PRESIDENT'S OFFICE
RECEIVED INITIAL
DATE: 6/18/14

EASTERN SAMAR STATE UNIVERSITY
RECEIVED
SIGNATURE OVER PRINTED NAME
DATE AND TIME

# EXECUTIVE SUMMARY

## A. Introduction

The Eastern Samar State University (ESSU) was founded on February 14, 1960 as the Eastern Samar National Regional Agricultural School – ESNRAS through Republic (RA) Act No. 2434. The school was converted into the Eastern Samar Junior Agricultural College (ESJAC) in 1973 to meet the clamor for the offering of the collegiate courses. ESJAC promptly opened a program in Associate in Agriculture and later Bachelor of Science in Agriculture (BSA) when it became Eastern Samar College of Agriculture (ESCA) in 1978. ESCA was converted into the Eastern Samar State College (ESSC) by virtue of Batas Pambansa (BP) No. 394 on May 18, 1993. This conversion eventually paved the way to rapid expansion in program offerings with courses in teacher education, vocational post-secondary education, business and commerce, engineering and law.

RA No. 8292, enacted on June 6, 1997 mandated the CHED Supervised Higher Education Institution of a province to be integrated in a State College or a University (SUC) System. ESSC Guiuan (Formerly Felipe Abrigo National memorial College of arts and Trade), ESSC Salcedo (Formerly Southern Samar College of Agriculture, Science and Technology) and ESSC Can-avid (Formerly Can-avid National and Agriculture College) were integrated into Eastern Samar State College in Borongan.

On August 7, 2004, R.A. 9312 was signed into law by President Gloria Macapagal Arroyo, converting ESSC into a University called Eastern Samar State University, which furthermore integrated the Maydolong National Agricultural School into the new University. Congressman Marcelino C. Libanan introduced the conversion bill in 2003 during the 12th congress, and Senator Francis N. Pangilinan sponsored it in the Senate.

The University is mandated to primarily provide advance education, higher technological professional instruction and training in the field of industry, computer and information technology, forestry and environmental sciences, agricultural and veterinary medicine, fishery medicine and related sciences, engineering, education, law, art and sciences, and other related fields of study. It shall also promote research and extension services, and provide progressive leadership in its areas of specialization.

## B. Organizational Set-up

The Administration of ESSU and the exercise of its corporate powers are vested exclusively in the Board of Regents (BOR) and the President of the University. The BOR is composed of the following:

| | |
|---|---|
| Hon. Prospero E. De Vera III | Chairperson |
| Hon. Edmundo A. Campoto | Vice - Chairman |
| Hon. Francis "Chiz" Escudero | Member |
| Hon. Ann K. Hofer | Member |
| Hon. Bonifacio G. Uy | Member |
| Hon. Edgardo M. Esperancilla | Member |
| Hon. Bryan C. Arago | Member |
| Hon. John Joshua L. Canciller | Member |
| Hon. Maria Josefina B. Montes | Member |
| Hon. Cyrain Cabueñas | Member |
| Hon. Rey Anthony P. Navidad | Member |

The ESSU Main Campus is headed by the following key personnel:

| | | |
|---|---|---|
| Dr. Edmundo A. Campoto | - | President |
| Dr. Ernesto T. Anacta | - | Vice President for Administration |
| Dr. Emilia R. Baquilod | - | Vice President for Academic Affairs |

The three key officials are supported by the following Administrators in the external campuses:

| | | |
|---|---|---|
| Dr. Andres C. Pagatpatan, Jr. | - | Guiuan Campus |
| Dr. Marina S. Apilado | - | Salcedo Campus |
| Dr. Vickie Myril G. Yadao | - | Maydolong Campus |
| Dr. Hilarion S. Odivilas | - | Can-avid Campus |

The total personnel complement of ESSU, including its external campuses is one thousand eleven (1,011), distributed as follows:

| **Type of Personnel** | **Campus** | | | | | **Totals** |
|---|---|---|---|---|---|---|
| | **Main** | **Can-avid** | **Guiuan** | **Salcedo** | **Maydolong** | |
| Teaching | 212 | 39 | 85 | 83 | 40 | 459 |
| Non-Teaching | 116 | 25 | 33 | 41 | 20 | 235 |
| Lecturer/ Part-time | 34 | 13 | 39 | 1 | 17 | 104 |
| Job Order | 68 | 36 | 61 | 30 | 18 | 213 |
| **TOTAL** | **430** | **113** | **218** | **155** | **95** | **1,011** |

