



Republic of the Philippines  
**PHILIPPINE STATE COLLEGE OF AERONAUTICS**  
PICCIO GARDEN, VILLAMOR, PASAY CITY

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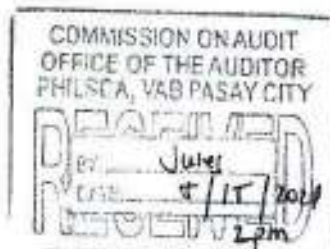
Good day!

Submitted herewith is the updated PhilSCA Agency Action Plan and Status of Implementation (AAPSI) for CY 2022 and Prior Years' Audit Observations and Recommendations for your information and reference purposes.

Please acknowledge receipt of this letter.

Thank you.

**DARBY P. ESPERANZATE, MPA**  
Vice President for Administration and Finance



Philippine State College of Aeronautics  
**AGENCY ACTION PLAN AND STATUS OF IMPLEMENTATION (AAPSI)**  
**AUDIT OBSERVATIONS AND RECOMMENDATIONS**  
PRIOR YEARS CY 2022

Reference	Audit Observations	Audit Recommendation	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 CY 2022 page 50-56	<p><b>Accounting Errors and Improper Accounting Treatment of Transactions – P14,152,487.08</b></p> <p>Of the total misstatements of P135,762,992.76 found in audit due to accounting errors, omission and improper accounting treatment of transactions that are considered departures from the International Public Sector Accounting Standards (IPSAS), P121,610,505.68 had been adjusted, while P14,152,487.08 remained uncorrected as at year-end. Hence, based on the material impact of the said uncorrected misstatements, the reported balances of the affected accounts could not be relied upon which affect the fairness of presentation of the said balances in the financial statements (FSs) of the Philippine State College of Aeronautics (PhlSCA) as of December 31, 2022.</p>	<p>We recommended and Management agreed to require the:</p> <p>a) Supply/Property Office to submit to the Accounting Unit the RIS and ICS for all supplies and expandable tangible items issuances; and</p>		Property / Supply Office	2023	2024	Implemented		<p>The Property Office has provided the COA the Monthly Report of Supplies &amp; Materials issued containing the RIS / ICS of items. The Accounting Office has also a copy of the MRSMI.</p>

<p>a.1 Unrecorded issuances of Inventories – P2,132,943.01</p> <p>a.2 Erroneous recording of returned/undelivered Semi-Expandable Furniture and Fixtures – P87,250.00</p> <p>a.3 Erroneous reclassifications of items that were previously classified as PPE – P2,695,555.84</p> <p>b.1 Unrecorded cost of transferred/donated buildings – P11,274,115.98</p> <p>b.2 non-derecognition of transferred PPEs to the PAF – P1,563,673.43</p> <p>b.3 Erroneous computation of depreciation – P1,115,329.13</p>	<p>b) Accounting Unit to effect the necessary adjusting entries to reflect the accurate balance of the affected inventory and the related accounts.</p>	Accounting Unit	2023	2024	Implemented	Adjusting entries were already taken up by the Accounting Unit for evaluation of the Audit Team.
	<p>We recommended and Management agreed to instruct the Accounting Unit to:</p> <p>a) Coordinate with the Property Unit to provide the necessary documents and recognize in the books the cost of donated buildings and equipment;</p>	Accounting and Property Unit	2023	2024	Implemented	<p>The Accounting Unit already recognized in the books the donated assets according to the zonal value of Cuenca, Batangas proposed extension campus site.</p> <p>“A”</p>
	<p>b) Derecognize the remaining properties located at the old site of FAB Campus in accordance with relevant documents such as Property Transfer Report (PTR); and</p>	Accounting, FAB Campus Dir., and Property Unit	2023	2024	Implemented	<p>The Accounting Unit derecognize the properties of FAB Campus at the old site based on the Certificate secured from the owner, the FAB High School.</p> <p>“B”</p>
	<p>c) Correct the computation of depreciation and effect the necessary adjustments on the affected accounts.</p>	Accounting	2023	2024	Implemented	<p>Necessary adjustment on depreciation was effected by the Accounting Unit.</p>



	<p><b>Liabilities</b></p> <p>c.1 <i>Erroneous recording of subsequent year remittance of taxes – P360,190.28</i></p> <p>c.2 <i>Erroneous recording of payment of penalties due to late remittances of taxes – P281,434.53</i></p>	<p>We recommended and Management agreed to:</p> <p>a) Instruct the Accounting Unit to reconcile the monthly Summary of Tax Withheld (STW) prepared by the remitting personnel with amounts in the General Ledger (GL) of Due to BIR account prior to remittance to ensure accurate reporting and amount of remittances;</p> <p>b) Strictly enforce remittance of taxes withheld within the prescribed period as provided by the law; and</p> <p>c) Prepare the adjusting entries to revert the erroneous entries to revert the erroneous entries in the Due to BIR account.</p>		Accountant	2023	2024	Implemented		<p>Overtaken by event due to issuance of AOM No. 2024-06 re: compliance with Tax Laws. Accountant will work back on the noted differences from prior years up to the present period.</p> <p>Accountant has strictly enforced the remittance taxes withheld within the prescribed period.</p> <p>Accounting office has prepared the adjusting entries for the evaluation of the Audit Team for accounts that they have already traced.</p>
AAR CY 2022 page 56 – 65	<p><b>Accounting Deficiencies Affecting the Reliability of Account Balances</b></p> <p>Accounting Deficiencies were noted, specifically unreconciled and unsubstantiated balances resulting from the absence or an inadequacy of record and/or schedules/documents, which affected some accounts to the extent of</p>	<p>We recommended and Management, thru Accounting Office, agreed to:</p> <p>a) Determine the nature of the unknown deposits per bank under Payroll Fund and STF accounts and record in the books, if warranted by the circumstances; those allowed to be temporarily retained for</p>		Accountant	2023	2024	Implemented		<p>For the evaluation of the Audit Team the recently submitted BRS for the Payroll and STF accounts in response to COA AOM, 2024-13 dated April 23, 2024, overtaken by audit recommendation under (b) and (c.)</p>

