

Part II – Observations and Recommendations

Financial and Compliance

1. **Construction in Progress (CIP) accounts were overstated by ₱216.750 million because completed projects of the University were not fully transferred to their appropriate Property, Plant and Equipment (PPE) accounts, contrary to Section 8(g), Chapter 10 of the Government Accounting Manual (GAM) for National Government Agencies (NGAs), Volume I, resulting in the non-recognition of their corresponding previous and current year’s depreciation expenses.**

- 1.1 Section 8(g), Chapter 10 of GAM for NGAs, Volume I states that:

“During construction period, all expenses incurred in relation to the construction of PPE shall be taken up in the books as Construction in Progress (CIP) with appropriate asset classification. As soon as the construction is completed, the “Construction in Progress” account shall be reclassified to the proper asset account.”

- 1.2 Further, Section 43 of International Public Sector Accounting Standards (IPSAS) No. 17, Volume II, provides the following rule on the depreciable assets:

“After recognition of an asset, an item of PPE shall be carried at its cost, less any accumulated depreciation and any accumulated impairment losses.”

- 1.3 Review of the Financial Statements as of December 31, 2022, revealed that the CIP account amounted to ₱285,898,695.28, broken down as follows:

<u>Fund</u>	<u>Account</u>	<u>Amount</u>
RAF	CIP – Buildings and Other Structures	209,693,943.53
TF	CIP – Buildings and Other Structures	24,577,463.07
BTI	CIP – Land Improvements	1,454,829.69
	CIP – Buildings and Other Structures	200,000.00
IGI	CIP – Land Improvements	2,891,259.85
	CIP – Buildings and Other Structures	47,081,199.14
TOTAL		<u>285,898,695.28</u>

- 1.4 The CIP appearing in the Financial Statements should be composed of projects that are not yet completed or still in process of construction as of year-end. However, examination of the Quarterly Report on Government Projects/Activities/Programs (PAPs) submitted by the Director for Planning and Strategy revealed that the following were the on-going projects of the University as of December 31, 2022:

<u>Name of On-going Projects</u>	<u>% of Completion</u>	<u>Cost Incurred to Date</u>
Completion of Performing Arts Theater	76.71%	5,956,906.24
Construction of 4-Storey Library Building- Bulanao Campus Phase I	70.37%	29,956,643.40
Construction of Technology and Innovation	92.00%	15,296,686.28

<u>Name of On-going Projects</u>	<u>% of Completion</u>	<u>Cost Incurred to Date</u>
Park-Bulanao Campus Construction of Livestock R & D – Native Animals Nucleus Herd Center (Native Pig, Poultry Layer and Broiler)	38.15%	12,192,393.03
Upgrading of Radio & Server Room-All Campuses	94.00%	440,469.00
Total Cost of On-going Projects		<u>63,843,097.95</u>

- 1.5 In our audit of the General Ledgers of the CIP accounts, fully paid projects amounting to ₱216,750,634.39 are still included in the accounts indicating that these projects were already completed.

Fund	Name of Completed Project	Completion Date	Total Cost Incurred
IGI	Construction of Materials Recovery Facility	17-Jan-22	675,834.11
RAF	Completion of Motorpool	28-Feb-22	14,750,021.42
IGI	Completion of HRM Extension Building	22-Mar-22	5,788,328.84
BTI	Construction of Nursery	31-Mar-22	675,244.26
IGI	Electricity Primary Metering-Bulanao Campus	12-Jan-22	499,726.59
RAF	Electrification of KSU Mushroom Building	11-Feb-22	667,579.19
RAF	Completion of 4 Storey Academic Building	01-Apr-22	24,941,314.35
IGI	Construction of Generator Set House for Button Mushroom Building	17-Jun-22	360,536.05
IGI	Installation of Roofing at Central Lab. HS	04-May-22	654,768.00
RAF	Construction of Ladies Dormitory	31-Dec-21	25,638,883.96
IGI	Conversion of FITS Center into Medical and Dental Clinic	06-Dec-21	1,480,936.06
RAF	Construction of KSU Bulanao Campus - Gate 2	25-Oct-21	4,455,220.90
IGI	Construction of Covered Multi-Purpose Hall of CBAA Building of Dagupan Campus-Phase II	05-Nov-21	1,452,332.50
RAF	Landscaping at Administration Building Area	19-Nov-21	969,830.80
RAF	Electrification of KSU Rizal Goat Farm	31-Dec-21	194,000.00
RAF	Construction of 4 Storey Academic Building Phase IIA	09-Sep-21	20,783,046.90
TF	Upgrading of Button Mushroom (Agaricus Bisporus) Facility at KSU Lot 1 and 2	02-Aug-21	5,000,000.00
TF	Construction of KSU Goat Farm	29-Aug-21	2,727,645.00
BTI	Construction of Perimeter Fencing at Rizal Campus - Mulberry Farm	13-Oct-21	1,454,829.69

