EXECUTIVE SUMMARY

A. Introduction

The Western Visayas College of Science and Technology (WVCST), formerly known as the Iloilo School of Arts and Trades (ISAT), was initially established in 1905 as the Iloilo Trade School. On May 18, 1983, the school was converted into a state college by virtue of Batas Pambansa Blg. 395.

The College’ envisions becoming a Center of Excellence in Science and Technology, committed to the development of man through the integration of the spiritual, liberal, vocational, scientific and technological education for leadership in national development. It is likewise committed to the promotion of research, extension, production and advanced studies and progressive leadership in the fields of trade, industrial, scientific, professional and technological education.


The College has a main campus and four other campuses, comprising two satellite schools, the Don Jose S. Monfort Memorial National College (DJSMMNC) and Purificacion D. Monfort College (PDMC) as well as two CHED supervised schools re-integrated in CY 2002, the Southern Iloilo Polytechnic College (SIPC) and the Leon National College of Agriculture (LNCA).

The Board of Trustees is the governing board and the policy-making body of the college, which reviews and recommends to the College President, policies governing the administration, management, development and instructional planning of the college.

The College President recommends the policies to the Board of Trustees for appropriate action and disseminates approved policies to the Department Heads, Faculty members and Administrative Staff.

The College has a total personnel complement of 427, consisting of 252 permanent employees, eight casual employees and 102 substitute and part-time teachers. Moreover, 65 contractual personnel were hired to augment the College workforce.

B. Financial Highlights

The agency’s Assets, Liabilities and Government Equity as of December 31, 2012 were ₱ 426,934,075.30, ₱ 50,551,902.22 and ₱ 376,382,173.08 respectively, which correspondingly increased by 4.95% or ₱ 20,125,155.71, increased by 58.58% or ₱ 18,674,605.12 and increased by .38% or ₱ 1,450,550.59 over last year’s balances of ₱ 406,808,919.59, ₱ 31,877,297.10 and ₱ 374,931,622.49, respectively.
For calendar year 2012, the College received subsidy from the national government totaling ₱243,660,540.94 which was 8.24% or ₱18,559,442.03 more than the previous year’s subsidy of ₱225,101,098.91. Collections from income/revenues during the year amounted to ₱141,042,988.43, an increase of 7.48% or ₱9,819,118.54 over the previous year’s ₱131,223,869.89. Total expenses incurred for the period amounted to ₱344,500,402.53, an increase of 8.68% or ₱27,520,560.13 over the previous year’s ₱316,979,842.40, resulting in excess of income over expenses of ₱32,020,338.2 at the end of the year.

C. Operational Highlights

The college produced 2,783 graduates while enrollment increased every year reaching a total of 23,857 for Annual Year 2012-2013.

Academic accomplishments and awards garnered by students in different events participated in, are as follows:

a. two hundred twenty nine students of different academic fields graduated with academic and non-academic distinctions;
b. two B.S. Marine Engineering graduates garnered 10th place in the May 2012 Licensure Examination;
c. three BSED-Math 3-B students won Second Place during the 9th Statistical Analysis Contest for College students at Iloilo City;
d. three BSCS 4A and three BSIF students were ranked Second runner-up for Programming and Computer Hardware Servicing, respectively; and
e. four Students were ranked 2nd runner-up for chess and five students were ranked Champion for quiz bowl from computer department students during the 2nd Annual IT Festival at Central Philippine University.

The College is among the country’s State Universities and Colleges with high passing percentage in various licensure examinations, administered by the Professional Regulations Commission, such as the following:

a. four hundred four graduates of B.S. Education passed the Licensure Examination for Teachers;
b. ninety graduates of different Fields of Engineering passed the Engineering Licensure Examinations; and
c. eight graduates of B.S. Agriculture became successful Agricultural Engineers.

The College was also able to win in different international research contest such as the following:

1\textsuperscript{st} place - Development of Quality of Life Index of students in Campus: An Alternative Measure for Quality Higher Education;

1\textsuperscript{st} place - Gonad Rematuration and Reproductive Cycle of the Mud Clam, Anodontia Edentula, in Guimaras, Central Philippines; and

2\textsuperscript{nd} place – Context Based Mathematics Problem Solving: Cognitive and Affective on BIT and BS Voc-Tech Students.

b. World Research Festival 2012

3\textsuperscript{rd} place – Preliminary Assessment on the Floristic Composition of Tamban Hill, Maasin, Iloilo, Philippines and Its Implications for Ecotourism Development; and

3\textsuperscript{rd} place – Hemispheric Brain Dominance and Mathematics Performance of Western Visayas College of Science and Technology Students.

