

EXECUTIVE SUMMARY

A. Introduction



The Philippine State College of Aeronautics (PhilSCA) was established in 1967 as a community college, the Basa Air Base Community College, in Floridablanca, Pampanga. The then College operated per the Armed Forces of the Philippines (AFP) Regulations, Series of 168-342 issued by the AFP and approved by the Department of National Defense (DND) on April 1, 1968 to cater to the educational needs of the military personnel, civilian employees and their dependents.

In 1977, then President Ferdinand Marcos signed Presidential Decree (PD) No. 1078 converting Basa Air Base Community College into a full-fledged college and was renamed Philippine Air Force College of Aeronautics (PAFCA). On June 3, 1992, Republic Act (RA) No. 7605 was approved by then President Corazon C. Aquino, converting PAFCA into a state college now known as the PhilSCA. Currently, the PhilSCA has four campuses located in Mactan, Cebu, in Floridablanca, Pampanga, in Lipa City, Batangas, and with the main campus, in Villamor, Pasay City.

The PhilSCA aims to provide professional and advanced technical and technological instructions and trainings in the fields of aeronautical sciences and general area of science and technology for the Philippine Air Force (PAF) and other airline industries.

The administration and management of the PhilSCA is vested in the Board of Trustees (BOT) pursuant to Section Nos. 5 and 11 of RA No. 7605, which is composed as follows:

Name		Position/ Designation	Mother Unit/Agency
1	Dr. Marita R. Canapi	Chairperson	Commission on Higher Education (CHED)
2	Dr. Marwin M. Dela Cruz	Vice-Chairperson	PhilSCA
3	Senator Alan Peter S. Cayetano	Member	Senate of the Philippines
4	Secretary Arsenio M. Balisacan	Member	National Economic and Development Authority
5	Congressman Marquez O. Go	Member	House of Representatives
6	Lt. Gen. Arthur M. Cordura, PAF	Member	Philippine Air Force

	Name	Position/ Designation	Mother Unit/Agency
7	Maj. Gen. Ramon A. Ragasa, AFP, Ret.	Member	Private Sector Representative ¹
8	Brig. Gen. Isidoro T. Macaranas, AFP, Ret.	Member	Alumni Sector Representative
9	Assoc. Prof. Ramsey S. Ferrer	Member	Faculty Representative
10	Kent Vincent C. Bacalso	Member	Student Trustee

As of December 31, 2024, the PhilSCA has 454 personnel assigned in the four (4) campuses, detailed as follows:

Particulars	Total	Villamor Campus	Fernando Campus	Mactan Campus	Basa Campus
<i>Status:</i>					
Permanent	256	151	37	30	38
Contractual	198	130	22	25	21
Total	454	281	59	55	59
<i>Workforce:</i>					
Academe	258	152	38	31	37
Part-timers	45	39	1	2	3
Admin and Support Staff	151	90	20	22	19
Total	454	281	59	55	59

B. Operational Highlights

During the Academic Years (AY) 2024-2025, the PhilSCA had a total of 6,748 enrolled students: 170 graduate students and 6,578 undergraduate students. Further, the total number of graduates for AYs 2023-2024 totaled 2,683 individuals, presented as follows:

Number of Graduates	Total	Villamor Air Base Campus	Fernando Air Base Campus	Mactan Air Base Campus	Basa Air Base Campus
Undergraduate Studies	2,644	1,174	634	384	452
Graduate Studies	39	39	-	-	-
Total	2,683	1,213	634	384	452

¹ As of December 31, 2024, the second position for a Private Sector Representative is vacant.

The reported plans/targets vis-à-vis its accomplishments for CY 2024 are as follows:

Major Final Outputs (MFOs) and Performance Indicators	Targets	Accomplishments	
		Actual	Percentage
MFO 1- Higher Education Program			
Outcome Indicators:			
1. Percentage of first-time licensure exam- takers that pass the licensure exams;	78	91.74	117.62
2. Percentage of graduates (two years prior) that are employed.	87	83.99	96.54
Output Indicators:			
1. Percentage of undergraduate student population enrolled in CHED-identified and RDC-identified priority programs;	80	99.57	124.46
2. Percentage of undergraduate programs with Accreditation.	70	100.00	142.86

International Rankings

In the UI Green Metric World University Rankings 2024, the PhilSCA led all National Capital Region State Universities and Colleges (SUCs) at 1st place, ranked 3rd among NCR higher education institutions, 23rd among all SUCs nationwide, and 37th among Philippine HEIs - while placing 909th out of 1,477 universities across 95 countries.