Fund	Name of Completed Project	Completion Date	Total Cost Incurred
IGI	Construction of Nursery for Massive Seeds and Seedling Production	29-Sep-21	387,144.62
IGI	Package Contract for Improvement of Computer Laboratories	26-Apr-21	725,000.00
IGI	Rehabilitation of the College of Education Building's Electrical Wirings	01-Jun-21	1,294,686.08
IGI	Construction of KSU-Rizal Campus Covered Court	29-Jun-21	1,330,279.97
RAF	NP-Construction of Performing Arts Theater Phase IV and V in Bulanao Campus	15-Jan-21	16,450,714.20
TF	Renovation of Alumni Building	13-Feb-19	777,583.73
TF	Upgrading of Yookah Native Pig Nucleus Farm in Car	12-Dec-19	3,887,593.90
TF	Construction of Rainwater Harvesting Tanks	24-Jun-19	258,534.53
TF	Solar Powered Irrigation System for Improved Mulberry Biomass production of KSU	05-Mar-21	543,732.38
IGI	Concreting of Road Network Phase XI	16-Sep-20	2,891,259.85
IGI	Improvement of Mushroom Building	04-Nov-20	658,622.76
IGI	Completion of the Rehabilitation of Old-Tech VOC Building	21-Sep-20	325,500.00
IGI	Renovation of Administration Building	04-Sep-20	2,263,461.62
IGI	Upgrading of 3-Phase Line Distribution Power System of KSU Bulanao Campus Phase 1	24-Jan-20	2,000,000.00
IGI	Construction of HRM Building Extension Phase-V	03-Feb-20	1,259,577.95
IGI	Negotiated Procurement for the Improvement of KSU Main Gate - Phase I & Phase II	10-Dec-19	1,646,367.15
IGI	Construction and/or Rehabilitation of Multi-Purpose Final Phase	25-Oct-19	1,277,379.41
IGI	Construction of HRM Building-Phase IV	07-Feb-19	968,384.30
IGI	Construction of Motorpool Phase II	06-Sep-19	981,912.03
IGI	Completion of KSU Mushroom Building	22-Apr-19	971,759.06
RAF	Completion of Research & Extension Center	16-Sep-20	28,754,310.39
RAF	Completion of 4-Storey Building-Phase III (Savings)	02-Aug-21	422,333.01
RAF	Construction of Four Storey Academic Building Phase-II	31-Dec-19	5,363,643.17
RAF	Completion of Gymnasium Phase V	18-Mar-19	14,860,424.96
RAF	Adjacent Contract for Additional Renovation of Administration Building Offices	02-Sep-20	636,912.86

Fund	Name of Completed Project	Completion Date	Total Cost Incurred
RAF	Negotiated Procurement for Completion of Graduate Studies and Law Building	09-Dec-20	7,773,105.59
RAF	Construction/Repair Rehabilitation of Academic Buildings	31-Dec-19	4,870,332.25
Total Cost of Completed Projects			<u>216,750,634.39</u>

1.6 Despite the completion of the said buildings/PAPs, these were not yet reclassified to their appropriate PPE accounts. Consequently, the non-reclassification of the completed projects to their respective accounts affected the fair presentation of the Financial Statements, as follows:

- a) Construction in progress account was overstated.
- b) The current year's depreciation expenses were not recognized for the completed projects within the year thereby understating the depreciation expense and overstating the Accumulated Surplus/Deficit account.
- c) Valuations of the related completed buildings were also erroneously presented since the related accumulated depreciations were not considered.

