

Philippine State College of Aeronautics
Agency Action Plan and Status of Implementation
Audit Observations and Recommendations
For the Calendar Year 2018

AGENCY ACTION PLAN and STATUS of IMPLEMENTATION									
Ref.	Audit Observations	Audit Recommendations	Agency Action Plan				Status of Implementation	Reason for Partial/Delay/Non-Implementation, if applicable	Action Taken/Action to be Taken
			Action Plan	Person/Dept. Responsible	Target Implementation				
From	To								
AAR 2018 page 37	(1) Audit of the PhilSCA's financial statements disclosed five misstatements in the total amount of Php 148,043,635.16, three of which are considered to be material which affect the fair presentation of the financial statements.	We recommended that the Management: (a) promptly prepare and submit Billing Statement to CHED for the 1st Semester of AY 2018-2019; (b) require the Accountant to prepare necessary entries for the recognition of receivables in the books; and (c) submit an explanation as to why the balance of Php 112,800.00 for Ay 2017-2018 was not reimbursed by the CHED.		UNIFAST Committee headed by the VPAA	2018	2019	Implemented		The AY 2018-2019 billing was submitted to CHED subject to some corrections noted by the UNIFAST. The billing for the 1st Semester was submitted last December 2018, through progress billing wherein Php 49,966,395.00 was released and received by the College on February 18, 2019, as certified by the LBP dated March 1, 2019. The second billing was submitted to the UNIFAST on January 24, 2019 in the amount of Php 51,149,442.00. To avoid cross-over of billing, the College requested and which the BOT has approved, the change in the School Calendar from the traditional June-October (1st Semester) and November-March (2nd Semester) to become August-December (1st Semester) to January-May of the following year (2nd Semester) starting Academic Year 2019-2020.
AAR 2018 page 39	(2) Due from NGAs - CHED and School Fees accounts were both accounts were both understated by Php 118,276,920.00 due to the non-submission/delayed submission of Billing Statement to CHED for the reimbursement of tuition and other related fees for the 1st Semester, Academic Year 2018-2019 which is not in accordance with Republic Act (RA) No. 10931 hence receivable from CHED was not recognized.								
AAR 2018 page 41	(3) Delivered Flight Simulator and its incidental costs were not recognized in the books, thus understand the Property, Plant and Equipment (PPE) account by Php 8,041,233.16. Moreover, the corresponding fund transfer to DBM-Pocurement Service (PS) was not credited upon its delivery thereby overstating the Due from NGAs-DBM-PS account by Php 7,999,680.00.	We recommended that the Management: (a) instruct the Accountant to recognize in the books the purchased Flight Simulator together with its incidental costs; and (b) adjust the accounts Due from NGAs - DBM - PS and Repairs and Maintenance - Building and Other Structures accordingly.		Accounting Department	2018	2019	Implemented		The Accounting Department has made the necessary adjustment under G J 2019-01-001 as of January 31, 2019.
AAR 2018 page 45	Deficiencies were noted in the property accounts of PhilSCA - Basa Air Base (BAB) Campus amounting to Php 16,455,112.09 as per BAB Campus - Supply Office Report on the Physical Count of PPE (RPCPPE)due to: a) erroneous classification to the Building account of propoerties amounting to Php 306,202.00 which is not in accordance with the Revised Chart of Account (RCA), Chapter 3, Volume III of the GAM for NGAs; b) constructed perimeter fence by the Department of Public Works and Highways (DPWH) thru a fund transfer not recognized in the books in the amount of Php 1,000,000.00; c) unserviceable properties still carried in the books; and d) donated motor vehicle not recognized in the books due to transfer of ownership but still not completed which is not in accordance with Chapter 10, Volume I of GAM for NGAs, which affected the fair presentation of the account.	We recommended that the Management: (a) require the Accountant to properly reclassify properties to appropriate accounts such as Other Land Improvements or other related account; (b) require the liquidation of the fund transfer for the construction fo the perimeter fence, Phase I together with necessary documentation as basis for recognition in the books; (c) instruct the Property Unit to preare IIRUP for idle, unserviceable and fully depreciated PPEs; and (d) furnish the Audit Team a copy of the Memorandum of Donation and work out for the transfer of ownership of the Motor Vehicle acquired thru donation.		Accounting Department; BAB Campus Director	2018	2019	Implemented		The Accountant Department complied already under JEV The DPWH returned the remaining amount with OR number 0597437 amounting to Php 14,726.40 dated September 10, 2018. Prof. Alegado provided the College the documents pertaining to Motor Vehicle donation. The College furnished the COA of the same document for verification and comment on April 22, 2019. As observed, the vehicle is registered under the name of the Provincial Government of Pampanga. It was suggested that prof. Alegado write the Office of Gov. Pineda thanking her of the donation and inform them on the removal of her name in the vehicle and change to "Local Government of Pampanga" to avoid conflict with the law. If the vehicle will be immediately transferred in the name of the College, the need for re-registration, the decision of the College to be more advantageous is to wait for a year to register it in the name to the College to save money and effort. (Date of Registration: 06/06/2018 and will expire: 06/06/2019)