## C. Operational Highlights

| **MFO and Performance Indicators** | **Targets** | **Actual Accomplishments** | **Percentage** |
|---|---|---|---|
| I. Operations | | | |
| MFO 1: Higher Education Services | | | |
| a. Total number of graduates | 2,830 | 2,626 | 92.79% |

| MFO and Performance Indicators | Targets | Actual Accomplishments | Percentage |
|---|---|---|---|
| b. Percentage total of number of graduates that are in priority courses | 70% | 72.12% | 103.03% |
| c. Average passing percentage of licensure exams by SUC graduates/national average passing across all disciplines covered by SUC | 50% | 87.14% | 174.28% |
| d. Percentage of Programs accredited | | | |
| d.1 Level 1 | 77.80% | 87.50% | 112.47% |
| d.2 Level 2 | 77.80% | 83.33% | 107.11% |
| d.1 Level 3 | 90% | 100% | 111.11% |
| e. Percentage of graduates who finished academic program according to prescribed timeframe | 97% | 97% | 100% |
| MFO 2: Advanced Education Services | | | |
| a. Total number of graduates | 145 | 120 | 82.76% |
| b. Percentage of graduates engaged in employment within 6 months of graduation | 98% | 98.33% | 100.34% |
| c. Percentage of students who rate timelines of education delivery/supervision as good or better | 84% | 93.48% | 111.29% |
| MFO 3: Research Services | | | |
| a. Number of research studies completed | 68 | 68 | 100% |
| b. Percentage of research projects completed in the last 3 years | 72.03% | 73.08% | 101.46% |
| c. Percentage of outputs published in a recognized journal or submitted for patenting or patented | 66.18% | 36.76% | 55.54% |
| d. Percentage of research projects completed within the original project timeframe | 80.88% | 94.12% | 116.37% |
| MFO 4: Technical Advisory Extension Services | | | |
| a. Number of persons trained weighted by the length of training | 9,540 | 10,377 | 108.77% |
| b. Number of persons provided with technical advice | 6,550 | 6,571 | 100.32% |
| c. Percentage of trainees who rate the training course as good or better | 92% | 93.14% | 101.24% |
| d. Percentage of clients who rate the advisory services as good or better | 92% | 93.33% | 101.44% |

| MFO and Performance Indicators | Targets | Actual Accomplishments | Percentage |
|---|---|---|---|
| e. Percentage of requests for training responded to within 3 days of request | 87% | 89% | 102.30% |
| f. Percentage of requests for technical advice that are responded to within 3 days | 86.67% | 88.33% | 101.91% |
| g. Percentage of persons who receive training or advisory services who rate timeliness of service delivery as good or better | 90% | 91.27% | 101.41% |

## D. Financial Highlights

ESSU's financial conditions, results of operations, and sources and application of funds for CY 2017 with comparative figures for year 2016 are presented below:

| Accounts | CY 2017 | CY 2016 |
|---|---|---|
| Assets | 1,141,630,035.79 | 1,095,614,581.10 |
| Liabilities | 125,910,670.84 | 54,949,392.30 |
| Government Equity | 1,015,719,364.95 | 1,040,665,188.80 |
| Income | 501,734,033.61 | 945,100,271.39 |
| Expenses | 506,074,336.55 | 564,704,442.85 |
| Appropriation | 502,942,313.01 | 404,738,322.00 |
| Allotment | 483,115,248.00 | 400,549,322.00 |
| Obligations | 477,488,611.71 | 387,429,429.84 |

## E. Scope of Audit

The audit covered the review of accounts and operations of ESSU for calendar year 2017. The audit was conducted to: a) ascertain the propriety of transactions as well as the extent of compliance on the applicable laws, rules and regulations; b) ascertain the level of assurance that may be placed on the management's assertions on the financial statements; and c) determine the extent of implementation of prior years' audit recommendations.

## F. Auditor's Report on the Financial Statements

The Auditor rendered a qualified opinion on the fairness of presentation of the financial statements of ESSU for the CY 2017 due to exceptions as stated in the Independent Auditor's Report and discussed in detail in Part II of this Report.