1.7 A difference of ₱5,304,962.94 was still noted after accounting for completed projects and the cost of on-going projects, as presented below:

Total CIP accounts		285,898,695.28
Less:		
Total Cost of Completed Projects	216,750,634.39	
Total Cost of On-going projects	<u>63,843,097.95</u>	<u>208,593,732.34</u>
Difference		<u>5,304,962.94</u>

1.8 We recommended and Management agreed that the Accountant:

- a. **Reclassify the completed projects totaling ₱208,136,951.39 to their appropriate PPE accounts;**
- b. **Account for the difference of ₱5,304,962.94, then reclassify or adjust accordingly; and**
- c. **Compute the corresponding depreciation expenses to correct the book value of all completed projects;**

1.9 We also recommended and management agreed to instruct the Planning Section to inform and provide the necessary documents of completed projects as basis of the accountant in the reclassification to their respective PPE accounts.

2. The Textbooks and Instructional Materials Inventory account of the Internally Generated Income (IGI) fund was not adjusted for seven years despite the issuance of the inventories to the end-users amounting to ₱5.605 million contrary to Section 7 of the GAM for NGAs Volume I resulting in the overstatement of the inventory account of the University.

- 2.1 Section 7 of the GAM for NGAs Vol. I provides that when inventories are sold, exchanged, or distributed, their carrying amount shall be recognized as an expense in the period in which the related revenue is recognized. If there is no related revenue, the expense is recognized when the goods are distributed, or the related service is rendered. Xxx
 - 2.2 Examination of the General Ledger of this account of the IGI fund shows a balance of ₱5,605,841.02 as of December 31, 2022.
 - 2.3 Upon ocular inspection by the Audit Team, no Textbooks and Instructional Materials Inventory were found in the stock room. This was corroborated by the interview conducted with the supply and property custodian thus, it was established that these were already issued to the University Librarian as supported by Acknowledgement Receipts (AR) for Books with various dates, including the updated Inventory Custodian Slips (ICS) done by the Supply and Property Officers.
 - 2.4 Further inquiry made with the University Accountant revealed that these Textbooks and Instructional Materials Inventory were already issued to the end users with the confirmation of the University Librarian. However, the Accountant retained it on the books for purposes of control even when already distributed to the end users, but such was contrary to Section 7 of the Chapter 8 of the GAM for NGAs Volume 1. While the Audit Team appreciates the position of the Accountant, the issue of control was not set aside because there were accountability documents issued to the Accountable Officers by the Supply and Property Officer upon distribution.
 - 2.5 Because the inventory items were not recognized as expenses, the assets for CY 2022 as presented in the Statement of Financial Position was overstated by P5,605,841.02 and the Accumulated Surplus/(Deficit) account is understated by the same amount.
 - 2.6 **We recommended and Management agreed to instruct the Accountant to make the necessary adjusting entry in the Textbooks and Instructional Materials Inventory and Accumulated Surplus (Deficit) accounts in the amount of P5,605,841.02.**
3. **Funds transferred to various national government agencies remained unliquidated which resulted in the long-outstanding year-end balances of the “Due from NGAs” account amounting to ₱3.148 million contrary to Sections 4.6 and 5.4 of COA Circular No. 94-013 dated December 13, 1994.**
 - 3.1 The guidelines for the grant and liquidation of fund transfer are provided for under COA Circular No. 94-013 dated December 13, 1994. Sections 4.6 and 5.4 thereof, states:
 - *Within ten days after the end of each month/end of the agreed period for the project, the IA shall submit the Report of Checks Issued (RCI) and the Report of Disbursement (RD) to report the utilization of the funds. Only actual project expenses shall be reported. The reports shall be approved by the Head of the IA.*