Academic Achievements

In the December 2024 Aeronautical Engineers Licensure Examination, PhilSCA distinguished itself as a Top Performing School with an overall passing rate of 87.97%.

Quality assurance

Last July 9, 2024, the Commission on Higher Education (CHED) had granted Certificates of Program Compliance for two new degree programs - BS in Aviation Information Technology and BS in Information Systems with specialization in Aviation Information Systems - effective AY 2024 -2025.

C. Financial Highlights

For CY 2024, the PhilSCA had a total adjusted appropriations of P597,269,633.00 consisting of current year budget of P444,266,000.00 as provided for in the General Appropriations Act (GAA) for Fiscal Year (FY) 2024 or RA No. 11975, Automatic Appropriations of P14,101,403.00 for Retirement and Life Insurance Premiums (RLIP), Special Purpose Fund of P5,974,000.00 for Miscellaneous Personnel Benefits and prior year (Continuing) appropriation of P132,928,230.00. The total allotments received from the Department of Budget and Management (DBM) for the year amounted to P339,400,067.00, including funds from Continuing Appropriations, of which P333,817,443.27 was obligated, thereby leaving an unobligated balance of P5,582,623.73, detailed as follows:

Source of Funds	Appropriation	Allotments	Obligations	Unobligated Balance
	(Amount in Php)			
Current Year's Appropriations (GAA FY 2024)				
1. Agency Specific Budget				
Personnel Services	160,271,428.55	156,613,317.55	156,613,250.62	66.93
Maintenance and Other Operating Expenses	258,994,571.45	132,711,346.45	127,516,639.67	5,194,706.78
Capital Outlays	25,000,000.00	25,000,000.00	24,937,000.00	63,000.00
Subtotal	444,266,000.00	314,324,664.00	309,066,890.29	5,257,773.71
2. Automatic Appropriation				
Retirement and Life Insurance Premiums	14,101,403.00	14,101,403.00	13,776,552.98	324,850.02
Subtotal	14,101,403.00	14,101,403.00	13,776,552.98	324,850.02
3. Special Purpose Fund				

Source of Funds	Appropriation	Allotments	Obligations	Unobligated Balance
	(Amount in Php)			
Personnel Benefits	5,974,000.00	5,974,000.00	5,974,000.00	0.00
Subtotal	5,974,000.00	5,974,000.00	5,974,000.00	0.00
Total	464,341,403.00	334,400,067.00	328,817,443.27	5,582,623.73
Prior Year's Appropriations (GAA FY 2023)				
4. Agency Specific Budget				
Maintenance and Other Operating Expenses	132,923,230.00	5,000,000.00	5,000,000.00	0.00
Subtotal	132,928,230.00	5,000,000.00	5,000,000.00	0.00
Grand Total	597,269,633.00	339,400,067.00	333,817,443.27	5,582,623.73

In addition, the PhilSCA had a total allotment of P462,234,940.40 from the approved budget for Special Trust Fund (STF), of which P277,303,443.27 or 60 percent was utilized, leaving an unutilized balance of P184,931,497.13, summarized as follows:

Classification	Budget	Obligation	Unobligated Balance
	(Amount in Php)		
PS	17,731,902.75	15,494,667.20	2,237,235.55
MOOE	355,386,815.65	182,576,241.61	172,810,574.04
CO	89,116,222.00	79,232,534.46	9,883,687.54
Total	462,234,940.40	277,303,443.27	184,931,497.13

The PhilSCA's financial position and financial performance for CY 2024, with comparative restated figures for CY 2023, are presented as follows:

Particulars	2024	2023 (Restated)
	(Amount in Php)	
Financial Position		
Assets	1,407,740,789.90	1,522,523,469.02
Liabilities	67,626,465.05	78,477,259.56
Equity	1,340,114,324.85	1,444,046,209.46
Financial Performance		
Revenue	111,285,819.49	299,091,084.42
Current Operating Expenses	544,374,649.30	684,278,193.69
Deficit from Current Operations	(433,088,829.81)	(385,187,109.27)
Net Financial Assistance/Subsidy	328,517,696.17	482,138,255.47
Surplus for the period	(104,571,133.64)	96,951,146.20

