

<b>Particulars (GAD Activity)</b>	<b>Amount</b>
Conduct of Gender and Development (GAD) seminars/trainings and/or fora to old and new students of each campus	₱ 503,991.34
Conduct Gender responsive leadership training among College student leaders	69,400.00
Conduct training of women and men in GAD in basic life support and DRRM: a) student, b) other clients and c) faculty	34,700.00
Produced 500 copies of GAD-related education information materials for extension clients especially women, to empower them	177,310.00
Conduct extension trainings and seminars to both women and men in extension communities of the universities	326,140.00
Conduct of GAD-related research	195,000.00
Regular coordination and meetings of GAD-TWG and emergency meeting when necessary	50,750.00
Maintenance of GAD database on GAD related research and extension activities	15,000.00
Integration of gender perspective in the syllabi of teachers	225,004.00
Conduct of GAD learning sessions to personnel both old/new	342,670.00
Participation to summits/fora and other events such as: Women’s month International Women’s Day, Cordillera Month, International Human Rights Day, etc.	74,400.00
Construction of Four-Storey Library Building-Bulanao Campus amounting to Php 45,000,000.00 HGDG Score 8.84, attributable percentage 44.2%, attributable amount Php 19,890,000.00	21,195,000.00
Construction of Technology and Innovation Park-Bulanao Campus amounting to Php 17,534,000.00 HGDG Score 8.84, attributable percentage 44.2%, Attributable amount Php 7,750,028.00	7,820,164.00

<b>Particulars (GAD Activity)</b>	<b>Amount</b>
Capacitating KSU Extension Communities including women, MSMES, Pos, and students in on livelihood, MSMES, health, biodiversity conservation, skills development, and VAWC amounting to 2,119,493.00 HGDG Score 17.84 Attributable percentage 89.2%, Attributable amount 1,890,587.76	1,607,635.44
<b>TOTAL</b>	<b>₱32,637,164.78</b>

8.4 Per evaluation of the Audit Team, the above accomplishments were all GAD-related activities.

**8.5 We commended the Management in its effort, to address the identified gender issues, design a training program towards women empowerment and gender equality, pursue programs/projects intended to uplift the status of women employees in the workplace and allot funds for the formulation and implementation of GAD Plan for the benefit of all employees and stakeholders. We have recommended and Management agreed to continue its compliance with the laws, rules and regulations on GAD.**

*Compliance with Tax Laws*

**9. In CY 2021, Management remitted taxes withheld from salaries and benefits of employees, purchases of materials and services, contract and other related procurements to the Bureau of Internal Revenue amounting to ₱30,343,784.06.**

9.1 BIR Revenue Regulations (RR) No. 1-2013 dated January 23, 2013, provides that *“all tax returns must be electronically filed (e-filed) following due dates prescribed in the table under this Section. Payment of the tax due must also be made on the same day the return is e-filed by accomplishing online the Tax Remittance Advice (TRA).”*

9.2 DOF-DBM-COA Joint Circular No. 1-2000 dated January 3, 2000, and Joint Circular No. 1-2000A dated July 31, 2001, require the remittance of taxes withheld from employees and government suppliers.

9.3 For CY 2021, the University withheld taxes in the amount totaling ₱36,125,323.26 and remitted the amount of ₱30,343,784.06 with details presented below:

<b>Particulars</b>	<b>Withheld</b>	<b>Remitted</b>	<b>Balance</b>
Unremitted balance, 12/31/2020	₱ 5,646,193.23		₱ 5,646,193.23
January 2021	1,805,658.64	₱ 6,289,416.58	1,162,435.29
February 2021	1,337,088.73	1,161,931.06	1,337,592.96
March 2021	2,331,041.73	1,408,974.03	2,259,660.66
April 2021	2,539,434.62	2,322,080.50	2,477,014.78

