



Republic of the Philippines
COMMISSION ON AUDIT
NATIONAL GOVERNMENT SECTOR
CLUSTER 5 – Education and Employment
Technical Education and Skills Development Authority
Cagayan de Oro City

MANAGEMENT LETTER

on the

**TECHNICAL EDUCATION AND
SKILLS DEVELOPMENT AUTHORITY**
OROQUIETA AGRO-INDUSTRIAL SCHOOL

For the Year Ended December 31, 2016



Republic of the Philippines
COMMISSION ON AUDIT
Technical Education and Skills Development Authority
Oroquieta Agro-Industrial School
Villaflor, Oroquieta City

CONFIDENTIAL

February 27, 2017

Engr. Lee R. Catane
OIC-Vocational School Administrator
Technical Education and Skills Development Authority
Oroquieta Agro-Industrial School
Villaflor, Oroquieta City

Dear **Mr. Catane**:

**Management Letter on the Audit of the
Technical Education and Skills Development Authority-
Oroquieta Agro-Industrial School, Villaflor, Oroquieta City
For the Period January 1 to December 31, 2016**

1. Pursuant to Section 2, Article IX-D of the Constitution of the Philippines and Section 43 of the Government Auditing Code of the Philippines (PD 1445), we have audited the accounts and operations of Technical Education and Skills Development Authority-Oroquieta Agro-Industrial School for the period ended December 31, 2016. The audit was conducted in accordance with applicable legal and regulatory requirements and generally accepted auditing standards. Those standards require that we plan and perform the audit to obtain a reasonable basis for our conclusions.

2. The audit was conducted to verify the level of assurance that may be placed on management's assertions on the financial statements; recommend agency improvement opportunities and determine the extent of implementation of prior year's audit recommendations.

3. Deficiencies observed in the course of the audit were earlier communicated through Audit Observation Memoranda (AOM) and discussed with concerned Agency Officials in an exit conference conducted on March 6, 2017. Their comments were incorporated in this letter, where appropriate. The significant audit observations and the recommendations shall be incorporated in the Consolidated Annual Audit Report (CAAR) on the Technical Education and Skills Development Authority for CY 2016.

A. INTRODUCTION

Agency Mandate

4. The Oroquieta Agro-Industrial School (OAIS) was created by virtue of Republic Act No. 4941 which was enacted on June 17, 1967. It started to offer secondary agricultural and industrial courses at its first campus site. Clarin Settlement, Oroquieta City. In 1977, the supervision and administration of the school was transferred to the Technical Education and Skills Development Authority (TESDA) by virtue of Republic Act No. 7796. It operated in its new and present site at Barangay Villaflor, Oroquieta City. Under TESDA, the school has built its capability of providing technical skills development to the different sectors of the society. With its vision to become one of the Center of Excellence (CENTEX) school administered by TESDA, it is committed to produce highly qualified and globally competitive manpower/workforce. Barangay Villaflor is two (2) kilometers away from the old campus site – Clarin Settlement. Students and clients take a two – kilometer ride from the heart of the city passing through cemented and passable road of the barangays. With the favorable climate, suitable agricultural land, availability of water supply and stable peace and order of the locality, OAIS has eventually expanded its services to meet the needs of its creasing clients. These visible advantages have set OAIS to work on its challenge to become a Career of Excellence as Technical Vocational Education and Training institution (TVET).

5. OAIS has equipped itself with various learning and work stations which are utilized for the actual hands-on training of the students in the different technology programs offered, as follows:

Animal Production NC II	Massage Therapy NC II
Poultry Chicken NC II	Pipefitting NC II
Ruminant NC II	Cookery NC II
Swine Production NC II	Driving NC II
Horticulture NC II	Dressmaking NC II
Food Processing NC II	Rubber Production NC II
Automotive Servicing NC I & II	Shielded Metal Arc Welding NC I & II
Beauty Care NC II – Nail Care Services	
Organic Agriculture Production NC II	
Electrical Installation & Maint. NC II	
Electronic Product Assembly & Servicing NC II	