## G. Significant Audit Observations and Recommendations

The following are the significant audit observations and recommendations which are discussed in detail in Part II of this Report:

**1.** The accuracy of the Cash in Bank-Local Currency, Current Account (LCCA) balance totaling ₱80,468,399.37 as of year-end could not be ascertained in view of the following: a) discrepancy in balances between the Cash in Bank-LCCA (all funds) and Bank Confirmation Results caused by non-maintenance of subsidiary records and non-preparation of monthly Bank Reconciliation Statements (BRS); b) understatement of the Cash in Bank-LCCA balance due to unrecorded valid reconciling items totaling ₱509,059.76; and c) various reconciling items without supporting details and/or supporting documents in the BRS, both in ESSU and bank records, contrary to the pertinent provisions of PD No. 1445 and of the GAM for NGAs, Volumes I and II.

**We recommended that the President require:**

**a) the Accountants concerned to:**

- **immediately prepare and submit the lacking BRS for all existing bank accounts and henceforth, to prepare and submit BRSs on a regular basis pursuant to the pertinent provisions of PD No. 1445 and Section 7, Chapter 21 of the GAM for NGAs Volume I;**

- **draw a JEV to record the necessary adjustments in the books for valid reconciling items and to conduct thorough review of the other reconciling items reflected in the BRSs and support the same with relevant documentary evidence; and**

- **maintain complete and properly accomplished SLs for each bank account for easy control and monitoring.**

**b) the management of Guiuan Campus to secure authority from the Board of Regents (BOR) to close the account maintained at the DBP and the other accounts maintained with PNB; and to transfer the fund balances to an AGDB.**

**2.** The accuracy of the Accounts Receivable balance of ₱53,162,650.21 as of year-end could not be ascertained in view of the following: a) unrecorded receivables for assessed school fees totaling ₱25,764,393.00; b) unassessed school fees of 100 confirmed enrollees; and c) erroneous recording of receivables to the Due from NGAs account for assessed school fees from CHED and DepEd totaling P14,106,403.00, contrary to pertinent provisions of the GAM for NGAs, Volumes I and III; and COA Circular Letter No. 2004-002 dated September 30, 2004.

**We recommended that the President require:**

**a) the Accountants of the Main, Maydolong, and Salcedo campuses to:**

- **Apply consistently the accrual method of accounting in the recording of assessed school fees through the setting up of Accounts Receivables; and**

- **Draw a JEV to record the necessary adjustments for the unrecorded assessed and unassessed school fees pertaining to the 1st Semester and Summer classes of AY 2017-2018.**

**b) the Accountants of the Main and Salcedo campuses to effect the necessary adjustments in their books of accounts as regards the erroneous recording of receivables for assessed school fees from CHED and DepEd.**

**3.** ESSU failed to enforce collection and/or settlement of long outstanding receivables and cash advances totaling ₱83,372,909.89 as of year-end and did not apply for write-off of its dormant accounts, contrary to Sections 2 and 102 of PD No. 1445; COA Circular No. 97-002 dated February 10, 1997; and COA Circular No. 2016-005 dated December 19, 2016, thus, depriving ESSU of the funds for its operations and affecting the fair presentation of the particular accounts in the Financial Statements.

**We recommended that the President require the Accountants concerned to:**

**a) enforce collection and settlement of the long outstanding receivables and cash advances;**

**b) effect the necessary journal entries to correct the erroneous recording of the collection of receivables from the guarantor-faculty/staff under STUFAP scheme.**

c) **initiate the preparation and filing of the request for authority to write-off dormant accounts with the Commission on Audit in accordance with COA Circular No. 2016-005 dated December 19, 2016.**

**4.** The existence, rights, and accuracy of the Property, Plant and Equipment (PPE) account valued at ₱962,080,870.63 as of December 31, 2017 could not be ascertained in view of the following deficiencies/errors: a) discrepancy in PPE account balances between the GL and Report on the Physical Count of Property, Plant and Equipment (RPCPPE); b) non-reclassification to semi-expendable property of tangible items costing below P15,000.00 totaling ₱32,054,751.67; c) unserviceable properties valued at ₱1,920,588.85 included in PPE balance; d) non-provision of depreciation on several PPE accounts totaling ₱178,865,469.64; e) recording of mobilization and progress payments for on-going infrastructure projects as PPE instead as Construction in Progress-Land Improvements; and f) absence of proof of ownership of the recorded value of Land amounting to P5,659,104.40, contrary to pertinent provisions of the GAM for NGAs Volume I, PD No. 1445, and COA Circular No. 89-296 dated January 27, 1989.