<p>P348,952,944.92, thereby, the reported balances of the accounts affected could not be fully relied upon.</p> <p>a. <i>Unauthorized retention of Payroll Fund – P137,678.53</i></p> <p>b. <i>Unreconciled balance per books as compared to confirmed balance per bank – P20,887,080.95</i></p>	<p><b>specific purpose/activity should be closely monitored and any unutilized/unsupported balances should be deposited to the National Treasury;</b></p> <p><b>b) exert effort to account for the unreconciled difference of P20,887,080.95 and maintain supporting schedules to support the adjustments; and</b></p> <p><b>c) Regularly submit the monthly BRS and update the SLs in accordance with Section 74 of PD 1445</b></p>		Accounting Unit	2023	2024	Implemented		Overtaken by issuance of PhilSCA AOM No. 2024-23 (2023) dtd. 4-23-2024 re: Audit of Cash in Bank, LCCA.
<p><b>Inventories:</b></p> <p>a. <i>Purchase of inventories recorded as outright expenses – P2,524,430.65</i></p> <p>b. <i>Prior year's undocumented adjustments – P622,371.99</i></p> <p>c. <i>Non-moving balances – P1,904,520.75</i></p> <p>d. <i>Incomplete conduct of physical count and delayed submission of RCPI for semi-expendable inventories</i></p>	<p><b>We reiterate our prior year's audit recommendation and Management, thru the Accounting and Supply Office, agreed to:</b></p> <p>a) Record all purchases and receipts of supplies as debit to Inventory accounts and charge the same to the appropriate expense account only upon issuance to end-users following the Perpetual Inventory System, except for supplies and materials purchased out of Petty Cash Fund for immediate</p>		Accountant	2023	2024	Implemented		Overtaken by issuance of PhilSCA AOM No. 2024-23 (2023) dtd. 4-23-2024 re: Audit of Cash in Bank, LCCA.
			Accounting Unit	2023	2024	Implemented		Overtaken by COA issuance of AOM No. 2024-12 with regard to Inventories' account with similar findings. The response and action made by Accounting and Supply Units is for the Audit Team's evaluation for substantial compliance.

	e. Non-maintenance of forms, registries, and various source documents	use or on emergency cases;  b) Substantiate the recorded adjustments of inventory accounts and submit the report to the Office of the Auditor; otherwise, reverse the prior year's recorded adjustments;  c) Immediately validate the existence and consequent issuances, if any of the inventories;  d) Require the Supply Office to conduct timely and complete physical count of inventories and prepare/submit the RPCI complete with the needed data/information, not later than July 31 and January 31 of each year; and  e) Require the Accounting and Property Office to maintain and keep file copies of the required forms, reports, and registries, as well as attached copies of original source documents as JEV's supporting documents.		Accounting Unit	2023	2024	Implemented		The Accounting Unit has adjusted the account according to the bookkeeping staff with supporting documents. "C"
				Supply Office	2023	2024	Implemented		Supply/Property Unit maintains stock cards and prepares RMSMI.
				Accounting and Property Unit	2023	2024	Implemented		The Accounting and Property Offices are already maintaining and keeping file copies of these documents.
				Accounting and Property Unit	2023	2024	Implemented		The Accounting and Property Offices are already maintaining and keeping file copies of these documents.
	<b>Property, Plant and Equipment</b>  a. Misclassifications of accounts within the PPE accounts group – P309,210.58	<b>We recommend and Management agreed to:</b>  a) Require the Accountant to make the necessary adjusting journal entries to reclassify the affected		Accounting Unit	2023	2024	Implemented		The Accountant and Supply Officer made the necessary



<p>b. Unreconciled differences between the FS and RPCPPE – P310,790,296.11</p> <p>c. Non-provision of depreciation of Office Equipment – P3,242,027.50</p> <p>d. Unreconciled PPE balances between PPELC and FS – P1,990,431.00</p>	accounts within the PPE accounts;						reconciliation/action such as JEVs with supporting documents, request for write-off and consultation with the Audit Team member so as to comply similar findings under COA AOM No. 2024-08 on PPE. "D"
	b) Instruct the Accounting and Property Office to reconcile their records in order to identify the proper classification and description of the PPE items;	Accounting and Property Unit	2023	2024	Implemented		Accounting and Property Units are reconciling their PPE records. Both of these offices have representation in the Inventory Committee in the preparation of RPCPPE. "E"
	c) Instruct the Property Unit to determine the value and ownership of the donated three parcels of land and submit to the Accounting Unit pertinent supporting documents, such as the Deed of Donation for the three donated parcels of land for proper booking;	Property Unit	2023	2024	Implemented		The Property Unit in coordination with campus officials, has submitted to Accounting Unit the Deed of Donation for the donated parcels of land for proper booking. "F"
	d) Instruct the Accountant to recognize depreciation for items donated by Megaworld; and	Accounting Unit	2023	2024	Implemented		Accounting has recognized depreciation for items donated by Megaworld. "G"
	e) Instruct the Accounting Unit to account for the unreconciled difference of the reported amount between the PPELC and FS.	Accounting Unit	2023	2024	Implemented		Accounting Unit has already accounted the unreconciled difference of the reported amount. "H"