Major Accomplishments:

6. For calendar year 2016, Technical Education and Skills Development Authority-Oroquieta Agro-Industrial School reported the significant accomplishments vis-à-vis its targets:

MAJOR FINAL OUTPUT (MFOs)	TARGET	ACCOMPLISHMENT	% OF ACCOMPLISHMENT
A. SCHOOL BASED TRAINING			
-Enrolled	1861	1894	102%
-Graduated	1817	1849	102%
B. COMMUNITY BASED TRAINING			
-Enrolled	403	697	173%
-Graduated	363	640	176%
C. DUALIZED TRAINING PROGRAM			
-Enrolled	No target	81	
-Graduated	No target	81	
D. EMPLOYMENT			
-Wage-Employed TVET Graduates		123 no target set	
-Self-Employed TVET Graduates		839 no target set	
TOTAL EMPLOYMENT	882	962	100%
E. ASSESSMENT (ALL CLIENTS)			
-Total Assessed	1817	2444	135%
-Total Certified	1544	2201	143%
F. YP4SC (Career Guidance Profiling)	515	691	129%

Financial Profile

7. The Agency's allotments and obligations with comparative data as follows:

	2016	2015	Increase/(Decrease)
Annual Appropriation			
PS	9,447,000.00	8,568,000.00	879,000.00
MOOE	3,404,000.00	3,317,000.00	87,000.00
TOTAL	12,851,000.00	11,885,000.00	966,000.00
Obligations –Current			
PS	10,018,548.53	8,568,000.00	1,450,548.53
MOOE	2,505,743.06	2,604,729.34	(98,986.28)
TOTAL			

Technical Education and Skills Development Authority-10
OROQUIETA AGRO- INDUSTRIAL SCHOOL
Condensed Statement of Financial Performance
For the Year Ended December 31, 2017

	<u>2017</u>	<u>2016</u>
Revenue		
Tax Revenue		
Service Income & Business Income	7,223,737.18	18,757,625.55
Shares, Grants and Donations	8,790,045.00	6,164,400.00
Subsidy Income From National Government	14,067,680.36	12,167,242.85
Subsidy Income From Other National Government Agencies	33,500.00	250,000.00
Subsidy from Regional Office	1,056,900.37	
Donation - Kind	18,954.95	
Total Revenue	<u>31,190,817.86</u>	<u>37,339,268.40</u>
Less: Current Operating Expenses		
Personnel Services	12,579,155.93	9,879,805.64
Maintenance and Other Operating Expenses	24,295,567.36	19,129,909.55
Financial Expenses	20,156,321.82	
Direct Costs		
Non-Cash Expenses		
Current Operating Expenses	<u>57,031,045.11</u>	<u>29,009,715.19</u>
Surplus/(Deficit) from Current Operations	<u>(25,840,227.25)</u>	<u>8,329,553.21</u>

Technical Education and Skills Development Authority-10
OROQUIETA AGRO- INDUSTRIAL SCHOOL
CONDENSED STATEMENT OF FINANCIAL POSITION
AS OF DECEMBER 31, 2017

	<u>2017</u>	<u>2016</u>
ASSETS		
Current Assets		
Cash and Cash Equivalents	5,193,525.96	12,015,874.26
Receivables	880,665.41	880,665.41
Inventories	9,341,938.89	8,146,213.51
Investments		
Other Current Assets		
Total Current Assets	15,416,130.26	21,042,753.18
Non - Current Assets		
Investments		
Investment Property		
Property, Plant and Equipment	21,962,377.43	42,050,603.30
Biological Assets	907,686.84	
Intangible Assets		
Other Assets	1,175,093.10	2,080,779.94
Total Non-Current Assets	24,045,157.37	44,131,383.24
Total Assets	39,461,287.63	65,174,136.42
LIABILITIES		
Current Liabilities		
Financial Liabilities		114,838.20
Inter-Agency Payables	494,965.86	276,895.40
Intra-Agency Payables		
Trust Liabilities		
Deferred Credits/Unearned Income		
Total Current Liabilities	494,965.86	391,733.60
Total Liabilities	494,965.86	391,733.60
Total Assets/ Liabilities	38,966,321.77	64,782,402.82
NET ASSETS/EQUITY		
Accumulated Surplus/(Deficit)	(25,840,227.25)	8,340,119.08
Total Net Assets/Equity	38,966,321.77	64,782,402.82