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AAR 2018 page 48	Refund of tuition fees collected amounting to Php 21,286,780.00 were erroneously recognized as other Maintenance and Operating Expenses (5-02-99-990-00) instead of adjustment/deduction from School Fees Account, thereby resulted in an overstatement of both accounts.	We recommended that the Management instruct the Accountant to make the necessary adjustments to correct the books for fair presentation of the FS.		Accounting Department	2018	2019	Implemented		The Accounting Department has made the necessary adjustment under G J 2019-01-001 as of January 31, 2019.
	Payment of honoraria amounting to Php 132,500.00 were recorded as Travelling Expenses (5-02-01-010-00) instead of Honoraria (5-01-02-100-01), thus overstating the Travelling Expenses and Understating the Honoraria accounts by the same amount.	We recommended that the Management instruct the Account to adjust affected accounts in accordance with the definitions and other events, and recognition criteria for assets, liabilities, revenue, and expenses set out PPSAS and Chapter 3, Volume III of the GAM for NGAs.		Accounting Department	2018	2019	Implemented		Adjusted.
AAR 2018 page 49	The Collecting Officer (CO) does not deposit intact all her collections with Authorized Government Depository Bank (AGDB) daily or not later than the next banking day which is not in conformity with laws and rules provided in the Revised Cash Examination Manual and may expose the collections to probable risk of loss.	We recommended that the Management: (a) require the Accountable Officer (AO) to abide with laws and rules provided in the Revised Cash Examination Manual to deposit intact all their collections; and (b) justify why collections were deposited intact.		BAB Campus Director	2018	2019	Implemented		BAB Campus: Prof. Alegado explained that during the period covered in the AOM, no service vehicle was available causing the untimely deposit of collections. As of the present, with the donated vehicle, the CO is given priority of its utilization for deposit. As a matter of fact, the College President asked the Campus Director to submit a report of liquidation of all Cash Advances and Petty Cash Fund Replenishment (March 5, 2019). The College furnish the COA of the same documents for verification and comment, April 22, 2019.
AAR 2018 page 50	The designate Personnel-In-Charge of the Collecting Office does not maintain Cashbook/Cash Receipts Record as required in Volume II of GAM for NGAs and was not able to produce/present the unused accountable forms (Official Receipts) upon demand, which is not in conformity with laws and rules provided in the Revised Cash Examination Manual.	We recommended that the Management: (a) require the Personnel-In-Charge, Collecting Office/AO to abide with the rules and regulations on the use of the prescribed records such as Cashbook/CRR required in maintaining the Fund; (b) properly designate a person that will be responsible for the safekeeping of records and is regular employee of the agency; and (c) require the AO to submit a justification/explanation why it was the Contract of Service (COS) personnel who know the combination of the vault.		President; Campus Director	2018	2019	Implemented		The Office of the President issued a Memorandum to all concerned: * Prof. Felix L. Alegado, Dr. Rosana Elegino, Engr. Apolinario Alterado & Ms. Redenta Ramos
AAR 2018 page 51	Of the cash advance granted to the two (2) Special Disbursing Officer (SDOs) totaling Php 133,400.00, Php 7,171.47 remained unliquidated per books as of December 31, 2018, even though the purpose has been served, which is not in conformity with COA Circular No. 2012-001 dated June 14, 2012 and resulted in the understatement of various expense accounts. Also, the SDO did not use Cash Disbursements Register (CDReg) as required in Volume II of GAM for NGAs and was not able to produce the cash advance balance of Php 7,171.47 upon demand, which is not in conformity with laws and rules provided in the Revised Cash Examination Manual.	We recommended that the Management: (a) instruct the SDO/AO to abide with the reules and regulations on the use of the prescribed records such as CDReg; and (b) submit justification/explanation why the AO transferred his cash advance or why he allowed his name to be used as AO			2018	2019	Implemented		As per recommendation of the Accounting Department, the concerned individual was asked to Return to Cash Advance the amount Php 7,171.47. The Office of the President issued an instruction as advised.
AAR 2018 page 53	Deficiencies were noted on various disbursements for PhilSCA - Board of Trustees (BOT) meetings such as lack of sufficient and relevant documentation to properly evaluate the transaction and/or establish validity of claim as required under the General Requirements for All Types of Disbursement, COA Circular No. 2012-001 dated June 14, 2012, and erroneous classification of accounts which is not in accordance with the Revised Chart of	We recommended that the Management: (a) require the Board Secretary to submit relevant documents in relation to BOT meetings that effect the validity of the financial transactions as prescribed in 5.7.3, COA Circular No. 2012-001 on Honoraria, Governing Boards f Collegial Bodies.		Disbursing Officer; Board Secretary	2018	2019	Implemented		The College already submitted the required documents dated April 22, 2019 to the Office of the Resident COA.