	<b>Inter-Agency Payable</b>  a. Unaccounted prior years' balances – P991,927.79	We recommended and Management, thru the Accounting Unit, agreed to exert extra effort to analyze and identify the unaccounted prior years' balances and maintain SL of the controlling accounts to establish the validity of the amounts in the Statement of Financial Position.	Accounting Unit	2023	2024	Implemented		The Accounting Unit agreed to exert extra effort in identifying the unaccounted prior years' balances.
	<b>Accounting Deficiency</b> <b>Control</b>	We recommended and Management, through the Accounting Unit, agreed to reconcile the account balances with noted discrepancies and prepare adjusting entries, as necessary.	Accounting Unit	2023	2024	Implemented		For evaluation of the Audit Team the adjusting entries prepared by the Accounting Unit.
AAR CY 2022 Page 65-68	<b>Utilization of the Budget under the General Appropriations Act (GAA)</b>  Of the total allotments received in CY 2022 amounting to P322,275,161.41, the amount of P309,370,130.48 or 96 percent was obligated by PhilSCA, leaving an unobligated balance of P12,905,030.93, or equivalent to a marginal percentage of four percent as at year-end, which was largely attributed to unutilized allotments for MOOE and PS. While the absorptive capacity of the College for its Regular Agency Fund (RAF) is generally commendable, several operational lapses in	We recommended and Management agreed to:  a) Intensify the filling up of unfilled plantilla positions for teaching and non-teaching personnel through publication of the vacant positions;  b) Maximize the utilization of the allotments received within the period of its validity to ensure that the optimum results and benefits derived from the funds would be realized;  c) Promptly coordinate with the concerned College project proponents/focal person about the submission of necessary	HRMPSB / FSB /HR	2023	2024	Implemented		Several plantilla positions for teaching and non-teaching personnel already filled up. Continuous hiring of CY 2024 remaining vacancies by the FSB & HRMPSB.
			BAC / Procurement / Budget	2023	2024	Implemented		Overtaken by COA Audit Team's issuances of AOM No. 2024-10 on the subject of Budget Utilization, the response of which was received by the Audit Team.
			Budget Office	2023	2024	Implemented		Overtaken by COA Audit Team's issuances of AOM No. 2024-10



	its planning, utilization and monitoring were observed such as the absence of detailed Work and Financial Plan (WFP), Annual Procurement Plan (APP) and Procurement Monitoring Report (PMR), which limited the Audit Team in identifying the utilization for specific Projects/Programs/Activities (PPAs); and significant amount of unreleased appropriations of P218,523,206.00 or 42.03 percent, thus, the foregone operational benefits to stakeholders.	reports and documentary requirements to the DBM, to ensure the effective and efficient utilization of funds intended for its planned PPAs; and  d) Come up with a catch-up action plan including interventions on the programs with unutilized/underutilized allotments in FY 2022.		BAC / Budget	2023	2024	Implemented		on the subject of Budget Utilization, the response of which was received by the Audit Team.  Overtaken by COA Audit Team's issuances of AOM No. 2024-10 on the subject of Budget Utilization, the response of which was received by the Audit Team.
AAR CY 2022 Page 69-73	<b>Underutilized Special Trust Fund (STF)</b>  The College had unutilized budget of P336,870,192.00 for the STF, which is 79.83 percent of the total budgeted revenue of P422,003,500.00 for CY 2022, resulting from over-budgeting and non-implementation of PPAs within the budget year, hence the lost opportunity of improving its operation as well as forgone economic benefits for its students, faculty, and personnel realizable from the utilization of the programmed funds for Higher Education Programs (HEP)	<b>We reiterated our prior years' recommendation and Management agreed to:</b>  a) Consider scaling down the annual; budget of the College to reflect only current needs and assess its capability to disburse to maximize the utilization of the STF for the effective implementation of planned programs/projects;  b) Instruct the Budget Office to maintain a separate RBUD by MFO or PPA for MOOE and identify the object of expenditure of each PPAs in the PRE;  c) Instruct the BAC Secretariat to complete the details in the APP and PMR; and		Budget / VPAF	2023	2024	Implemented		Overtaken by Audit Team's issuance of AOM No. 2024-11 on the subject on STF Utilization. The response of the College was received by the Audit Team.
				Budget Office	2023	2024	Implemented		Overtaken by Audit Team's issuance of AOM No. 2024-11 on the subject on STF Utilization. The response of the College was received by the Audit Team.
				BAC Secretariat	2023	2024	Implemented		BAC Secretariat has already took note the instruction to complete the APP details and PMR.

		d) Require the BAC Secretariat to submit to the GPPB the PMR report within 14 calendar days after the end of each semester and adhere to the required posting of the report in the College's website		BAC Secretariat	2023	2024	Implemented		BAC Secretariat has already took cognizance of his duty in the submission of PMR to GPPB and the required posting in the College's website.
AAR CY 2022 Page 73-78	<b>Non-compliance with RA No. 9184 and its Revised Implementing Rules and Regulations (IRR)</b>  Non-adhere to certain provisions of RA No. 9184 and its Revised IRR in the procurement of ten projects or services in the total amount of P9,188,769.49 cast doubts on their properties and regularity and defeating the purpose of the law on transparency, competitiveness, and accountability.	<b>We recommended and Management, through the BAC agreed to:</b>  a) Submit the approved APP, PPMP and ABC as required under the 2016 Revised IRR of RA No. 9184;  b) Ensure the propriety and completeness of the required planning documents before the conduct of any procurement activities;  c) Ensure that proper and complete instructions are given to the bidders so that the compliances to various requirements will not left to their discretion; any amendment to contracts shall be made in writing signed by the College and the Contractor/Supplier;  d) Submit the lacking documents and provide written justification on the noted deficiencies in the		BAC / Management  BAC / Management  BAC / Management  BAC / Management	2023  2023  2023  2023	2024  2024  2024  2024	Implemented  Implemented  Implemented  Implemented		Several infrastructure projects of the College that were suspended in audit by the previous Audit Team have already been resolved and settled. Please refer to the SASDC and NSSDCs recently issued. Except for the Notice of Disallowance due for action from responsible units involved under COA NO# 2024-01 (2020) for the drainage/sewerage project during the pandemic.  - do -          - do -

		supporting documents and the timely award and acceptance of the work orders;						
		e) Exercise caution and prudence in the examination and evaluation of bids to erase doubts in the fairness in awarding of contracts;	BAC / Management	2023	2024	Implemented		The BAC has already complied for evaluation of the Audit Team.
		f) Coordinates with the College Website Administrator in posting the ITB, SBB, and other required documents, and for future contracts, abide with the posting of requirements as prescribed in the IRR;	BAC / Management	2023	2024	Implemented		The BAC has already complied for evaluation of the Audit Team.
		g) Properly evaluate key personnel capacities in technical documents for efficient project implementation, specially for single contractors with overlapping multiple schedules;	BAC / Management	2023	2024	Implemented		Changes as to the composition of the BAC, TWG and BAC Secretariat were effected already with the issuance of office orders from management. "IT"
		h) Submit the documents for request of contract extension and the basis in reduction of contract duration as required under the 2016 revised IRR of RA 9184 and COA Circular No. 2009-001 dated February 12, 2009; otherwise, impose the necessary liquidated damages;	BAC / Management	2023	2024	Implemented		The BAC has complied with the requirement and has imposed liquidated damages.



