

EXECUTIVE SUMMARY

A. Introduction

The Mountain Province State Polytechnic College was created by virtue of Republic Act No. 7182 enacted on January 17, 1992, which converted the then Mountain Province College, a community college established in 1969 in Bontoc, Mountain Province, into a state college. The College has three campuses: the main campus in Bontoc, offering the College of Arts and Sciences; the Tadian Campus, offering the College of Engineering and Technology and the College of Forestry; and the Paracelis Campus, offering the College of Agriculture. The College also operates a research center in Ba-ang, Bauko, Mountain Province.

As of December 31, 2019, the College had a total personnel complement of 414 composed of 234 regular plantilla positions and 180 job order staff. Of these personnel, 214 belong to the teaching personnel while 200 were in the non-teaching.

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 College 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

Comparative presentation for CYs 2019 and 2018 of the College's assets, liabilities, equity, income and expenses:

	2019	2018	Increase (Decrease)	
			Amount	Percent
Assets	₱591,740,344.36	₱545,136,077.93	₱46,604,266.43	8.55
Liabilities	37,110,649.25	78,574,905.55	(41,464,256.30)	(52.77)
Net Assets/Equity	554,629,695.11	466,561,172.38	88,068,522.73	18.88
Income	346,285,697.73	345,823,139.04	462,558.69	0.13
Expenses	264,853,751.94	241,523,392.02	23,330,359.92	9.66

Comparative presentation for CYs 2019 and 2018 of the College's appropriations, allotments and obligations:

Funding Source	2019	2018	Increase (Decrease)	
			Amount	Percent
<u>Appropriations</u>				
General Appropriations Act	₱278,271,500.00	₱257,553,000.00	₱20,718,500.00	8.04
Special Allotment Release Order	6,624,625.00	8,671,855.00	(2,047,230.00)	(23.61)
Internally Generated Funds	100,498,554.20	75,386,388.26	25,112,165.94	33.31
Total Appropriations	₱385,394,679.20	₱341,611,243.26	₱ 43,783,435.94	12.82
<u>Obligations</u>				
General Appropriations Act	₱241,912,726.49	₱253,626,686.20	(₱11,713,959.71)	(4.62)
Special Allotment Release Order	6,599,625.00	8,671,855.00	(2,072,230.00)	(23.90)
Internally Generated Funds	78,269,702.62	60,007,589.05	18,262,113.57	30.43
Total Obligations	₱326,782,054.11	₱322,306,130.25	₱ 4,475,923.86	1.39
Appropriation Balance	₱ 58,612,625.09	₱19,305,113.01	₱ 39,307,512.08	203.61
<u>Fund Transfers</u>				
Received	₱ 28,368,608.65	₱36,910,465.59	(₱ 8,541,856.94)	(23.14)
Utilized	21,418,326.65	14,733,066.67	6,685,259.98	45.38
Balance	₱ 6,950,282.00	₱22,177,398.92	(₱ 15,227,116.92)	68.67

C. Independent Auditor's Report on the Financial Statements

A qualified opinion was rendered on the fairness of presentation of the financial statements for CY 2019 since several of the Agency's Property, Plant and Equipment (PPE) accounts are not adequately supported by their respective Property, Plant and Equipment Ledger Cards (PPELCs) resulting in a variance of ₱63,309,062.73 when compared against the General Ledger balances. This constitutes a departure from Section 42, Chapter 10 of Volume I of the Government Accounting Manual (GAM) for National Government Agencies (NGAs).

D. Summary of Significant Observations and Recommendations

1. The costs of significant Property, Plant and Equipment (PPE) accounts are not adequately supported by their respective Property Plant Equipment Ledger Cards (PPELCs) resulting in a variance of ₱63,309,062.73 contrary to the Government Agencies (NGAs) and casting doubts on the accuracy of these PPE accounts' balances.

We recommended and the Accounting Services Office agreed to henceforth, promptly update the PPELCs pursuant to Section 42, Chapter 10 of Volume I of the GAM for NGAs and identify the causes for the variance of ₱63,309,062.73 in the costs of the PPE accounts to facilitate the reconciliation with the General Ledger balances.

2. The Report on the Physical Count of Property, Plant and Equipment (RCPPE) was not submitted within the deadline prescribed in Section 38, Chapter 10, Volume I of the GAM for NGAs precluding a timely review of the information contained therein and its utilization during the verification of the costs of the College's PPE.

We recommended and the Inventory Committee agreed to fast track the preparation of the RCPPE as at December 31, 2019 and henceforth, submit succeeding RCPPEs to the Auditor not later than January 31 of the following year pursuant to the Government Accounting Manual for NGAs.

3. Receivables from the IGPs amounting to ₱1,533,615.50 remained uncollected as of December 31, 2019, thereby depriving the enterprises of additional revolving funds needed for its operations.

We recommended and Management agreed to intensify its collection efforts to settle the outstanding accounts receivables of ₱1,533,615.50 by means of salary deductions, issuance of demand letters and/or legal remedies, if warranted.

We also recommended and Management agreed to henceforth, stop granting additional credits to erring college officers and employees who have unpaid dues.

4. Lack of monitoring of fund transfers received from other national government agencies resulted in the accumulation of unliquidated trust liabilities amounting to ₱1,804,027.49 as of year-end, contrary to COA Circular Nos. 94-013 and 2016-005.

We recommended and Management agreed to: a) Immediately return all unutilized balances of the fund transfers to the source agencies pursuant to Section 6.7 of COA Circular No. 94-013; b) Submit all required progress/liquidation reports to facilitate proper monitoring of the projects and to avoid the delay on the release of funds; and c) Provide the COA with copies of the MOA relative to fund transfers received by the College for the implementation of special projects/programs.

5. Disallowances amounting to ₱1,361,873.00 remained unsettled despite issuance of COA Orders of Execution upon the expiration of the periods to appeal therefrom contrary to Section 23.1 of COA Circular No. 2009-006.

We recommended and Management agreed to: a) Strictly enforce the immediate settlement of the COEs in the amount of ₱1,361,873.00 by the persons liable who are still in the employ of the College through salary deduction or withholding of any amount due them; b) Issue final demand letters to cause the collection or settlement of disallowances directly from them, for persons liable who are no longer in the service, no longer connected or transacting with the College; c) Go after all persons determined to be solidarily liable under an ND in accordance with Section 16.3 of COA Circular No. 2009-006; and d) Allow settlement thereof by installment following the procedures under COA Resolution No. 2015-031 dated August 20, 2015, for disallowed salaries and personal benefits, allowances or emoluments.

E. Summary of Total Suspensions, Disallowances and Charges

As of December 31, 2019 the balances of the above accounts are as follows:

Suspensions	₱ 11,125,094.92
Disallowances	3,557,506.74
Charges	<u>105,963.00</u>
Total	<u>₱ 14,788,564.66</u>

F. Status of Implementation of Prior Years' Audit Recommendations

Out of the 48 audit recommendations embodied in the 2018 Annual Audit Report, 29 were fully implemented, 7 were partially implemented, and 12 were not implemented.