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	Accounts, Chapter 3, Volume III of the GAM for NGAs and PPSAS No. 1 - Presentation of Financial Statements	(b) require the Disbursing Officer/concerned employees to submit necessary documents to support the liquidations.						
AAR 2018 page 55	<p>Deficiencies were noted in the operation of the IGP:</p> <p>A. PhilSCA-Mactan Benito Ebuen Air Base (MBEAB) Campus such as:</p> <p>(a) income/collection from sale of items were not remitted to the Collecting Office but instead retained in the hands of the IGP Coordinator, thus, exposed funds to risk of loss or misuse;</p> <p>(b) Reports on Summary of Income were not prepared;</p> <p>(c) the IGP Coordinator was not bounded contrary to the provision of Treasury Circular No. 02-2009 dated August 6, 2009;</p> <p>(d) inventory of items were not recorded in Stock Cards (SC), contrary to Appendix 58, Volume II of GAM for NGAs; and</p> <p>(e) no collections from rental for the usage of spaces of three canteens were reported.</p> <p>B. PhilSCA - BAB Campus such as:</p> <p>(a) rental fees charged to various lesees for the use of space had no standard rate or charges were not uniform resulting in lesser income to the college from favored lessees; and</p> <p>(b) revenue from rental of IGP were not properly monitored, thus the absence of updated contracts with lessees and income earned from rentals were not promptly collected.</p>	<p>We recommended that the Management:</p> <p>(a) furnish the COA Office of a copy of the standard policies on:</p> <ul style="list-style-type: none">* revenue generation involving the operation of Auxiliary Services, land utilization and other physical assets of the Campuses; and* operation and management of all income generating structures, facilities and equipment such as grounds, gym/covered court, building, cafeteria, guestel, stall/concessionaires, water, electricity, vehicles and other related structres, facilities and equipment, applicable for all Campuses.(b) establish standard guidelines on rental of space and facilities to serve as basis for preparation of contracts and to avoid doubts of questionable negotiations or arrangements with lessees; <p>(c) for PhilSCA -MBEAB Campus:</p> <ul style="list-style-type: none">* require the IGP Coordinator to prepare and submit a true report on the actual inventories on hand as well as the amount due to the creditors at the time of assumption in order to arrive at the actual inventories, amount due to creditors, actual sales and income earned from the IGP operations at phiISCA-MBEAB Campus;* require the IGP Coordinator to remit the collection made from sale of various school paraphernalia to the collecting office;* insure the IGP Coordinator with the Fidelity Fund;* require the IGP Coordinator to maintain SCs of the school peripherals for sale;* require the IGP Coordinator to submit Reports on Summary of Income from sale of school peripherals, and regularly furnish a copy to the COA Office;* set up a Revolving Fund for the operation of the IGP program (sales of school peripherals); <p>(d) for PhilSCA - BAB Campus</p> <ul style="list-style-type: none">* submit copies of contracts of the two lessees;*collect unpaid rent and electricity and water bills; and	<p>Coordinate properly to MBEAB Campus, Wing Commander and to other stakeholders</p>	<p>IGP Director; Resource Generation Development Committee (RGDC); Supply Office; Inventory Committee</p>	<p>2018</p> <p>2020</p>	<p>Partial Implemented</p>	<p>the existing policy is no longer adoptive to new policy on IGP as issued by CHED & DBM</p> <p>on-going crafting of IGP procedures.</p>	<p>As a corrective measures, the Resource Generation Development Committee (RGDC) was reconstituted during the Joint Academic and Administrative Council Meetings held on July and November 2018.</p> <p>On-going crafting of policy on income gerating projects and programs</p> <p>Meeting already conducted</p>