In CY 2024, the PhilSCA continued to strengthen its financial foundation by reducing liabilities and maintaining a healthy asset base, leaving equity at a robust P1.340 B. Through disciplined cost controls, operating expenses were trimmed. These efforts, coupled with targeted subsidies of P328.5 M, position PhilSCA to build on its solid balance sheet and return to a surplus in the coming year.

D. Scope of Audit

The audit covered the review of the accounts and operations of the PhilSCA and its Campuses for the year ended December 31, 2024, in accordance with International Standards of Supreme Audit Institutions (ISSAIs). The audit was conducted to: a) ascertain the level of assurance that may be placed on Management's assertions on the financial statements (FSs); b) determine the propriety of transactions as well as the extent of compliance with applicable laws, rules and regulations; and c) determine the extent of implementation of prior years' audit recommendations.

E. Independent Auditor's Report

The Auditor rendered an unmodified opinion on the fairness of the presentation of the financial statements of the PhilSCA for CY 2024 after errors and omissions resulting in misstatements aggregating to P45,337,854.05 have been adjusted.

F. Significant Observations and Recommendations

The following are the significant audit observations and corresponding recommendations, which were discussed with Management officials concerned through the issuance of Audit Observation Memoranda (AOMs), and discussed during the Exit Conference held on May 7, 2025, details of which are further discussed in Part II of this report. The Management's views and comments were incorporated in the report, where appropriate.

1. Of the total approved budget for Special Trust Fund amounting to P462,234,940.40, the amount of P277,303,443.27 or 60 percent thereof was utilized by PhilSCA, leaving an unutilized budget of P184,931,497.13 or 40 percent which is largely attributed to unimplemented programs and projects, thereby, depriving the optimum benefits that could have been realized through the allotted budget. (*Observation No. 4*)

We recommended and the Management agreed to:

- a) **align the use of the unutilized budget for PS with both of the PhilSCA's organizational goals and employees' needs by getting feedback from its personnel where the greatest impact can be made;**
- b) **allocate the funds on the current needs of the PhilSCA and any ongoing challenges that it may be facing; and**
- c) **prioritize upgrading or purchasing essential equipment, technology, or**

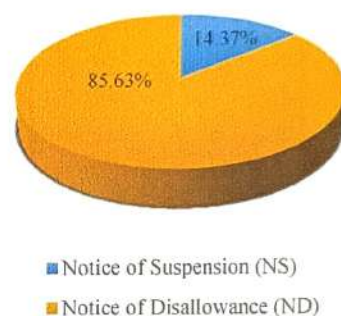
infrastructure that aligns with its strategic goals, such as modernizing office facilities, acquiring more efficient machinery, or expanding IT systems.

2. The PhilSCA incurred delays in the issuance of the Notices of Award (NOA) ranging from 10 to 91 calendar days; and Notices to Proceed (NtP) ranging from 3 to 9 calendar days, contrary to Section 37 of RA No. 9184 and its Implementing Rules and Regulations (IRR). (*Observation No. 6*)

We recommended and the Management agreed to, henceforth, strictly comply with the prescribed rules and regulations in the notice and execution of award, which includes adhering to the deadlines set on the issuance of the NoA and the NtP.

G. Summary of Total Suspensions, Disallowances and Charges

As at December 31, 2024, the PhilSCA had unsettled disallowances of P30,832,001.26, due to the Management's failure to enforce settlement from the persons held liable contrary to pertinent provisions of COA Circular No. 2009-006 which prescribes the use of the 2009 Rules and Regulations on Settlement of Accounts (RRSA). Details of the status of the audit suspensions, disallowances and charges are presented in Part II of this Report.



H. Status of Implementation of Prior Years' Audit Recommendations

Of the 35 prior year's audit recommendations, 15 were reiterated/restated in Part II of this Report. Of the remaining 20 recommendations, 13 were implemented while 7 were not implemented as at audit date, details of which are discussed in Part III of this Report.