		<p>i) Ensure the withholding of ten (1) percent retention money for each progress billings for infrastructure projects; and</p> <p>j) Procure common use supplies from DBM-PS except when the needed supplies are not available in the DBM-PS or in cases of unforeseen contingency, which requires immediate purchase. Procurement from suppliers aside from the DBM-PS should be supported with CNAS issued by the DBM-PS</p>		<p>BAC / Management</p> <p>Supply / Property Unit Procurement / BAC</p>	<p>2023</p> <p>2023</p>	<p>2024</p> <p>2024</p>	<p>Implemented</p> <p>Implemented</p>		<p>The management, thru the BAC, has complied with the audit finding for evaluation of the Audit Team.</p> <p>The Supply and Procurement Units only procure available common use supplies from DBM-PS virtual store except during unforeseen emergency cases which require immediate purchase.</p>
<p>AAR CY 2022 Page 78-79</p>	<p><b><i>Non-/delayed/deficient submission of perfected contracts and Work Orders (WOs) and its supporting documents</i></b></p> <p>Copies of ten perfected contracts/work orders and its supporting documents relative to the procurement of services and infrastructure in CYs 2019-2021 totaling P9,188,769.49, respectively, were submitted to the Office of the Auditor beyond five working days from the execution, contrary to the requirements of COA Circular No. 2009-001 dated February 12, 2009, thus, precluded the timely and objective review and evaluation of the transactions.</p>	<p><b>We recommended and Management agreed to:</b></p> <p>a) Instruct the BAC to timely submit the perfected contract and its supporting documents within five CDs as required under COA Circular No. 2009-001 dated February 12, 2009; and</p> <p>b) Thru the BAC, submit within a reasonable period the required qualification requirement and performance and/or warranty securities for the five infrastructure projects as required under the 2016 Revised IRR of RA No. 9184 and provide written justification on the non-submission/deficient submission of the supporting documents.</p>		<p>BAC / Management</p> <p>BAC / Management</p>	<p>2023</p> <p>2023</p>	<p>2024</p> <p>2024</p>	<p>Implemented</p> <p>Implemented</p>		<p>The BAC is already complying with this requirement.</p> <p>The five infrastructure projects suspended in audit subject of this finding were already resolved as per NSSDCs received from the Audit Team.</p>

AAR CY 2022 Page 80-81	<b>Expenses not supported with relevant and complete documentations</b>  Various expenses totaling P6,558,630.95 covering payment of goods, infrastructure, and service were not supported with relevant and complete documentation and information as required under COA Circular No. 2012-001 dated June 14, 2012, and the terms and conditions of contracts, hence, casting doubts on the propriety of the transactions.	<b>We recommended and Management agreed to:</b>  a) Require the AOs, Consultant and Contractor to submit the required documents and information to support the regularity and validity of the disbursements of public funds; and  b) Strictly require the Consultants to submit more specific reporting of their accomplishments that appropriately matches the requirements and deliverables listed in the TOR and conduct validation of those accomplishments prior to payment.		BAC / Management	2023	2024	Implemented		The transaction suspended in audit for the Construction of Canteen under COA NS-23-06-05 (2000) was already settled as per NSSDC for P1,999,900. For the rest of the balance, the AOs are still working on the pending requirements.
				BAC / Management	2023	2024	Implemented		The BAC required the consultants of the pending requirements to avoid issuance of NS from COA.
AAR CY2022 Page 81-83	<b>Control deficiencies in Asset Management</b>  Deficient controls in the management of fixed assets were observed at PhilSCA, which resulted in the failure of the College to timely reconcile the reported balance of PPE and exposed the properties and stakeholders to the risk of hazards and possible losses without early detection and recovery, contrary to the pertinent provisions of GAM for NGAs, Volume I, and	<b>We recommended and Management agreed to:</b>  a) Require the Property Office to prepare, maintain copies of PC as prescribed in order to monitor the receipt and disposition of PPEs;  b) Instruct the Accounting Unit to provide complete information of reported properties in the PPELC as required by GAN for NGAs Volumes I and II;  c) Direct the Accounting to attach copies of original		Supply / Property Unit	2023	2024	Implemented		The Supply / Property Unit already prepares and maintains copies of Property Cards.
				Accounting Unit	2023	2024	Implemented		The Accounting Unit has been directed to complete the details and needed information in the PPELC.
				Accounting Unit	2023	2024	Implemented		The Accounting Unit was advised to attach supporting documents as basis of JEVs.