- *The SA shall require the IA to submit the reports and furnish the IA with a copy of the journal voucher taking up the expenditures. Upon receipt of the copy of the Certificate of Settlement and Balances (CSB) and the Credit Notice (CN) issued by the IA Auditor, the Accountant shall draw a journal voucher restoring back the amount previously credited for any disallowance. He shall furnish the IA with a copy of the JV.*
- 3.2 Of the outstanding balance of fund transfers of Kalinga State University as of December 31, 2022, amounting to ₱3,148,035.00, ₱2,148,000.00 came from the Trust Fund which was transferred in 2009 for the integrated research development on agro-forestry system in CAR and remained unliquidated for more than ten (10) years, ₱2,148,000.00 pertained to the unreconciled account of Benguet State University (BSU) based on the confirmation letter received from BSU. The balance of ₱1,000,035.00 is under the regular fund for the training program for the communities and non-expert for reducing disaster caused by rain induced landslide transferred to various state universities in 2018.
 - 3.3 Since these funds were transferred to the state universities from 2009 to 2018 then it is presumed that the projects and or programs were already completed and delivered, thus the amounts should have been liquidated. The failure to compel the implementing agencies to submit the liquidation reports after the project completion precluded the evaluation of fund utilization as well as determination of the status of project implementation. According to the accountant, demand letters were issued to BSU and ASIST for their immediate liquidation. While the other fund transfers under the regular fund, communication thru phone and the internet was done to monitor their liquidation, however the accountant committed to issue demand letters to the implementing school universities.
 - 3.4 The audit team issued confirmation letters to BSU and ASIST that resulted in the discovery of the discrepancy relating to the BSU account.
 - 3.5 **We recommended and Management agreed to issue demand letters to the recipient State Universities for the immediate liquidation of the fund transfers determined as overdue.**
 - 3.6 **We also recommended and management agreed that the Accounting Office initiate the reconciliation process of the balance of fund transfer found not in agreement with the BSU records.**
4. **Various unserviceable/idle motor vehicles with a total carrying amount of ₱115,379.75 were not disposed of for more than two years contrary to Section 79 of PD 1445, causing further deterioration; thus, decreasing the value that may be recovered from sale thereof.**
 - 4.1 Section 79 of PD 1445 provides that “When government property has become unserviceable for any cause, or is no longer needed, it shall, upon application of the officer accountable therefore, be inspected by the head of the agency or his duly authorized representative in the presence of the auditor concerned and, if found to be valueless or unusable, it may be destroyed in their presence. If found

to be valuable, it may be sold at public auction to the highest bidder under the supervision of the proper committee on award or similar body in the presence of the auditor concerned or other duly authorized representative of the Commission, after advertising by printed notice in the Official Gazette, or for not less than three consecutive days in any newspaper of general circulation, or where the value of the property does not warrant the expense of publication, by notices posted for a like period in at least three public places in the locality where the property is to be sold. In the event that the public auction fails, the property may be sold at a private sale at such price as may be fixed by the same committee or body concerned and approved by the Commission.”

- 4.2 Review of the University’s Motor Vehicle account and Inventory and Inspection Report of Unserviceable Properties as of December 31, 2020 (latest submission) disclosed that several motor vehicles have been unserviceable/idle for more than two years. Details of these items are as follows:

Fund	Particulars	Unit Cost	Accumulated Depreciation	Carrying Amount	Date Acquired	Remarks
RAF	Motorcycle - SUZUKI	74,000.00	70,300.00	3,700.00	Mar. 19, 2004	Unserviceable
RAF	Motorcycle - YAMAHA	65,000.00	61,750.00	3,250.00	Aug. 14, 2000	Unserviceable
RAF	Passenger Jeepney - ISUZU	390,000.00	370,500.00	19,500.00	Sept. 11, 1998	Unserviceable
IGI	Vehicle – ISUZU, Fuego	982,000.00	932,900.00	49,100.00	Nov. 30, 2001	Serviceable but fully depreciated and beyond economic repair
IGI	Vehicle – MITSUBISHI L300	610,000.00	579,500.00	30,500.00	Sept. 3, 2004	Serviceable but fully depreciated and beyond economic repair
IGI	Truck Bus - HYUNDAI	1,381,334.00	1,381,334.00	0.00	Apr. 19, 2010	Unserviceable
TF	Vehicle – TOYOTA, Land Cruiser*	65,000.00	61,750.00	3,250.00	Aug. 14, 2000	Unserviceable
TF	Vehicle – HONDA, Accord*	121,595.00	115,515.25	6,079.75	Apr. 27, 2015	Unserviceable
	Total	3,688,929.00	3,573,549.25	115,379.75		

**Note: donated vehicles*

- 4.3 The University conducted a disposal of property on October 12, 2022, of all its unserviceable assets but these motor vehicles were not disposed of. The disposal committee auctioned off these unserviceable assets by lot according to their functional and performance specifications (e.g., furniture and fixtures, information technology equipment), so all the vehicles that needed to be disposed of were combined into one lot, but no one tendered a bid for these items.