May 2021	2,203,828.76	2,458,623.88	2,222,219.66
June 2021	3,264,269.88	2,248,976.18	3,237,513.36
July 2021	2,139,002.33	3,564,588.94	1,811,926.75
August 2021	1,870,918.01	1,729,156.37	1,953,688.39
September 2021	2,345,905.02	1,872,513.98	2,427,079.43
October 2021	1,717,999.93	2,355,528.39	1,789,550.97
November 2021	3,086,791.81	1,753,883.86	3,122,458.92
December 2021	5,837,190.57	3,178,110.29	5,781,539.20
<b>Total</b>	<b>₱ 36,125,323.26</b>	<b>₱ 30,343,784.06</b>	<b>₱ 5,781,539.20</b>

*Compliance with Government Service Insurance System Laws*

**10. The University withheld the Government Service Insurance System (GSIS) premium contribution of employees and remitted the same to the GSIS together with the government share, the ECC premiums and loans due to GSIS.**

10.1 Section 6 of the Government Service Insurance Act of 1997 (RA No. 8291) provides that, *“The employer shall report to the GSIS the names of all its employees, their corresponding employment status, positions, salaries and such other pertinent information, including subsequent changes therein, if any, as may be required by the GSIS; the employer shall deduct each month from the monthly salary or compensation of each employee the contribution payable by him in accordance with the schedule prescribed in the rules and regulations implementing this Act”.*

10.2 For CY 2021, the University withheld premiums and other contributions totaling ₱26,768,018.08 and remitted the total amount of ₱ 26,655,401.22 to the GSIS, with the following breakdown:

<b>Particulars</b>	<b>Withheld</b>	<b>Remitted</b>	<b>Balance</b>
Beginning Balance 12/31/2020			
January	₱ 2,022,737.57	₱ 0.00	₱ 2,022,737.57
February	2,029,933.34	1,977,836.93	2,074,833.98
March	2,078,841.73	4,141,645.36	12,030.35
April	2,092,293.02	2,089,913.38	14,409.99
May	2,187,429.08	2,189,653.76	12,185.31
June	2,219,226.63	2,174,775.24	56,636.70
July	2,262,161.46	114,191.67	2,204,606.49
August	2,304,132.81	4,437,983.11	70,756.19
September	2,387,583.10	2,374,758.52	83,580.77
October	2,375,878.86	0.00	2,459,459.63
November	2,391,909.81	4,767,707.87	83,661.57
December	2,415,890.67	2,386,935.38	112,616.86
<b>Total</b>	<b>₱ 26,768,018.08</b>	<b>₱ 26,655,401.22</b>	<b>₱ 112,616.86</b>

***Compliance with the Home Development Mutual Fund Law of 2009/Pag-IBIG Fund***

**11. The University withheld the Home Development Mutual Fund (HDMF)/Pag-IBIG premium contribution of employees and remitted the same to the HDMF together with the government share.**

11.1 Section 7 and Section 23 of R.A. 9679, An Act Further Strengthening the Home Development Mutual Fund, and For Other Purposes provides that:

*“Section 7. Fund Generation and Contributions. – The money of the Fund shall be generated by the provident savings that the covered employees shall contribute for the purpose every month, and the equal amounts that their respective employers shall mandatorily contribute. xxx”*

*Section 23. Remittance of Contributions. – (a) It shall be the duty of every employer, private or public, to set aside and remit the contributions required under this Act in accordance with a mechanism determined by the Board of Trustees. (b) Every employer required to set aside and remit such contributions as prescribed under this Act shall be liable for their payment, and nonpayment shall further subject the employer to a penalty of three percent (3%) per month of the amounts payable from the date the contributions fall due until paid. xxx”*

11.2 For CY 2021, the University withheld premiums and other contributions totaling ₱5,922,339.96 and remitted the total amount of ₱5,914,755.80 to the HDMF/Pag-IBIG with details shown below:

