

## EXECUTIVE SUMMARY

### A. Introduction

Ifugao State University (IFSU) is the premier institution of higher learning in the Province of Ifugao and a Level III state university.

IFSU started in 1920 as a Farm Settlement School. In 1972, it was elevated into Ifugao Agricultural and Technical College (IATC) offering secondary and tertiary/undergraduate courses. In 1982, it was further expanded into Ifugao State College of Agriculture and Forestry (ISCAF) offering various Baccalaureate and Masters courses.

On October 14, 2009, Republic Act No. 9720 was signed into law formally converting ISCAF into what is now known as Ifugao State University (IFSU) with campuses in Lamut (Main Campus), Aguinaldo, Hapao (in Hungduan), Lagawe, Potia (in Alfonso Lista) and Tinoc.

Formal launching and operation of IFSU started on January 6, 2010 with the adoption of its Implementing Rules and Regulations (IRR), the University Code and University Development Plan.

As of December 31, 2018, the six campuses of the University had a personnel complement of 579, summarized as follows:

Status of Employment	Total
Permanent:	
Teaching Positions	239
Non-teaching Positions	122
Non-permanent:	
Teaching Positions	34
Non-teaching Positions	175
Guest Faculty	9
<b>TOTAL</b>	<b>579</b>

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, 2018.

The audit aimed to verify the level of assurance that may be placed on management's assertions on the financial statements, ascertain compliance with rules and regulations, and determine whether financial resources were managed economically and efficiently.

## B. Financial Highlights

Presentation of the University's assets, liabilities, equity, income and expenses, with comparative figures for CY 2017.

	2018	2017	Increase (Decrease)	
			Amount	Percent
Assets	₱ 952,722,371.78	₱ 814,489,564.12	₱ 138,232,807.66	16.97
Liabilities	173,051,227.56	138,845,644.17	34,205,583.39	24.64
Equity	779,671,144.22	675,643,919.95	104,027,224.27	15.40
Income	451,565,175.41	420,684,249.92	30,880,925.49	7.34
Expenses	319,807,282.29	329,627,094.17	(9,819,811.88)	(2.98)

Presentation of appropriations and obligations, with comparative figures for CY 2017.

Funding Source	2018	2017	Increase (Decrease)	
			Amount	Percent
<u>Appropriations</u>				
General Appropriations Act	₱381,624,000.00	₱311,825,901.00	₱69,798,099.00	22.38
Special Allotment Release Order	27,782,738.00	48,122,720.00	(20,339,982.00)	(42.27)
Internally Generated Funds	74,797,002.83	77,190,600.00	(2,393,597.17)	(3.10)
Total Appropriations	484,203,740.83	437,139,221.00	47,064,519.83	10.77
<u>Obligations/ Budget Utilization</u>				
General Appropriations Act	371,295,139.00	303,003,822.48	68,291,316.52	22.54
Special Allotment Release Order	27,169,767.95	43,010,377.47	(15,840,609.52)	(36.83)
Internally Generated Funds	55,220,184.20	61,914,471.95	(6,694,287.75)	(10.81)
Total Obligations	453,685,091.15	407,928,671.90	45,756,419.25	11.22
Appropriation Balance	₱30,518,649.68	₱29,210,549.10	₱1,308,100.58	4.48

## C. Independent Auditor's Report

We rendered a qualified opinion on the fairness of presentation of the financial statements of Ifugao State University, for the year ended December 31, 2018, due to the following:

- Management did not provide allowance for impairments or impairment loss on receivables that are doubtful of collection.
- Three donated vehicles valued at approximately ₱1.86 million were not recorded in the books.

- Non-classification of short-term and long-term obligations of the University as current and non-current liabilities, respectively.

#### **D. Summary of Significant Observations and Recommendations**

Other than the bases for the modified opinion on the financial statements, the following are some of the significant observations and recommendations:

1. The University's Internal Control Office failed to conduct comprehensive audit on the University's activities because it was undermanned, hence, its evaluation on the University's degree of compliance with government rules and regulations was not performed.

We recommended that Management augment the present manpower of the Internal Control Office to conduct the necessary comprehensive audit of the University's activities.

2. Research laboratory equipment costing ₱4.84 million remained unused due to lack of laboratory space, accessories, and technically trained personnel to operate the same.

We recommended that Management:

- a. provide the required laboratory spaces for the installation of the laboratory equipment and procure the accessories and supplies necessary for the operation of the equipment; and
  - b. hire technically capable personnel to undergo trainings for the operation and maintenance of these laboratory equipment;
3. The use of the welding simulator costing ₱3 million was not fully maximized because it was not delivered or provided to the intended users.

We recommended that Management transfer the welding simulator to the intended users at the Main Campus.

4. The operation of the IFSU Water Delivery, an income generating project, was temporarily discontinued due to power outage as a result of non-payment of accumulated electric bills.

We recommended that the Income Generating Project (IGP) Division:

- a. process the transfer of the business name from Collins Purified Drinking Water Enterprise to IFSU Water Delivery; and

- b. settle immediately the electric bill of the water refilling station to resume its business operation.
5. The University reported only 0.33% from the total appropriation as actual expenses incurred in the implementation of GAD activities because the GAD Focal Person did not attribute the University's major programs to GAD or verify the expenses that were related with the implemented GAD activities.

We recommended that Management, through the GAD Focal Person, verify the related expenses incurred in the implementation of GAD activities and include them in the University annual GAD accomplishment reports. We recommended further that the GAD Focal Person attribute to the GAD budget a portion or the whole of the budget of the University's major programs as a means toward gradually increasing the gender responsiveness of government programs and budgets.

**E. Summary of Total Suspensions, Disallowances and Charges**

As of December 31, 2018, the University had audit suspensions, disallowances and charges as follows:

<b>Particulars</b>	<b>Current Year</b>	<b>Prior Years</b>	<b>Total</b>
Suspensions	₱ 154,237.65	₱ 0.00	₱ 154,237.65
Disallowances	₱ 1,201,872.78	₱ 11,737,571.66	₱ 12,939,444.44
Charges	₱ 0.00	₱ 0.00	₱ 0.00

**F. Implementation of Prior Years' Audit Recommendations**

Out of the 14 prior years' audit recommendations, seven were fully implemented, four were partially implemented, and three were not implemented.