- 4.4 Not disposing of these vehicles has caused them to further deteriorate decreasing the value that may be recovered from sale thereof.
- 4.5 **We recommended and management agreed to fast track the disposal of the motor vehicles to avoid further deterioration of the said assets in accordance with Section 79 of PD 1445.**
5. **The payment of Bids and Awards Committee (BAC) honoraria amounting to ₱178,000.00 for four projects were paid by lot/contracts awarded and not by completed procurement projects contrary to Items 5.1 and 5.3 of Budget Circular No. 2004-5A dated October 7, 2005.**

5.1 Item 5.1 of Budget Circular No. 2004-5A dated October 7, 2005 states that “The chairs and members of the Bids and Awards Committee (BAC) and the Technical Working Group (TWG) may be paid honoraria only for successfully completed procurement projects. In accordance with Section 7 of the Implementing Rules and Regulations Part A (IRR-A) of RA No. 9184, a procurement project refers to the entire project identified, described, detailed, scheduled and budgeted for the in the Project Procurement Management Plan prepared by the agency.” (underscoring ours)

5.2 Item 5.3 of the same Budget Circular also provides that “the honoraria of each person shall not exceed the rates indicated below **per completed procurement project**:

	Maximum Honorarium rate per procurement project
BAC Chair	P 3,000.00
BAC Members	2,500.00
TWG Chair and Members	2,000.00

5.3 Analysis of the account Honoraria showed that a total of ₱178,000.00 was disbursed as honoraria to members of the BAC and TWG for projects which were sub-divided to various lots when bid out and awarded. These projects were as follows:

Projects	No. of Lot when Bid out	No. of Contracts Awarded	Total Amount of Honoraria Paid
Procurement of Various Laboratory Equipment including Furniture and Fixtures	8	3	57,000.00
NP of KSU Goat Multiplier Breeder	3	3	45,000.00
Procurement of Various CY 2021 IGI-Funded Laboratory Equipment Including Furniture and Fixtures	2	2	38,000.00
Procurement of Various Equipment Including Furniture and Fixtures for the	2	2	38,000.00

Projects	No. of Lot when Bid out	No. of Contracts Awarded	Total Amount of Honoraria Paid
Kalinga Heritage Studies & Edu-Tourism Center			
Total			178,000.00

5.4 These four projects were divided into lots when bid out to attract more bidders in case suppliers or contractors would not be able to provide them all. But the payment of honoraria to the BAC and TWG should be based on the completed procurement projects not on the contracts awarded. Moreover, post-audit revealed that the claims for the different lots/contracts awarded for the same projects have the same supporting documents attached showing that the procurement process was conducted simultaneously. Upon clarification with the BAC Chairman, he posited that there is an existing GPPB resolution that was used as their basis in paying honoraria based on lots to which the Audit team deemed it necessary to conduct further research on the GPPB web about the said resolution but to no avail.

5.5 Absent such resolution the Audit Team is of the position that there was an overpayment of ₱106,000.00.

5.6 We recommended and management agreed to stop paying honoraria based on lots and to strictly adhere with the provisions of items 5.1 and 5.3 of Budget Circular 2004-5A dated October 7, 2005.

Management Comment:

5.7 Management submitted as their legal basis for the grant of honoraria based on lots the Guidelines on the Establishment of Procurement Systems and Organizations Volume 1 specifically on page 33 of the said document.

Auditor's Rejoinder:

5.8 The Audit team thru a rejoinder maintained their position that the payment of BAC honoraria based on lots is without legal basis.

6. The University did not fully comply with various provisions on Transparency Seal in the General Provisions in the General Appropriations Act (GAA) for FY 2022 and the National Budget Circular (NBC) No. 542 dated August 29, 2012, which promote transparency and full public disclosure of government transactions, thereby depriving the public of pertinent information necessary to enforce accountability on the Officials of the Agency.