D. Scope of Audit

A comprehensive audit was conducted on the accounts and operations of the Western Visayas College of Science and Technology for the calendar year ended December 31, 2012. The audit was aimed to determine the reliability of the agency’s accounts to be able to express an opinion on the financial statements, and to determine whether financial transactions were carried out in accordance with existing laws, rules and regulations.

E. Auditor’s Opinion on the Financial Statements

The Auditor rendered a qualified opinion on the consolidated Financial Statements of the Western Visayas College of Science and Technology as of December 31, 2012, due to the concerned Officials’ failure to conduct a physical count as well as failure to prepare the required accounting and property records and subsequently, reconcile their respective balances, resulting to doubtful accuracy and existence of the Property, Plant and Equipment as well as Inventory accounts balances, amounting to ₱290,077,053.54 and ₱4,467,446.04, respectively, as of December 31, 2012.

In our opinion, except for the effects of any adjustments which might have been made, had the agency addressed the above-noted deficiencies, the accompanying financial statements present fairly, in all material respect, the financial position of the Western Visayas College of Science and Technology as of December 31, 2012 and the results of its operation and its cash flows for the year then ended in accordance with applicable laws, rules and regulations and in conformity with generally accepted state accounting principles.
F. Observations and Recommendations

The following are the significant observations and the corresponding recommendations:

1. Delayed preparation of the Monthly Bank Reconciliation Statements for ten depository accounts of the Main Campus, within the reglementary period, contrary to Section 74 of P.D. 1445, and failure to reconcile the Accountable Officer’s and Accountant’s independent records every end of the month, contrary to GAO General Circular No. 50, resulted in the difficulty of ascertaining the correctness of the year-end General Ledger Cash-in-Bank balance.

We recommend immediate preparation of the Monthly Bank Reconciliation Statements as of December 31, 2012, for ten depository accounts of the Main Campus, pursuant to Section 74 of PD 1445, and monthly reconciliation of the Accountable Officer and Accountant’s independent records, pursuant to GAO General Circular No. 50, to ensure the correctness of the year-end General Ledger cash balance.

2. “Advances to Officers and Employees” account totaling ₱1,114,634.36 for all campuses, remained unliquidated as of year-end, contrary to Section 89 of P.D. 1445 and COA Circular No. 97-002 dated February 10, 1997, resulting in the failure to record expenses in the year of occurrence.

We recommend that the Agency Head should require concerned Accountable Officers in all the campuses, to immediately liquidate the cash advances totaling ₱1,114,634.36, including the balance of ₱397,904.12 which had been granted prior to December 31, 2011, to ensure compliance with Section 89 of P.D. 1445, COA Circular No. 97-002 dated February 10, 1997 and COA Circular No. 2012-004 dated November 28, 2012, to ensure the recording of expenses in the year of occurrence.

3. Failure of the Cashier III to prepare the monthly Report of Accountability for Accountable Forms and submit the same to the Auditor’s Office, was contrary to Section 68 of the Manual on the New Government Accounting System for National Government Agencies, Volume II, resulting to the difficulty in monitoring authorized use and condition thereof.

We recommend that the duly designated Cashier III of the main campus should immediately submit to the Auditor’s Office, the Monthly Report of Accountability for Accountable Forms, pursuant to Section 68 of the Manual on the New Government Accounting System for National Government Agencies, Volume I, to facilitate determination of their authorized use and condition.
4. Failure to comply with COA Circular No. 95-006 dated May 18, 1995 on the submission of the Main Campus of CY 2012 disbursement vouchers and their corresponding supporting documents for the MDS, Trust Fund and Special Trust Fund, resulted in the difficulty of ascertaining the legality and validity of the transactions totaling ₱1,167,360.78.

We recommend that the Agency Head should enforce immediate compliance with COA Circular No. 95-006 dated May 18, 1995, on the submission of CY 2012 MDS, Trust Fund and Special Trust Fund disbursement vouchers and their corresponding supporting documents, to facilitate the determination of the legality and validity of the transactions, totaling ₱1,167,360.78.


We recommend that the Cashier III, should prepare the Report of Checks Issued, pursuant to Section 33 of the Manual on the New Government Accounting System, Volume I and submit the report together with the paid vouchers and their corresponding supporting documents to the Accountant III, not later that the fifth day of the ensuing month.

6. Failure of concerned personnel of the Main Campus, SIPC, LNCA and PDMC to a) conduct a physical inventory of Inventories as well as Property, Plant and Equipment totaling ₱4,467,446.04 and ₱290,077,053.54, respectively, per year-end Trial Balance; b) prepare the corresponding inventory reports; and c) reconcile accounting vis-à-vis property records, contrary to Sections 65 and 66 of Vol. II, Manual on the New Government Accounting System, resulted to doubtful existence and accuracy of the Inventory and Property Account, as of end of the year.