**We recommended that the President require the Supply Officers, Accountants, and other personnel concerned to:**

a) **fast track the reconciliation of the balances of the inventory reports, property records and GL and to make the necessary adjustments in all records to come up with correct and reconciled balances;**

b) **prepare and record the necessary adjusting entries to reclassify the semi-expendable properties totaling ₱32,054,751.67 and adjust corresponding PPE and accumulated depreciations of the affected accounts of the Main and Guiuan Campuses;**

c) **determine the tangible items of the Salcedo Campus which did not meet the minimum capitalization threshold of ₱15,000 and prepare the necessary adjusting entries to reclassify those items to semi-expendable inventories and adjust corresponding PPE and accumulated depreciations of the affected accounts;**

d) **immediately undertake disposal procedures of the ESSU unserviceable properties;**

**e) provide complete depreciation on all PPE items and to make the necessary adjustments to correct the understatement of Accumulated Depreciation in previous years to be able to present the PPE in its proper valuation;**

**f) draw a JEV to correct all the erroneous entries made relative to the erroneous recording of payments for mobilization and progress billings of infrastructure projects; and**

**g) facilitate the preparation of documentary requirements and undertake the necessary courses of action to secure the Land Titles and Proclamation Patents/Special Patents for Public School Sites from the DENR in order that the land ownership can be registered to protect the ESSU from adverse claims of third parties.**

**5.** The Inter-Agency Payables to Government Services Insurance System (GSIS) and Pag-IBIG (Home Development Mutual Fund) included accumulated unaccounted/unremitted year-end balances totaling ₱60,823.33 and ₱506,657.99 respectively, in contravention to Section 5(c) of RA No. 8291, otherwise known as the GSIS Act of 1997 and Section 14(1) of its IRR, Section 5(c) of RA No. 9679 otherwise known as the Home Development Mutual Fund Law of 2009 and Section 3(a), Rule VII of its IRR.

**We recommended that the President require the Accountants and Payroll Officers concerned to reconcile their employees' records to determine the nature of the unaccounted balances, in close coordination with the GSIS and HDMF, and to undertake the following:**

**a) If these are withheld premiums and/or loan repayments, determine the personnel who have been withheld with the aforementioned amounts by checking over payrolls;**

**b) If these withheld amounts were deducted from the personnel's loan or retirement proceeds, refunds should be made;**

**c) If these are accounting errors, effect necessary adjustments in the books, append relevant documentary evidences in the JEV and provide the audit team with copies to facilitate verification and evaluation; and**

**We also recommended that henceforth, management strictly adhere with the abovementioned provisions of the GSIS and HDMF laws and regulations.**

**6.** The accuracy of the reported net income at year-end of ₱279,762.92 was not ascertained due to the absence of the financial statements, journals and ledgers for each Income Generating Projects which resulted in weak accounting controls over transactions involving the projects, contrary to Chapter VII of the *Manual of Operations for Income Generating Projects of State Universities and Colleges in Region 8*.

**We recommended that the President require the Accountants and all IGP personnel concerned to prepare and maintain financial statements and separate journals and ledgers for each IGP.**

**We also recommend that the Accountants concerned make the necessary adjustments to book up non-cash expenses such as depreciation of PPEs to come up with a reliable net income from IGP operations.**

**7.** Of the five ESSU Campuses, only the Can-avid and Guiuan Campuses maintained separate set of books for the Trust Receipts (FC 07) in accordance with Fund Cluster (FC) accounting as prescribed by the Philippine Public Sector Accounting Standards (PPSAS) and the GAM for NGAs Volume I. Moreover, the transactions for the Trust Receipts in the other three campuses were classified and recorded under Internally Generated Funds (FC 05), thus misstating the account balances under FC 05 and FC 07 as of year-end.

**We recommended that the President:**

**a) require the Accountants of the Main, Maydolong and Salcedo Campuses to maintain separate books of accounts for FC-07 (Trust Receipts) in accordance with the requirement for fund cluster accounting in order for ESSU to fairly present its Financial Statements.**

**b) make representations and seek authority from the ESSU's Board of Regents to allow Maydolong campus to open and maintain a separate bank account for trust receipts in the same depository bank where the Campuses' other funds are maintained.**

**8.** Incentives for CYs 2015 and 2016 totaling ₱551,677.53 were distributed in CY 2017 to various personnel of the Main Campus involved in the Income

Generating Projects without establishing the actual net income from the operations of Income Generating Projects.