6.1 Section 102 of the General Provisions of the GAA for FY 2022 states that:

To enhance the transparency and enforce accountability, all agencies of the government shall maintain a Transparency Seal to be posted on their websites.
Xxx

The head of the agencies and their web administrators or their equivalent shall be responsible for ensuring compliance with this Section.

6.2 Section 5.4 of National Budget Circular No. 542 dated August 29, 2012, provides deficiency or delinquency in complying with the above provisions may be considered as tantamount to violation of Section 57, Chapter 6 (Budget Accountability), Book VI of the Administrative Code of 1987, without prejudice to such other liabilities, penalties and/or measures as may be undertaken to curb such non-compliance.

6.3 Verification of the University's website showed that the following minimum requirements are either not complied or partially complied with by KSU:

No.	Minimum Requirements under Section 102 of RA 11639	KSU Compliance	Audit Team Validation
1	Agency's mandates and functions, name of its officials with their position and designation, and contact information	Complied	Uploaded
2	Approved budgets and corresponding targets, immediately upon approval of this Act	Not complied	Only the 2021 reports were uploaded
3	Modifications made pursuant to the general and special provisions in this Act	Not complied	No report uploaded
4	Annual procurement plan/s and contracts awarded with the winning supplier, contractor or consultant	Partially complied	APP uploaded; Not all awarded contracts are uploaded
5	Major activities or projects categorized in accordance with the 0+10 points agenda and target beneficiaries	Partially complied	Not all awarded contracts are uploaded
6	Status of implementation, evaluation or assessment reports of said programs or project	Not complied	None uploaded
7	Budget and Financial Accountability Reports (BFARs)	Partially complied	(See other sections)
8	People's Freedom to Information (FOI) Manual signed by head of agency, Agency Information Inventory, 2020 and 2021 FOI Summary Report, and 2020 and 2021 FOI Registry	Partially complied	Only FOI Manual uploaded
9	Annual reports on the status of income authorized by law to retained or used and be deposited outside of the National Treasury, which shall include the legal basis for its retention or use, the beginning balance, income collected and its sources, expenditures, and ending balance for the preceding fiscal year	Partially complied	FAR 2 (none uploaded) FAR 5 (Q1 and Q4 not uploaded)

6.4 Further, the following requirements of various Sections of the General Provisions of the GAA have not been complied with:

General Provisions of the GAA	Requirement/s	Validation
Section 6	Quarterly reports of all trust receipts collected or received	FAR 5 (Q1 and Q4 not uploaded)
Section 7	Quarterly reports of performance bonds and deposits	Not complied
Section 8	Quarterly reports of receipts form Public-Private Partnership Projects	FAR 6 - Not complied
Section 9	Quarterly reports on income and expenditure of revolving funds	FAR 2 (none uploaded) FAR 5 (Q1 and Q4 not uploaded)
Section 12	Quarterly reports on its financial and physical accomplishments on conduct of seminar, conference, training, and oath taking programs	Not complied
Section 14	Quarterly reports on sale of non-serviceable, obsolete or unnecessary equipment	Not complied
Section 96	Audited Financial Statements, Annual Reports and narrative report stating therein a detailed description of the utilization of funds on Accounts Deposited Outside of the National Treasury	Not complied
Section 97	Report on Commission on Audit Findings and Recommendation	Not complied
Section 98	Monthly report on appropriations, allotments, obligations and disbursements of current appropriations, as well as the monthly report of disbursement	FAR 1 (Q1 not uploaded) FAR 4 (Q4 not uploaded)
Section 99	Quarterly reports on its financial and physical accomplishments	FAR 1 (Q1 not uploaded) BAR 1 (Q4 not uploaded)
Section 101	Transparency in infrastructure projects	Partially Complied

6.5 The sole purpose of sharing the government information to the public is to enhance transparency and enforce accountability on all national government agencies. The public should be informed and not be deprived of government information on transactions which may involve or benefit them.