The Agency's financial condition with comparative data is summarized in the table below:

Particulars	2016	2015	Increase(Decrease)
Total Assets	65,174,136.42	37,665,767.35	27,508,369.07
Total Liabilities	391,733.60	155,030.05	236,703.55
Total Equity	64,782,402.82	37,510,737.30	27,271,665.52
Total Income	37,339,268.40	14,330,108.56	23,009,159.84
Total Expenditures	29,009,715.19	13,640,643.75	15,369,071.44

8. The NCAs, as well as their utilization and balances, are presented below:

Particulars	Amount Received	Disbursements	Unutilized Balance	Reverted to National Treasury
NCAs for Regular Allotment	12,851,000.00	11,171,514.88		1,312,684.12
Accounts Payable- Internal and External Creditors	0			
Terminal Leave Benefits	0			
Trust Account (Bidders/Performance Bonds)	0			
Others (MPBF)	578,690.00	578,690.00		
TOTAL	13,429,690.00	11,750,204.88		1,312,684.12

B. SUMMARY OF RECOMMENDATIONS

9. For the significant deficiencies observed in the course of the audit, we recommended to management:

1. To submit the documents mentioned below:
 - a. Valid CNA referred as the "Agreement", executed between the representatives of management and the employees organization accredited by the CSC as the negotiating agent;
 - b. Copy of approved registration/accreditation of employees organization with Public Sector Labor Management Council (PSLMC);

- c. Copy of employees organization`s accreditation with the CSC;
 - d. Written resolution for the grant of CNA signed by agency representatives from both labor and management, and approved by the agency head;
 - e. Source of fund/budget for the incentive, generated out of the cost-cutting measures undertaken by the TESDA;
 - f. Performance Monitoring Report used as basis for determining entitlement to CNA Incentives;
 - g. Internal guidelines on the grant of CY 2014 CNA;
 - h. Copy of Report on the Payment of CNA Incentive for FY 2015 (Annex A attached to DBM BL 2015-2) duly received by the DBM; and
 - i. Official Receipts issued by the TESDA National Employees Union acknowledging receipt of TESDA`s Agency Fee remittance, and respective regional offices receipt of transferred funds for CNA Incentives.
2. To require the Administrative Aide III and other Accountable Officers to facilitate the prompt preparation and submission of the required reports and accounts pursuant to the aforecited rules and regulations otherwise payment of salaries maybe suspended until they have complied with the requirements.
 3. Advise the Head of the Procuring Entity (HOPE) or the BAC Chairman that shopping should not be used as mode of procurement for the acquisition of goods if the need for the items is not of emergency in nature or if any of the two conditions mentioned in Sec. 52 of the IRR of RA 9184 that would justify its use is not present.

C. DETAILED OBSERVATIONS AND RECOMMENDATIONS

FINANCIAL AND COMPLIANCE

Cash

10. The Oroquieta Agro-Industrial School (OAIS) has three (3) depository accounts with the Land Bank of the Philippines, Oroquieta City Branch. Below is the schedule of banks accounts duly verified as of December 31, 2016 as follows:

Account No.	Description	Balance per Bank	Balance per books	Remarks
1292-1036-93	General Fund	937,342.14	937,342.14	reconciled
2129-9005-74	MDS 101	0	0	
1292-1069-86	Trust Fund	11,078,532.12	11,078,532.12	reconciled
TOTAL		12,015,874.26	12,015,874.26	

Cash Advances

The school has no unliquidated cash advances at year end. However,

11. **The Oroquieta Agro Industrial School(OAIS) released an amount of P600,000.00 to its officials and employees as payment of Collective Negotiation Agreement (CNA) Incentives for CY 2015, without the necessary supporting documents contrary to the provisions of Section 74, General Provisions of Republic Act (RA) No. 10651 and the requirements of DBM Circular No. 2015-2 dated November 23, 2015 thus validity of the grant could not be established.**

12. The fundamental principle under Section 4 of PD No. 1445 specify among others that claims against government funds shall be supported with complete documentation, and that all laws and regulations applicable to financial transactions shall be faithfully adhered to.