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		(e) instruct the Accountant to prepare the necessary adjusting entries to correct the books on the collections from electricity and water bills as deductions from expenses.							
AAR 2018 page 62	PhilSCA did not allocate budget for research programs, projects and activities, contrary to Section 8, Article III of the CHED Memorandum Order No. 20, series of 2011 dated August 4, 2011, which requires State Universities and Colleges (SUCs) to allocate ten percent (10%) of tuition fees after deducting allowance for college wide common administrative costs. Furthermore, Php 1,600,000.00 research funds approved by the BOT in CYs 2012 and 2013 remained idle for more than five to six years, hence, defeated the goals and objectives of the College to be the center for research and advanced studies in the field of aeronautics.	We recommended that the Management: (a) allocate budget for research services in compliance with Section 8, Article III of the CHED Memorandum Order No. 20 series of 2011; (b) instruct the RDC for the implementation of the approved research proposals; and (c) require the RDC to coordinate with the Finance Office for the release of BOT - approved funds for implementation of the said research proposals based on the re-entry plan according to the Agency process on research funds.		Research Director; Budget Office	2018	2019	Implemented		(a) 2018-2019 - papers were presented through IHERF despite not funded by the Institution; collaboration with the students; (b) Ferrer and mansujeto international travels in 2018; Japan ICAEA presentation in May 2019 (c) Research and Development Council was constituted lately in line with the funding given in the new Research Agenda. (d) included in the PRE 2019 specific budget for Research.
AAR 2018 page 67	PhilSCA was able to deliver two activities which seeks to identify corresponding interventions for each gender issue that the Agency commits to address in compliance with DBM-NEDA-PCW Joint Circular No. 2004-1 dated April 5, 2004, wherein agencies are tasked to formulate a Gender and Development (GAD) plan.	We recommended that the Management assign responsible unit and official to initiate the formulation and implementation of plans, program and projects to address the concerns of SCs and PWDs.	Issued Special Order for GAD Focal Person	GAD Focal Person	2018	2019	Implemented	Attributed to all other activities.	(a) Conduct Conference on Gender Sensitivity. Conference was schedule in cooperation with PAGDAI (b) GAD Focal Point System Special Order was released dated 15 October 2019
AAR 2018 page 68	The PhilSCA did not allocate from its approved budget nor prepare/formulate corresponding plans, program and projects to address the concerns of the Senior Citizen (SC) and Persons with Disability (PWDs) in the College, contrary to Section 31 of the General provisions of RA No. 10964, the GAA for FY 2018.								
AAR 2018 page 69	For CY 2018, the Agency has faithfully deducted from the salaries of its personnel the required taxes and premiums and remitted total taxes of Php 2,295,677.34 and GSIS deductions of Php 15,441,657.00 as well as the government share within the prescribed period to the concerned institutions or agencies below.	We recommended that the Management require the concerned persons determined responsible/liable to immediately settle their suspensions and disallowances in accordance with the 2009 RRSA.	Continously follow - up to concern individual for compliances.	Accounting Department	2018	2019	Partial Implemented	on-going compliance to NS/ND	responsible person/individual were instructed to comply. Compliance is on - going

AGENCY SIGN-OFF

DR. ROWENA S. NAVERA
Vice President for Admin and Finance

Date

APPROVED BY:

PROF. MARIWIN M. DELA CRUZ, Ph.D.
President

Date