	various COA and DBM issuances	<p>source document such as IARs and DRs in the journal entry vouchers submitted and as supporting document to the PPELC prepared by their Office;</p> <p>d) Instruct to the AOs to submit complete sets of documents required under COA Memorandum No. 92-751, dated February 24, 1992, and henceforth, immediately notify the COA Audit Team of any losses on the properties of the Colleges due to the theft/robbery and submit relief of accountability; and</p> <p>e) Fully account all the items for disposal and fast-track the process of appraisal and disposal of the unserviceable properties.</p>		AOs	2023	2024	Implemented		<p>The AOs will submit complete sets of documents and will notify the Audit Team and will also submit the necessary request for relief of accountability on a timely manner.</p> <p>The concerned committee has already disposed all the items due for disposal which were placed in the vacant field in front of the Guestel.</p>
AAR CY 2022 Page 84-86	<p><b>Deficiencies Noted During Ocular Inspections of the Facilities at PhilSCA MBEAB – Medellin Campus, Cebu</b></p> <p>The delay in the repairs of buildings and structures and the construction of the new building projects on the PhilSCA MBEAB Campus resulted in further deteriorations, deprived its students, employees, and other stakeholders of convenient and safe facilities, posed possible risks of</p>	<p><b>We recommended and Management agreed to:</b></p> <p>a) Evaluate the conduciveness, safety, and stability of the buildings and structures at PhilSCA - MBEAB Campus;</p> <p>b) Promptly conduct the necessary substantial repairs and maintenance and fast-track the procurement process for the construction of a new</p>		Management / BAC	2023	2024	Implemented		<p>The management has already evaluated the status of PhilSCA-MBEAB and is undergoing substantial repairs of its facilities</p> <p>Construction of a new building at the new site is on the works. Issuance of Notice of Award for the Construction of New Academic and Admin Building at New PhilSCA - Mactan Campus</p>
				Management / BAC	2023	2024	Implemented		



	hazardous elements, and affected the adequate security of its assets, equipment, records, and documents.	building at the new site; and  c) Henceforth, immediately notify the COA Audit Team of any damages and losses on the properties of the Colleges caused by fortuitous events such as typhoons and elements of time and submit a request for relief from accountability in accordance with Section 73 of PD No 1445, COA Memorandum No. 92-751 dated February 24, 1992, and Section 41, Chapter 10, of the GAM for NGAs Volume I.		Management / AOs	2023	2024	Implemented		with Furnitures and Fixtures dated May 14, 2024 and TMO#37 s. 2024 for the Board Secretary and Director, IDPO to facilitate the signed referendum of the contract. "D"	Management will immediately notify the COA Audit Team of any damages and losses of properties caused by fortuitous events.
AAR CY 2022 Page 86-88	<b>Lapses in the Operation of the Income Generating Projects (IGP)</b>  Deficiencies and lapses in the IGP operation of the PhilSCA MBEAB Campus were still observed, despite the audit team's prior year's audit observations and recommendations, resulting in poor program implementation and a lack of program reporting and control mechanisms and exposing the College to the risk of not being indemnified or compensated in case of loss	<b>We recommended and Management agreed to:</b>  a) Provide the designated IGP Head will training as to the proper Management of the inventory items, maintenance of summary reports for record keeping and accountability monitoring purposes, as well as to serve as an audit trail during cash examination.  b) Formulate comprehensive internal		HRMSD / IGP Head  Management /	2023  2023	2024  2024	Implemented  Implemented		The IGP Heads were among those included and attended in the training conducted last January 2023 by no less that the COA Audit Team spearheaded by Supervising Auditor Cecilia E. Bernales and Audit Team Leader Juvy De Guzman.  A draft policy was submitted to the College President	

	through theft or misappropriation.	control policies and operating procedures that will govern the operational, accounting, reporting, and utilization guidelines to be followed by the personnel assigned to manage and operate the College's IGPs across all campuses; and		Auxiliary Services					last March 2023 for approval, a copy of which was already provided to the Audit Team. "K"
		c) Ensure that the IGP Heads are properly bonded.		IGP Heads	2023	2024	Implemented		The IGP Director is bonded; there are no more IGP Heads in the other campuses.
AAR CY 2022 Page 88-91	<b>Tulong Dunong Program (TDP)</b>  The unreleased/delayed release of funds to student-grantees, absence of MOA with CHED Regional Offices (CHEDROs) and inadequate submission of supporting documents for the liquidation of funds were still observed in the implementation of the TDP, causing deferment of educational support benefits for the underprivileged student-grantees of PhilSCA, precluding the Audit Team from properly evaluating the compliance of the campuses with the project reporting and monitoring, and affecting the propriety and reliability of funds utilized, contrary to CHED-DBM issuances, and various laws, rules, and regulations.	<b>we recommended and Management agreed to:</b>  a) Expedite the release of the TDP grants totaling P580,987.50 to the grantees and furnish the Audit Team of the CHED – received liquidation reports;  b) Make representation with CHED-UNIFAST for any unreleased funds as of audit date and expediate the preparation of the billing statements and subsequent release of TDP grants, as necessary;  c) Submit copies of MOA with CHEDROs NCR, IV_A, III and VI of FAB, BAB and MBEAB Campuses; and  d) Ensure the submission of required documents such		TDP Coordinator / SDO	2023	2024	Implemented		Already released the TDP Funds to the grantees and submitted liquidation reports.
				TDP Coordinator	2023	2024	Implemented		The CHED-UniFAST has released subsequent funds to PhilSCA for distribution to grantees
				TDP Coordinator	2023	2024	Implemented		The TDP Coordinator has already submitted the copies of MOA.
				TDP Coordinator	2023	2024	Implemented		

		as CHED-validated master lists, billing statements, general payrolls, and photocopies of Identification Cards in their prescribed forms, pursuant to Section 5 and 6 of CHED-UNIFAST MC No. 02, s. 2022 and other related laws, rules, and regulations.							The TDP Coordinator has submitted the required documents.
AAR CY 2022 Page 91-93	<b>Gender and Development (GAD)</b>  PhilSCA has allocated at least five percent (5%) of its budget for the implementation of GAD-related programs and activities in GAD plan, only five were implemented as reported in the Accomplishment Report (AR), resulting to underutilization of GAD Funds. Furthermore, other lapses were observed such as the failure to submit the supporting documents and proof of submission for review of AR to the CHED and the Philippine Commission of Women (PCW), according to DBM-National Economic and Development Authority (NEDA)-PCW Joint Circular No. 2012-001 and PCW MC No. 2022-07 dated December 6, 2022.	<b>We reiterated our prior year audit recommendation that Management, thru the GFPS TWG:</b>  a) Set an attainable level of GPB and ensure that GPBs are fully implemented within the set timeline to achieve the objectives and maximize the utilization of the GAD funds; and  b) Submit to the Office of the Auditor the proof of submission for review of AR to the CHED and PCW and a copy of the final GAD AR with PCW's remarks and observations.		GAD Focal Person / GFPS TWG	2023	2024	Implemented		Overtaken by the issuance of COA AOM 2024-05, the response of which by GAD Focal Person was received by COA on March 12, 2024.
				GAD Focal Person	2023	2024	Implemented		Overtaken by the issuance of COA AOM 2024-05, the response of which by GAD Focal Person was received by COA on March 12, 2024.
AAR CY 2022 Page 93-94	<b>Senior Citizens and Persons with Disability (PWDs)</b>	<b>We recommended and Management agreed that, henceforth, the PhilSCA management designate a focal person and prepare</b>		Management / Committees on PWD/ SC	2023	2024	Implemented		There are committees constituted by management to address the concerns of Senior Citizens and PWDs. Overtaken by AOM No. 2024-03.