<b>Particulars</b>	<b>Withheld</b>	<b>Remitted</b>	<b>Balance</b>
Beginning Balance 12/31/2020			₱ 0.00
January	₱ 504,302.98	₱ -	504,302.98
February	446,386.11	949,589.09	1,100.00
March	456,631.28	456,428.68	1,302.60
April	456,188.59	457,491.19	-
May	473,260.52	473,260.52	0.00
June	488,417.27	485,233.11	3,184.16
July	470,207.61	1,100.00	472,291.77
August	478,647.45	946,603.06	4,336.16
September	473,739.33	475,551.33	2,524.16
October	551,652.75	0.00	554,176.91
November	567,985.28	1,120,578.03	1,584.16
December	554,920.79	548,920.79	7,584.16
<b>Total</b>	<b>₱ 5,922,339.96</b>	<b>₱ 5,914,755.80</b>	<b>₱ 7,584.16</b>

***Compliance with the National Health Insurance Act of 2013 (RA 10606)/Philippine Health Insurance Corporation (PhilHealth) Law***

**12. The University withheld the PhilHealth premium contribution of employees and remitted the same to the Philippine Health Insurance Corporation together with the government share.**

12.1 Section 28 of RA 10606, The National Insurance Act of 2013, An Act Amending Republic Act No. 7875, Otherwise Known as the “National Health Insurance Act of 1995” as Amended and For Other Purposes provides in part that, “All members who can afford to pay shall contribute to the Fund, in accordance with a reasonable, equitable and progressive contribution schedule to be determined by the Corporation on the basis of applicable actuarial studies xxx”

12.2 For CY 2021, the University withheld premiums totaling ₱ 1,675,741.63 and remitted the total amount of ₱1,672,952.62 with the following breakdown:

Particulars	Withheld	Remitted	Balance
Beginning Balance 12/31/2020			₱ 0.00
January	₱ 138,974.29	₱ 0.00	138,974.29
February	139,369.33	278,343.62	0.00
March	140,589.38	138,978.55	1,610.83
April	139,397.62	139,006.92	2,001.53
May	138,607.62	140,170.74	438.41
June	140,170.74	138,607.62	2,001.53
July	140,693.60	0.00	142,695.13
August	139,793.00	0.00	282,488.13
September	139,793.00	418,029.31	4,251.82
October	138,176.97	0.00	142,428.79
November	141,369.18	280,256.76	3,541.21
December	138,806.90	139,559.10	2,789.01
<b>Total</b>	<b>₱ 1,675,741.63</b>	<b>₱ 1,672,952.62</b>	<b>₱ 2,789.01</b>

*Suspensions, Disallowances and Charges*

**13. The Statement of Audit Suspensions, Disallowances and Charges (SASDC) which summarizes the total suspensions, disallowances and charges as of December 31, 2021, showed a balance of ₱2,557,924.74.**

13.1 Section 7.1.1 of COA Circular No. 2009-006 dated September 15, 2009, prescribes the rules and regulations on settlement of accounts which states that the head of the agency, who is primarily responsible for all the government funds and property pertaining to his agency, shall ensure that the settlement of disallowances and charges is made within the prescribed period and the requirements of transactions suspended in audit are complied with.

13.2 Statement of the Audit Suspensions, Disallowances and Charges (SASDC) as of December 31, 2021, shows a total suspensions and disallowances in the amount of ₱0.00 and ₱2,557,924.74, respectively, details are as follows:



	<b>Suspensions</b>	<b>Disallowances</b>
Beginning Balance, 1/1/2021	₱ 0.00	₱ 2,557,924.74
Add: January to December, 2021	753,055.44	18,478.68
Total	<u>₱ 753,055.44</u>	<u>₱ 2,576,403.42</u>
Less: Settlements made	753,055.44	18,478.68
Ending Balance, 12/31/2021	<u>₱ 0.00</u>	<u>₱ 2,557,924.74</u>

The ₱2,557,924.74 disallowed balance includes the amount of ₱990,000.00 which was already issued a COA Order of Execution (COE) and recorded in the books of account of the University.

**13.3 We recommended that the University President ensure that all suspensions and disallowances are acted upon and/or settled within the period prescribed under Section 7.1.1 of CO Circular No. 2009-006.**