13. Section 74 of the General Provisions of RA No. 10651, the FY 20145 General Appropriations Act, stipulates the basis on the grant of CNA Incentive.

“Savings from allowable MOOE allotments, generated out of cost-cutting measures undertaken by the agencies of the government and their respective personnel, which are identified in their respective Collective Negotiation Agreements (CNAs) and supplements thereto may be used for the grant of CNA Incentives by agencies with duly executed CNAs: PROVIDED, That, the one-time annual payment of CNA Incentive shall be made through a written resolution signed by agency representatives from both labor and management, and approved by the agency head: PROVIDED, FURTHER, That the funding sources and amount of CNA Incentive shall in all cases be limited to the allowable MOOE allotments and rates determined by the DBM, respectively: PROVIDED, FINALLY, That the realignment of savings from the allowable MOOE allotments shall be subject to approval by the DBM. Implementation of this provision shall be subject to guidelines issued by the DBM.”

14. Likewise, DBM Budget Circular No. 2015-2 dated November 23, 2015 prescribes the guidelines on the grant of CNA Incentive for FY 2015. As stated in the guidelines, CNA Incentive maybe granted to both management and rank-and-file employees of agencies with approved and successfully implemented CNAs in recognition of their efforts in accomplishing performance targets at lesser cost, in attaining more efficient and viable operations through cost-cutting measures and systems improvement.

15. Verification revealed that an amount of P600,000.00 was released to the officers and employees of OAIS under Disbursement Voucher No. 2015-11141 dated November 23, 2015.

Review of the voucher and payroll showed releases of the grant of CNA Incentives to the 24 officers and employees at P25,000 per employee. It was noted that the Disbursement Voucher was received on April 29, 2016.

16. Examination and post-audit of Disbursement Voucher No. 2015-11141 revealed that the documents attached to the claim are only the Obligation Request and Status and Signed Payroll of the Officers and Employees.

17. It was also further noted that their grant of cash advance for the CNA Incentives was fully liquidated per Schedule of Cash Advances as of April 31, 2016.

Recommendations:

18. We recommend to management the following to submit the following documents:

- a. Valid CNA referred as the "Agreement", executed between the representatives of management and the employees organization accredited by the CSC as the negotiating agent;
- b. Copy of approved registration/accreditation of employees organization with Public Sector Labor Management Council (PSLMC);
- c. Copy of employees organization's accreditation with the CSC;
- d. Written resolution for the grant of CNA signed by agency representatives from both labor and management, and approved by the agency head;
- e. Source of fund/budget for the incentive, generated out of the cost-cutting measures undertaken by the Agency;
- f. Performance Monitoring Report used as basis for determining entitlement to CNA Incentives;
- g. Internal guidelines on the grant of CY 2014 CNA;
- h. Copy of Report on the Payment of CNA Incentive for FY 2015 (Annex A attached to DBM BL 2015-2) duly received by the DBM; and
- i. Official Receipts issued by the OAIS National Employees Union acknowledging receipt of OAIS Agency Fee remittance, and respective regional offices receipt of transferred funds for CNA Incentives.

Due to the existing condition the validity of the grant could not be established.

Management comment:

19. During the exit conference conducted on March 6, 2017 management accepted our audit finding with the assurance to adopt the recommendations presented.

Advances to DBM-Procurement Services

20. The Agency has no advances to DBM-Procurement Services. They substantially complied with the provisions of the procurement law.