6.6 We recommended and Management agreed to require the KSU Web Administrator to ensure full compliance with the requirements on Transparency Seal as provided in the General Provisions of the GAA and NBC No. 542 dated August 29, 2012, and, henceforth, regularly update the posting of necessary information to the KSU website on a timely manner.

Gender and Development

7. In CY 2022, the KSU utilized the amount of ₱20.524 million or 89.44% of the allocated amount of ₱22.947 million, or 6.32% of the total GAA amounting to ₱324.984 million 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).

7.1 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.*

7.2 In CY 2022, 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.

7.3 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 ₱20,524,420.06 was utilized on the following GAD activities:

GAD Activity (Actual Result)	Amount
Discussion on cyber bullying with cyber crimes is incorporated in the College Orientation Program for Criminology and Forensic Science students	23,150.00
Gender-sensitive parenting was conducted to the parents of the Laboratory High School students	72,560.00
Conducted training-workshop entitled “Power Up! Transformational Leadership Engagement and Reinforcement of Values: Molders of Nation Builders”	162,635.00
Conducted capability building on bamboo propagation, bamboo plantation management and livelihood opportunities on bamboo production	125,000.00
Conducted extension trainings and seminars to both men and women on gender issues: Violence against Women and their Children Child Abuse	135,775.00
Conducted of Gender and Development (GAD) learning sessions to personnel both old/new	340,957.00

GAD Activity (Actual Result)	Amount
Conducted Seminar-Training on GAD principles and gender fair language	8,376.99
Integration of gender perspective in the syllabi of teachers	440,258.54
Conducted learning sessions for KSU employees	762,685.00
Proposed and conducted research on gender topics	70,000.00
Construction Livestock R and D-Native Animals Nucleus Herd Center	16,592,688.00
KSU Extension Program Projects and Activities	1,775,334.53
TOTAL	₱20,524,420.06

- 7.4 Per evaluation of the Audit Team, the above accomplishments were all GAD-related activities.
- 7.5 **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.**
- 7.6 We have recommended and Management agreed to continue its compliance with the laws, rules and regulations on GAD.

Compliance with Tax Laws

8. In CY 2022, 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 ₱33.952 million.

- 8.1 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).”*
- 8.2 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.
- 8.3 For CY 2022, the University withheld taxes in the amount totaling ₱29,696,730.86 and remitted the amount of ₱33,952,579.56 with a balance of ₱1,525,690.50 which was consequently remitted in January 2023.

Compliance with Government Service Insurance System Laws

9. 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.

9.1 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”.*

9.2 For CY 2022, the University withheld premiums and other contributions totaling ₱29,155,861.56 and remitted the total amount of ₱29,070,258.91 to the GSIS, with a balance of ₱198,219.51 which was consequently remitted in January 2023.

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

10. 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.

10.1 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”

9.3 For CY 2022, the University withheld premiums and other contributions totaling ₱6,154,784.37 and remitted the total amount of ₱6,137,884.70 to the HDMF/Pag-IBIG with a balance of ₱24,483.83 which was consequently remitted in January 2023.

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

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

11.1 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”

11.2 For CY 2022, the University withheld premiums totaling ₱2,707,492.80 and remitted the total amount of ₱2,710,281.81.

Suspensions, Disallowances and Charges

12. The Statement of Audit Suspensions, Disallowances and Charges (SASDC) which summarizes the total suspensions, disallowances, and charges as of December 31, 2022, showed a balance of ₱2.103 million.

12.1 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.

12.2 Statement of the Audit Suspensions, Disallowances and Charges (SASDC) as of December 31, 2022, shows a total suspensions and disallowances in the amount of ₱0.00 and ₱2,103,456.40, respectively, details are as follows:

	Suspensions	Disallowances
Beginning Balance, 01/01/2022	₱ 0.00	₱ 2,557,924.74
Add: January to December, 2022	0.00	65,431.66
Total	₱ 0.00	₱ 2,576,403.42
Less: Settlements made	0.00	519,900.00
Ending Balance, 12/31/2022	₱ 0.00	₱ 2,103,456.40

12.3 The ₱2,103,456.40 disallowed balance includes the amount of ₱657,100.00 which was already issued a COA Order of Execution (COE) and recorded in the books of account of the University.

12.4 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.