**We recommended that the President require the Accountant and other personnel concerned to properly establish the net income derived from each IGP ventures from CY 2015 to 2016 by recognizing the actual cost of electric consumption for the periods and exclude the income of the projects which did not qualify as IGP, before granting incentives to the ESSU personnel.**

**9.** The 25% school share of ESSU from the net income from its operations of the Income Generating Projects, which remained in the Business Related Income (FC 06) books, was not remitted to ESSU's Internally Generated Funds (FC 05), thus depriving it of funds for its operations. Some Income Generating Projects of Maydolong and Guiuan Campuses were mainly for "buy and sell business" or "rental of facilities" that did not involve students, contrary to the objectives of Income Generating Projects as provided for in the Manual of Operations for Income Generating Projects of State Universities and Colleges in Region 8, particularly that of providing maximum hands-on experience to students taking up related subjects.

**We recommended that the President require the Accountants concerned to:**

**a) immediately remit ESSU's share equivalent to 25% of the yearly net income from IGP operations for CY 2017 and prior years' to FC 05 (Internally Generated Funds) and, henceforth ensure that ESSU's share is always appropriately allotted from the yearly net income; and**

**b) consider as income for ESSU and not for its IGP, all income from projects which do not qualify as IGP operation.**

**We also recommended that management revisit the current operations of these IGPs and ensure that the twin-objectives for the establishment of IGPs set forth in *Manual of Operations for Income Generating Projects of State Universities and Colleges in Region 8* are met.**

**10.** Some Buildings and other ESSU's properties valued at ₱658,424,827.10 were not insured with the General Insurance Fund (GIF) of the GSIS contrary to Section 5 of RA No. 656 as amended by PD No. 245, Administrative Order No. 33 dated August 25, 1987, and COA Circular No. 92-390 dated November 11, 1992, thus, ESSU's interests were not protected against possible losses due to any fortuitous events that may have occurred.

**We recommended that management of all campuses strictly implement Section 5 of RA No. 656 as amended by PD No. 245; Administrative Order No. 33 dated August 25, 1987; and COA Circular No. 92-390 dated November 11, 1992.**

**11.** Lapses in monitoring and supervision in the procurement of infrastructure projects and the non-implementation of calibrated actions in consonance with Department of Public Works and Highways Department Order (DPWH DO) No. 193 dated September 15, 2016 resulted in the non-completion within the contract period of three infrastructure projects of ESSU totaling P17,161,013.06, thereby depriving ESSU from the intended benefits of the projects.

**We recommended that management ensure the following:**

**a) immediate completion of the on-going projects to provide ESSU with the intended benefits of the projects;**

**b) strict implementation of the provisions of Department of Public Works and Highways Department Order (DPWH DO) No. 193 dated September 15, 2016; and**

**c) enforcement of liquidated damages equal to at least one tenth (1/10) of one (1) percent of the cost of the unperformed portion of the works for every day of delay on the defaulting contractor pursuant to Annex E.8.1 of the 2016 Revised IRR of RA 9184.**

**12.** ESSU failed to submit a list of all on-going projects/programs/activities at the beginning of CY 2017 and of those that are to be implemented during the year, as well as information to the Audit Team that appropriate project signboards and/or public notices were already posted on projects being implemented totaling ₱91,963,398.09, contrary to Sections 2 and 3 of COA Circular No. 2013-004 dated January 30, 2014.

**We recommend that the President require all officials/employees concerned to strictly implement the pertinent provisions of COA Circular No. 2013-004 dated January 30, 2013.**

**13.** The Gender and Development (GAD) Plan and Budget and the corresponding Accomplishment Report were not submitted to Philippine Commission on Women (PCW) for review and endorsement to the Department of Budget and Management (DBM) and to the Audit Team for audit purposes, contrary to Paragraphs 8.1.2 and 8.2 of PCW-NEDA-DBM Joint Circular No. 2012-1; and Paragraph V of COA Circular No. 2014-001. While the actual cost of implementing the GAD Plan was substantially

different from what was budgeted due to failure in considering all costs attributable to the GAD budget.