	The PhilSCA management did not formulate plans, programs and projects addressing the concerns of the senior citizens and PWDs, contrary to Section 35 and 36 of the GP of RA No. 11639 or the GAA for FY 2022.	programs and projects to address the concerns of the Senior Citizens and PWDs pursuant to Section 35 and 36 of the GP of the GAA.							
AAR CY 2022 Page 94-96	<b>Remittances to Bureau of Internal Revenue (BIR), Government Service Insurance System (GSIS), Pag-Ibig Fund and PhilHealth</b>  PhilSCA had substantially complied with the laws and regulations on deduction of premium contributions from its personnel and remittance of the same. Including the government share, to BIR, GSIS, and PhilHealth. However, considerable unremitted balances to Pag-Ibig totaling P545,829.08 were noted for the year.	The Audit Team commended PhilSCA's substantial compliance with the requirement of RA Nos. 8291 and 10606 its IRRs and other issuances in the timely withholding and remittance of taxes, and premium contributions to GSIS, Pag-IBIG and PhilHealth during the year.  However, re reiterated our prior years' recommendation that Management direct the Accounting and Human Resource Office to facilitate the immediate reconciliation of prior and current years' transactions and effect the necessary adjustment or remittance, whichever is appropriate, to ensure reliability of the year-end balance of the inter-Agency payable accounts and to avoid any unnecessary penalties due to delayed remittances.		Accounting Unit / HR Office	2023	2024	Implemented		Accounting Office, according to the staff in charge, already effected the adjusting entries for evaluation of the Audit Team.
AAR CY 2022 Page 97	<b>Compliance with RA No 656 or the Property Insurance Law</b>  PhilSCA was able to insure its properties and assets in	We reiterate our prior year's recommendation and Management agreed to:  a) Require the Supply Office/Property Office to		Supply /	2023	2024	Implemented		The Supply/Property Office is preparing the PIF in coordination


	compliance with RA No. 656 or the Property Insurance Law, however, the required Property Insurance Form (PIF) detailing the properties insured was not submitted, thus, completeness of the insurance coverage cannot be ascertained, exposing the College to the risk of not being indemnified in case of loss due to fortuitous events.	prepare the PIF listing all insurable properties showing their latest appraised valuation, acquisition date, location, and other relevant information as prescribed under COA Circular No. 2018-002 dated May 31, 2018; and  b) Submit the reply/confirmation and status of the insurance claimed filed with the GSIS for the buildings, equipment and materials damaged by typhoon "Odette" in December 2021.	Property Office  Supply / Property Office	2023	2024	Implemented	with the Inventory Committee and the Accountant.  The GSIS is ready to release the insurance claim for the damages brought by typhoon "Odette" ✓
AAR CY 2022 Page 98-99	<b>Status of Settlement of Audit Suspensions, Disallowances and Charges</b>  Suspensions and disallowances totaling P28,949,904.57 and P30,201,916.26, respectively, remained unsettled as of December 31, 2022, contrary to COA Circular NO. 2009-006 dated September 15, 2009, which prescribes the rules and regulations in the settlement of accounts	We recommended and Management agreed to require the responsible/liable persons to immediately settle the audit suspensions and disallowances in accordance with the revised RRSA.	Management	2023	2024	Implemented	As of July 18, 2023, PhilSCA managed to settle all audit suspensions for P28,949,904.57. An audit disallowances under ND No. 17-003-01 (2017) has been settled on July 19, 2023.

Prepared by the AQM Committee:

  
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Philippine State College of Aeronautics  
**AGENCY ACTION PLAN AND STATUS OF IMPLEMENTATION (AAPSI)**  
**AUDIT OBSERVATIONS AND RECOMMENDATIONS**  
 FOR PRIOR YEARS

Reference	Audit Observations	Audit Recommendation	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 2022 page 100-102	<p>Of the total misstatements of ₱298,014,498.54 found in audit due to accounting errors, omissions and improper accounting treatment of transactions that are considered departure from the International Public Sector Accounting Standards (IPSAS), ₱218,363,695.84 had been adjusted, while ₱79,650,802.70 remained uncorrected as at yearend. Hence, based on the affected accounts could not be relied upon which affect the fairness of the financial statements (FSs) of the Philippine State College of Aeronautics (PhilSCA) as of December 31, 2021.</p> <p><i>c.3. Unrecorded Impairment Loss on unserviceable properties - ₱1,273,648.94</i></p>	<p><b>We recommended and Management, thru the Accounting and Supply Offices, agreed to effect the necessary adjustments to reflects the accurate balances of the affected Inventory accounts and Accumulated Surplus (Deficit) accounts.</b></p> <p><b>We recommended and Management agreed to:</b></p> <p><b>I. Instruct the Accounting Office to:</b></p> <p><i>c) record the impairment loss on unserviceable PPEs;</i></p>							
			Accounting	2023	2024	Implemented			The Chief Accountant has already recorded the impairment loss for evaluation of the Audit Team.