We recommend that concerned personnel of the Main Campus, SIPC, LNCA and PDMC conduct a physical inventory of Inventories and Property, Plant and Equipment totaling ₱4,467,446.04 and ₱290,077,053.54, respectively, per year-end General Ledger; prepare the corresponding inventory reports and submit the same to the Auditor’s Office, pursuant to Sections 65 and 66 of Vol. II, Manual on the New Government Accounting System to ensure the existence and accuracy of the Inventory and Property Accounts.
Moreover, the concerned Accountants should immediately prepare and maintain Property, Plant and Equipment Ledger Cards, pursuant to Section 12 of Manual on the New Government Accounting System, Volume II, to facilitate reconciliation of Accounting and Property records.

7. Failure to maintain financial records and submit the corresponding Financial Statements for the Income Generating Projects (IGPs) of Southern Iloilo Polytechnic College, contrary to pertinent provisions of the Manual of Operations for Integrated Income and Resource Generation Program, resulted in the difficulty of ascertaining the Projects’ financial and operating conditions.

We recommend that Project Managers for Income Generation Projects should keep and maintain records for the preparation of the following reports:

a. monthly Project Status;
b. monthly Income Statement;
c. monthly Materials Inventory;
d. Cash Flow Statements and;
e. Balance Sheets

Maintenance of financial records would facilitate determination of the projects’ financial condition, which are the basis for calculating incentives/profit allocation, as provided for in the Manual of Operations for Integrated Income and Resource Generation Program.

8. Failure to intensify efforts for collections of Loans Receivable totaling P472,000.00 of Southern Iloilo Polytechnic College (SIPC) under Fund MDS, resulted in minimal financial assistance extended to needy students.

We recommend the following:

a. exhaust all means to collect amounts due from STUFAP and SAFE loan grantees, by sending demand letters with return cards to their latest known addresses or places of assignment; and

b. request co-makers, to assist in the collection of STUFAF and SAFE loans, which they had guaranteed; and

c. impose penalties of 5% per annum to unpaid balances, due after the period specified in the loan agreement.

9. Southern Iloilo Polytechnic College equipment purchased in CY 2012, amounting to a) P3,238,608.37 under the Revolving Fund and b) P45,850.00 under the MDS Fund, or a total P3,284,458.37, were not provided with
depreciation, contrary to COA Circular No. 2004-003 dated October 4, 2004, resulting to the understatement of expenses and overstatement of income.

We recommend that the SIPC Accountant should comply with COA Circular No. 2004-003 dated October 4, 2004, and allocate depreciation expense for various Property, Plant and Equipment totaling P3,284,458.37, purchased in CY 2012.

10. Failure to strictly enforce the Rules and Regulations on Settlement of Accounts, provided for in COA Circular No. 2009-006 dated September 15, 2009, resulted in minimal recoveries/refunds of P90,270.78, for Disallowances totaling P162,511.00, with COA Order of Execution issued.

We recommend that the Agency Head require strict compliance with the Rules and Regulations on Settlement of Accounts, provided for in COA Circular No. 2009-006 dated September 15, 2009, to ensure recoveries/refunds of the remaining P72,229.22 for Disallowances totaling P162,511.00 with COA Orders of Execution issued.

11. Payment of Collective Negotiation Agreement (CNA) Incentive, to the WVCST Board of Trustees for Calendar Years 2010 and 2011, without submission of the legal basis, resulted in issuance of Notices of Disallowance totaling P267,381.00.

We recommend that the WVCST Board of Trustees refund the Collective Negotiation Agreement (CNA) Incentive, for Calendar Years 2010 and 2011, included in Notices of Disallowance No. 13-001-101(10) dated January 9, 2013 and No. 13-002-101(11) dated January 10, 2013, totaling P267,381.00.

Henceforth, Management should strictly comply with existing regulations on the grant of CNA Incentive.

12. Payment of Productivity Enhancement Incentive to part-time instructors of WVCST, contrary to DBM Budget Circular 2010-3 and Budget Circular 2011-4 dated November 30, 2010 and December 5, 2011, respectively, resulted in unauthorized disbursement of P414,532.50.
We recommend immediate refund by each of the recipients or individual payees as reflected in the payroll, covering DV Nos. 8292-10-12-1978 and 8292-11-12-2054, of the amount granted to each one of them, for a total of ₱414,532.50.

G. Status of Suspensions, Disallowances and Charges as of December 31, 2012

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H. Status of Implementation of Prior Years’ Audit Recommendations

Thirteen of the 31 audit recommendations contained in the prior years’ Annual Audit Reports, have been fully implemented, while 16 have been partially implemented and the remaining two have not been implemented.