**We recommended that the President require the GAD Focal Person to ensure that the:**

**a) GAD Plan and Budget and the corresponding GAD Accomplishment Report are reviewed and endorsed by PCW to DBM in accordance with PCW-NEDA-DBM Joint Circular No. 2012-1 before its implementation and submit the same to the Audit Team within the prescribed period as required in Paragraph V of COA Circular No. 2014-001;**

**b) GAD Accomplishment Report is prepared in accordance with Annex B of PCW-NEDA-DBM Joint Circular No. 2012-1, Paragraph 6.4.1 of PCW-NEDA-DBM Joint Circular No. 2012-1; and Paragraph A.6 of PCW Memorandum Circular No. 2014-04.**

**14.** Delay incurred in the submission of CY 2017 paid transactions and financial reports; and non-submission of CY 2017 paid transactions totaling ₱56,652,233.88 as of December 31, 2017, contrary to Section 107 of PD No. 1445 and pertinent provisions of COA Circular No. 95-006 dated May 18, 1995, precluded the Audit Team from conducting timely audit and prompt communication of audit results.

**We recommended that the President:**

**a) require the Disbursing Officers and Accountants concerned to submit immediately the lacking Disbursement Vouchers with supporting documents totaling ₱56,652,233.88 and the overdue CY 2017 financial reports, and henceforth enjoin the concerned personnel to consistently observe the submission of accounts and financial reports within the reglementary period pursuant to Section 107 of PD 1445 and pertinent provisions of COA Circular No. 95-006; and**

**b) take appropriate actions against concerned officials/ employees for the repeated failure to adhere to the provisions of the afore-cited laws, rules and regulations.**

**15.** Various laboratory equipment and information technology facilities procured sometime in CY 2016 valued at ₱80,912,504.00 remained idle or unutilized as of December 31, 2017, contrary to Section 2 of PD No. 1445, thus depriving the end-users of the timely utilization and benefits of

upgraded and modernized facilities and resulting in possible wastage of government resources.

**We recommended that the President require all College Deans/Campus Administrators concerned, in coordination with the Supply Officers, to immediately take appropriate action to ensure that the idle equipment and facilities be utilized for the purpose/s they were procured and to properly maintain them to prevent wastage of government resources.**

The above audit observations and recommendations were communicated to management through Audit Observation Memoranda (AOM) and were discussed with the agency officials in an exit conference conducted on May 9, 2018 and their comments were considered in the report, where appropriate.

## H. Compliance with Tax Laws

From the taxes withheld by the ESSU from its employees' compensation, percentage taxes, and value-added taxes totalling to ₱39,130,712.56 for calendar year 2017, the amount of ₱36,106,863.25 was remitted to the Bureau of Internal Revenue, thereby leaving an unremitted balance of ₱4,590,734.35. The ending balance represented taxes withheld in December 2017 which were remitted in January 2018. The details are discussed in Part II of this Report.

## I. Compliance with Government Service Insurance System (GSIS) Act of 1997

ESSU complied with the requirements on withholding and remittance of GSIS contributions for CY 2017 pursuant to RA 8291. During the year, a total of ₱51,863,229.45 was withheld from employees and P51,862,016.15 was remitted on time. As of December 31, 2017, the ending balance of the Due to GSIS account amounted to ₱1,245,284.30.

## J. Compliance with PhilHealth Contributions

ESSU complied with the requirements on withholding and remittance of PhilHealth contributions for CY 2017. During the year, a total of ₱2,101,999.90 was withheld from employees and ₱2,102,199.90 was remitted on time. As of December 31, 2017, the ending balance of the Due to Philhealth account amounted to ₱154,105.87.

## K. Compliance with Home Development Mutual Fund Contributions (HDMF)

ESSU complied with the requirements on withholding and remittance of HDMF contributions for CY 2017. During the year, a total of ₱4,020,518.74 was withheld from employees and ₱4,017,221.92 was remitted on time. As of December 31, 2017, the ending balance of the Due to HDMF account amounted to ₱514,954.99.

## L. Status of Audit Suspensions, Disallowances and Charges

As of December 31, 2017, ESSU had a total unsettled suspensions and disallowances of ₱1,551,406.83 and ₱10,497,878.00, respectively. There was no settlement of suspensions and disallowance during the year. The details are discussed in Part II of this Report.

## M. Status of Implementation of Prior Years' Audit Recommendations

Shown below is the status of implementation of the one hundred nine (109) audit recommendations embodied in the CY 2016 and prior years' Annual Audit Reports. forty-one (41) were fully implemented, sixty-two (62) were partially implemented, and six (6) were not implemented. The details are discussed in Part III of this Report.

| Status of Implementation | No. of Audit Recommendations |
|---|---|
| Fully Implemented | 41 |
| Partially Implemented | 62 |
| Not Implemented | 6 |
| **Total** | **109** |