AAR 2022 page 103	d.1. <i>Unreverted Accounts Payable - ₱3,772,897.37</i>	For items that had been issued to end-users, debit appropriate Semi-Expendable Expenses account, if issued in the current year, or Accumulated Surplus/(Deficit) account, if issued in prior years;  II. Direct the Property/Supply Office to:  g) accomplish completely the IIRUP dated September 16, 2020 and submit supporting documents on the disposal of the unserviceable properties for recon-ciliation in the records of the Accounting; and	Property / Supply Office	2023	2024	Implemented	The Accounting Office has effected the necessary adjusting entries with attached documents submitted to the Audit Team.
AAR 2022 page 105	The FSs of the College are not reliable due to: a) unreconciled balances between the General Ledger (GL) and source Journals totaling ₱89,846,827.82; b) non-maintenance of SL for all real accounts with an aggregate amount of ₱2,241,582,788.06; and non-adherence to fund cluster accounting system in recording collections and maintenance of Journals as prescribed in PD No.1445 and GAM for NGAs, Volume I.  b) <i>non-maintenance of SLs to support the accounts balance</i>  c) <i>Non-adherence to fund cluster accounting</i>	We recommended and Management, thru the Accounting Unit, agreed to:  c) henceforth, conduct a careful and thorough review of the accounts before closing the books to ensure the completeness and accuracy of the balances of the accounts presented in the FSs.  We recommended and Management agreed to:  b) suspend the salaries of the several officials or employees responsible for keeping the necessary records such as SL and GL, to be instituted by the	Accounting  Management/ Accountant	2023  2023	2024  2024	Implemented  Not Implemented	Thorough checking before preparation of Post-Closing TB shall be done at year-end by Accounting Unit. They are advised to consult with the Audit Team whenever needed.  Management authorized the Accounting Unit to undergo overtime to update the SLs and source journals with help of additional accountants to

	system in recording collections and maintenance of Journals	Head of Agency/Accountant within ten (10) days from receipt hereof, until they have complied with the						keep and maintain the accounting records.
AAR 2022 page 106		d) thru the Accounting Unit, exert extra effort to analyze and identify the unaccounted prior years' balances and maintain SL of the controlling accounts to establish the validity of the amounts in the Statement of Financial Position;		Accounting	2023	2024	Ongoing	On process via manual system of accounting. The eNGAS Training of the Accountant at COA Quezon City to fastrack the process is again rescheduled this 2024. The College Accountant committed to maintain the SL of the controlling accounts.
AAR 2022 page 109-110	The PhilSCA did not adhere to some of the provisions of RA No. 9184 or the Government Reform Act and COA rules and regulations in the procurement of goods, services and infrastructure related projects as the following deficiencies were noted: a) lapses during the procurement activities; b) payment for progress and final billing were not supported with proper and complete documentation; c) disposal of properties was included as scope of work of the contract; d) discrepancy of 120 days in the target date of completion between the Contract and its Special Condition for Rehabilitation of Electrical Lines and Equipment; e) deficiencies in the request for extension of contract time; and f) delayed submission of perfected contracts and supporting documents. All these cast doubts on the propriety and regularity of the	<p><b>On the Deficiencies on the Payment of Progress/Final Billing</b></p> <p>e) require the assigned inspectors to always prepare and submit a punch list, detailing the remaining works, work deficiencies for necessary corrections and the specific duration/time to fully complete the project as required under the Annex E of the Revised IRR of RA No. 9184; and</p> <p><b>On the Disposal of properties as scope of work of the contract</b></p> <p>i) formulate guidelines on the disposal of the removed and/or replaced materials in accordance with NBC No. 425 or the Manual on Disposal of Government Property;</p>		IDPO/ Accounting/ TWG/Opres	2023	2024	Implemented	The responsible inspectors follow the punch list as recommended by the Audit Team for the evaluation and checking of the Audit Team.
				Management/ Supply Property	2023	2024	Implemented	Provisions as to the guidelines on Disposal are already approved and followed under Office Memorandum Order No. 4, series 2022. "M"

	procurement processes, defeating the purpose of the law on transparency, competitiveness and accountability.								
AAR 2022 page 118	The non-posting of the Report on Commission on Audit's (COA) Findings and Recommendations and non-updating of the information in the Transparency Seal of the PhilSCA's Official Website during the year precluded the public in (a) assessing the PhilSCA's performance and its compliance with the audit recommendations outlined in the COA's Annual Audit Reports; (b) monitoring the agency programs/activities; and (c) being apprised of the agency's procurement, as mandated under Section 91, 95 and 96 of the General Provisions, GAA for Fiscal Year 2021 or RA No. 11518, RA No. 9184 and its Revised IRR.	<p><b>We recommended and Management agreed to:</b></p> <p>a) <i>instruct the Web Administrator to update the Transparency Seal with the required information by coordinating with the concerned College officials and employees; and</i></p> <p>b) <i>fully leverage the College's available information technology by ensuring that fiscal and operational information are disclosed in its official website on a clearly demonstrate its commitment to transparency accountability.</i></p>		Opres/ MIS/ BAC	2023	2024	Implemented		Transparency Seal of the College's Official Website is already updated.
				Opres/ MIS/ BAC	2023	2024	Implemented		The necessary reports and required documents are posted in the PhilSCA Website.
AAR 2022 page 120-121	The College did not strictly adhere to the provisions of RA No.10931 and its IRR and CHED-Unified Student Financial Assistance System for Tertiary Education (UniFAST)-DBM Joint Memorandum Circular (JMC) No. 04, s. 2020 as lapses in the implementation of TES program were observed such as: a) delayed issuance of ORs for every amount received from CHED Regional Office (CHEDRO); b) delayed release of funds,	<p><b>We recommended and Management agreed to:</b></p> <p>c) <i>immediately distribute the unreleased TES funds of ₱41,200.00 to the qualified TES student-grantees;</i></p>		TES Coordinator/ Cashier/ Accounting	2023	2024	Implemented		Immediate distribution has been done to the payees upon receipt of proper notice from CHED and LBP's bank certification of fund transfer. Any unutilized balance of which was returned to CHED as part of liquidation process.



