



Republic of the Philippines
COMMISSION ON AUDIT

Cordillera Administrative Region
La Trinidad, Benguet

August 5, 2020

GREGORIO T. TURQUEZA, JR.

President II
Abra State Institute of Sciences and Technology
Lagangilang, Abra

Dear Mr. Turqueza,

We are pleased to transmit the Annual Audit Report of the Abra State Institute of Sciences and Technology for the calendar year ended December 31, 2019 in compliance with Section 2, Article IX-D of the Philippine Constitution and Section 43 of Presidential Decree No. 1445.

The audit was conducted in accordance with International Standards of Supreme Audit Institutions and we believe that it provided reasonable basis for the results of our audit.

We rendered a qualified opinion on the fairness of presentation of the financial statements because of the following:

1. An asset account with a negative balance of ₱100,425.06 and various liability accounts with debit balances aggregating ₱14,518,939.37 cannot be readily verified due to non-maintenance of Subsidiary Ledgers; thus, rendering the Statement of Financial Position unreliable.
2. The reported balance of Cash-Collecting Officer account amounting to ₱2,060,040.78 as of December 31, 2019 was unreliable due to unreconciled amount of ₱1,729,528.11 between the Cashbooks and the General Ledgers and non-maintenance of subsidiary ledgers to facilitate reconciliation and monitoring of account balances;
3. The immediate reversion of the Due to NGAs account prior to the submission of liquidation documents resulted in unreconciled trust liability balances as of year-end.
4. Various errors/omissions in recording resulted in the overstatement of the Advances to Payroll and Advances to Officers and Employees accounts amounting to ₱1,501,215.28 and ₱125,208.93, respectively.



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The following is a summary of the most significant findings and observations, details of which and the other findings and observations are discussed in the Observations and Recommendations portion of this report:

1. Liquidated damages amounting to ₱128,509.92 were not imposed on the contractor of the project, "Construction of village level processing facility and bio-organic fertilizer plant" contrary to Section 8.1 of Annex D of the Revised Implementing Rules and Regulations (IRR) of Republic Act (RA) No. 9184.
2. Purchases of goods and services aggregating ₱2,205,906.48 were paid in cash instead of check as direct payments to creditors contrary to the imprest system prescribed under Section 172 of the Government Accounting and Auditing Manual (GAAM), Volume I.
3. Copies of Purchase Orders (POs) and their supporting documents for the purchase of various supplies and equipment in the total amount of ₱14,088,162.98 were not submitted to the Audit Team within the prescribed period of five days from issuance thereof, contrary to the provision of item 3.2.1 of COA Circular No. 2009-001 dated February 12, 2009.
4. The Request for Quotations (RFQ) for goods and services totaling ₱21,682,569.80 procured through Alternative Modes of Procurement were not posted on the PhilGEPS website contrary to Section 54.2 of the Revised Implementing Rules and Regulations of Republic Act (RA) 9184 and did not ensure that the most advantageous price was obtained.
5. The changes in the fair value of the Biological Assets were not recognized in the accounting books due to the non-preparation of Biological Assets Property Card (BAPC), Quarterly Report of Biological Assets (QRBA), and non-maintenance of Subsidiary Ledgers for said account.


We request that the recommended remedial measures be immediately implemented and we will appreciate being informed of the action(s) taken thereon by submitting, within 60 days from receipt hereof, the duly accomplished Agency Action Plan and Status of Implementation form hereto attached.

We acknowledge the assistance and support extended to the Audit Team by the officials and staff of the Abra State Institute of Sciences and Technology.

Truly yours,



Atty. EDEN D. TINGSON- RAFANAN
Regional Director





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We rendered a qualified opinion on the fairness of presentation of the financial statements because of the following:

1. An asset account with a negative balance of P100,425.06 and various liability accounts with debit balances aggregating P14,518.939.37 cannot be readily verified due to non-maintenance of Subsidiary Ledgers; thus, rendering the Statement of Financial Position unreliable.
2. The reported balance of Cash-Collecting Officer account amounting to P2,060,040.78 as of December 31, 2019 was unreliable due to unreconciled amount of P1,729,528.11 between the Cashbooks and the General Ledgers and non-maintenance of subsidiary ledgers to facilitate reconciliation and monitoring of account balances;
3. The immediate reversion of the Due to NGAs account prior to the submission of liquidation documents resulted in unreconciled trust liability balances as of year-end.
4. Various errors/omissions in recording resulted in the overstatement of the Advances to Payroll and Advances to Officers and Employees accounts amounting to P1,501,215.28 and P125,208.93, respectively.



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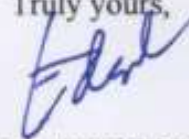
The following is a summary of the most significant findings and observations, details of which and the other findings and observations are discussed in the Observations and Recommendations portion of this report:

1. Liquidated damages amounting to P128,509.92 were not imposed on the contractor of the project, "Construction of village level processing facility and bio-organic fertilizer plant" contrary to Section 8.1 of Annex D of the Revised Implementing Rules and Regulations (IRR) of Republic Act (RA) No. 9184.
2. Purchases of goods and services aggregating P2,205,906.48 were paid in cash instead of check as direct payments to creditors contrary to the imprest system prescribed under Section 172 of the Government Accounting and Auditing Manual (GAAM), Volume I.
3. Copies of Purchase Orders (POs) and their supporting documents for the purchase of various supplies and equipment in the total amount of P14,088,162.98 were not submitted to the Audit Team within the prescribed period of five days from issuance thereof, contrary to the provision of item 3.2.1 of COA Circular No. 2009-001 dated February 12, 2009.
4. The Request for Quotations (RFQ) for goods and services totaling P21,682,569.80 procured through Alternative Modes of Procurement were not posted on the PhilGEPS website contrary to Section 54.2 of the Revised Implementing Rules and Regulations of Republic Act (RA) 9184 and did not ensure that the most advantageous price was obtained.
5. The changes in the fair value of the Biological Assets were not recognized in the accounting books due to the non-preparation of Biological Assets Property Card (BAPC), Quarterly Report of Biological Assets (QRBA), and non-maintenance of Subsidiary Ledgers for said account.

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Atty. EDEN D. TINGSON- RAFANAN
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