

EXECUTIVE SUMMARY

A. INTRODUCTION

The Kalinga-Apayao State College was established by virtue of Presidential Decree No. 2017 dated January 26, 1986 which merged the Kalinga-Apayao Community College, BIBAK National Agricultural School, Tabuk National High School and Doña Eufronia M. Puzon Memorial School into a state college. Later on, it was declared as a university by virtue of Republic Act 10584 – “An Act Converting the Kalinga-Apayao State College in the City of Tabuk, Province of Kalinga into a State University to be known as the Kalinga State University and Appropriating Funds Therefore”.

As of December 31, 2019, the University had a total personnel complement of 304 under its regular plantilla positions composed of 65 for General Administration and Support Services of which 64 are filled and 239 for Higher Education Services of which 220 are filled.

Pursuant to COA Resolution No. 2011-009 dated October 20, 2011 the integrated results and risk based audit methodology has been adopted in the audit of the accounts and operations of the University for the period ended December 31, 2019.

The audit was aimed at verifying the level of assurance that may be placed on management’s assertions on the financial statements, ascertaining compliance with rules and regulations, checking the legality and propriety of the transactions and determining whether financial resources were managed economically, efficiently and effectively.

B. FINANCIAL HIGHLIGHTS

As of December 31, 2019, the University had the following assets, liabilities, equity, income and expenses, with comparative figures for CY 2018:

Particulars	2019	2018	Increase (Decrease)	
			Amount	Percent
Assets	₱ 501,711,259.11	₱528,563,240.60	₱ -26,851,981.49	-0.05
Liabilities	115,113,212.15	104,204,761.76	10,908,450.39	0.10
Equity	386,598,046.96	424,358,478.84	-37,760,431.88	-0.09
Income*	375,326,822.85	384,564,684.52	-9,237,861.67	-0.02
Expenses	337,012,860.15	269,164,155.91	67,848,704.24	0.25

Note: **includes Subsidy Income and Assistance from LGUs*

C. OPINION OF THE AUDITOR ON THE FAIRNESS OF PRESENTATION OF THE FINANCIAL STATEMENTS

We rendered a qualified opinion on the fairness of presentation of the financial statements of Kalinga State University, for the year ended December 31, 2019, due to the overstatement of the Cash and Cash Equivalent account by ₱4,224,511.31 due to non-reversal of unused or unutilized Cash – Modified Disbursement System, Regular account and non-recording of unreleased checks.

D. SIGNIFICANT OBSERVATION AND RECOMMENDATION

Other than the basis for the modified opinion on the financial statements, below is the significant observation and recommendation:

- The University failed to properly set up records and maintain general and subsidiary ledgers for all its Income Generating Projects (IGPs) contrary to Section 111 (1) of Presidential Decree (P.D.) No. 1445 and the Manual of Operations approved by the Board of Regents.

We recommended that management instruct the officers concerned to maintain complete financial records and to prepare separate financial statements for each of the Income Generating Projects pursuant to existing rules and regulations.

E. SUMMARY OF TOTAL SUSPENSIONS, DISALLOWANCES AND CHARGES

As of December 31, 2019, the University had the following audit suspensions, disallowances and charges:

Particulars	Current Year	Prior Year	Total
Suspensions	-	-	-
Disallowances	-	₱ 2,853,404.76	₱ 2,853,404.76
Charges	-	-	-

F. IMPLEMENTATION OF PRIOR YEARS' AUDIT RECOMMENDATIONS

Of the 19 prior years' audit recommendations, 10 were fully implemented, 7 were partially implemented and 2 were not implemented.