	<p>causing deferment of benefits to the student-grantees; c) inadequate submission of supporting documents for the liquidation funds, affecting the timely evaluation of the property of fund utilization; d) non-utilization of the Administrative Support Coast (ASC), adding unnecessary expenses to the College; and e) non-maintenance of separate book for Trust Receipts.</p> <p><i>e) Non-maintenance of separate book for Trust Receipts</i></p>	<p><i>g) maintain a separate bank account with the LBP and a separate book of accounts to properly and timely manage the receipt and distribution of the TES financial assistance funds transferred by CHED.</i></p>		Accounting/ Management	2023	2024	Not Implemented		<p>The Management did not open a separate bank account for TES funds since they have to zero out the funds transferred by CHED for liquidation and the bank requires maintaining account balance.</p>
AAR 2022 page 128	<p>Expenses amounting to P71,739.00 incurred in the conduct of "Salamat-Mabuhay Program" were deemed unnecessary and irregular, as contemplated in COA Circular No. 2012-003 dated October 29, 2012, and was not in consonance with the Civil Service Commission (CSC) Memorandum Circular No. 7, series of 1998, which cast doubts on the propriety and validity of the said disbursements.</p>	<p><b>We recommended that Management hold the disbursing officer and the approving officials accountable for the unauthorized, irregular, and extravagant disbursements of government funds by having them and the payees refund the corresponding amounts paid and received, respectfully.</b></p>		HRMD and Management	2023	2024	Implemented		<p>Ever since, Dr. Boyles did not claim any salary or RATA differential during his entire designation as Vice-President for several years. Thus, saving PhilSCA a lot of funds. In return, the College gave him a proper reasonable tribute in his last day of service. He occupied an SG 24 plantilla item but he work as VP designate which is an SG 25 position. The amount spent was on meals / representation of expenses for the guests and college officials, plaque and supplies, and simple token for the retiree only.</p>
AAR 2022 page 129	<p>Internal Audit Service (IAS) was neither established nor organized to implement and monitor a sound system of internal control to safeguard PhilSCA's resources against</p>	<p><b>We recommended that Management establish an IAS in conformity with the abovementioned AOs, Standards and related pertinent rules and regulations.</b></p>		Management and HRMPSB	2023	2024	In Progress		<p>The plantilla position of Internal Auditor III is to be filled up due to appointment of Lucio S.J. Mata Jr as Accountant III. The vacancy of Internal Auditor III to head</p>

	loss, misuse, waste, abuse, mismanagement, errors, irregularities, and fraud in disregard of the pertinent provisions of Administrative Order (AO) No. 278 s.1992, AO No. 70, s.2003, the Philippine Government Internal Audit Manual (PGIAM), and related issuances adopting the Internal Auditing Standards for the Philippine Public Sector (IASPPS) and Internal Control Standards for the Philippine Public Sector (ICSPPS) issued for all government agencies.							the Internal Audit Service (IAS) will be processed by the HRMPSB soon. The ROSS was only approved by DBM on May 30, 2023. Status: Ongoing hiring as of to date. "N"
AAR 2022 page133	Other Receivables amounting to P926,307.75 which remained dormant for more than 9 to 17 years are of doubtful collectability and rendered the account balance unreliable, contrary to International Public Sector Accounting Standards (IPSAS) No. 1 on the fair presentation of the FSs. Moreover, only a minimal amount of P4,000.00 out of the P883,000.00 Loans Receivables-Others was collected and the remaining amount of P879,000.00 remained outstanding for more than 9 years.	<p><b>We recommended that the Management:</b></p> <p>a) Exhaust all efforts to recover the cash shortage from former employee who incurred cash shortage;</p> <p>b) Send final demand letters to settle Unliquidated cash advances made to concerned officials and submit a copy thereof to the Audit Team; and</p> <p>c) Send demand letters to the last known address of the grantees of (SAFE-4-SR) to enforce collection thereof.</p>		College President	2023	2024	Implemented	Please see attached demand letters. "O"
				Accounting Office and College President	2023	2024	Implemented	Please see attached demand letters. "O"
				Accounting Office	2023	2024	Ongoing	The Management, thru the Accounting Office, is still in the process of completing all the needed requirements specially the permanent residence addresses of the students who availed the SAFE-4-SR to be sent them the collection letters.

AAR 2022 page 135	Due to the absence of development and building/structure plans, detailed construction cost per building/structure and other pertinent documents from the MEGAWORLD, the agency has not yet issued the Certificate of Acceptance as basis to book up the assets in the books of accounts resulting in unreliable balance of the Office Buildings and School Building accounts, both with zero balance as of December 31, 2013. Moreover, the absence of the Certificate of Acceptance has delayed the process for the transfer of title of the Campus site in the name of PhilSCA pursuant to the land swapping arrangement among PhilSCA, BCDA, and MEGAWORLD covered by MOA dated June 10, 2010 which may affect their legal right to ownership.	We recommended and the Management agreed to closely coordinate with the BCDA to obtain the development and building/structure plans, detailed construction cost per building/structure and other pertinent documents from the MEGAWORLD; and ascertain the structural soundness of the buildings and structures and identify defects, if any, for MEGAWORLD to rectify to fast-track the issuance of Certificate of Acceptance by the Management.	VPAF/College President	2023	2024	Implemented	Please see attached documents from the College President and VPAF. "P"
AAR 2022 page 136	The accountabilities/cash shortages of the two former Cashiers of PhilSCA were not properly booked-up resulting in the overstatement of Cash-Collecting Officer account by P107,504.05, misstatement of Prior Year Adjustments Account by P51,477.27 and understatement of the Other Receivables Account by P158,981.32 which represents the total accountability and which has not yet been settled to date, thus may result in loss of government funds.	We recommended that Management initiate immediately legal remedies to recover the funds from Ms. Palado and from the heirs of the late Ms. Daligdig to protect the interest of the government.	College President/ Accounting Office	2023	2024	Implemented	Please see attached documents from the College President and VPAF. "Q"

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