Receivables:

21. The school has a total of P880,665.41 receivables broken down as follows:

Accounts Receivable	563,530.00
Due from Bureaus	296,900.87
Other Receivables	20,234.54

Inventories:

22. The school has a total inventory of P8,146,213.51 broken down as follows:

Office Supplies Inventory	475,222.78
Other Supplies and Materials Inventory	5,504,584.25
Accountable Forms, Plates and Stickers	26,102.50
Drugs and Medicines Inventory	57,810.80
Fuel, Oil & Lubricants Inventory	98,050.90
Agricultural and Marine Supplies Inventory	999,906.79
Textbooks and Instructional Materials Inventory	3,244.00
Construction Materials Inventory	981,291.49

OTHERS:

23. **The Agency's submission of its accounts is not compliant with the provisions of Section 7.2.1 (a) of COA Circular No. 2009-006 dated September 15, 2009 thereby discarding the timeliness principle of accounting and depriving users of relevant information in furtherance of their duties and decision making based on up to date financial data.**

24. The 2009 Rules and Regulations on the Settlement of Accounts provide the definition and the prescribed rules and regulations on the responsibilities of the Accountable Officers and the Agency Accountant, thus:

25. Section 4.3 of the same Manual provides the definition of Accountable Officer as the officer of any government agency who by nature of his duties and responsibilities or

participation in the collection/receipt and expenditure/use of government funds, is required by law or regulation to render account to the Commission on Audit (COA).

26. Section 7.2.1 (a) states that the Chief Accountant, Bookkeeper or other authorized official performing accounting and/or bookkeeping functions of the audited agency shall ensure that the reports and supporting documents submitted by the accountable officers are immediately recorded in the books of accounts and submitted to the Auditor within the first ten (10) days of the ensuing month.

27. Review of records and reports revealed that submission of the Reports of Disbursements for the period January 1 to December 31, 2016 was delayed by 14 to 154 days. Apparently, it was not submitted on time as mandated with the above-cited regulation.

Hereunder is the schedule of the submission of reports for CY 2016.

**TESDA - Oroquieta Agro Industrial School
Schedule of Submission of Reports CY 2016**

Fund	Period Covered	Date Received	Date Submitted	No. of Days Delayed
GF - 101	December 2015	2/12/2016	1/15/2016	19
	January 2016	5/26/2016	2/15/2016	67
	February 2016	1/6/2017	No transaction	-
	March 2016	1/6/2017	No transaction	-
	April 2016	1/6/2017	No transaction	-
	May 2016	1/6/2017	No transaction	-
	June 2016	1/6/2017	No transaction	-
	July 2016	1/6/2017	No transaction	-
	August 2016	1/6/2017	No transaction	-
	September 2016	1/6/2017	No transaction	-
	October 2016	1/6/2017	11/16/2017	29
	November 2016	1/6/2017	No transaction	-
	December 2016	1/6/2017	No transaction	-
MDS - 101	October 2015	7/5/2016	11/16/2015	154

	November 2015	4/29/2016	12/14/2015	88
	December 2015	-	-	-
	January 2016	5/26/2016	2/15/2016	67
	February 2016	5/26/2016	3/14/2016	51
	March 2016	5/26/2016	4/14/2016	30

	April 2016	9/16/2016	5/13/2016	88
	May 2016	1/6/2017	6/14/2016	140
	June 2016	12/12/2016	7/14/2016	101
	July 2016	12/12/2016	8/12/2016	78
	August 2016	12/12/2016	9/14/2016	58
	September 2016	-	-	-
	October 2016	1/6/2017	11/16/2016	33
	November 2016	1/6/2017	12/14/2016	14
	December 2016	-	-	-
SSP - 161	November 2015	5/30/2016	12/14/2015	109
	December 2015	7/26/2016	1/15/2016	131
	January 2016	5/26/2016	2/15/2016	68
	February 2016	5/26/2016	3/14/2016	52
	March 2016	5/26/2016	4/14/2016	31
	April 2016	9/28/2016	5/13/2016	96
	May 2016	9/16/2016	6/14/2016	67
	June 2016	9/16/2016	7/14/2016	45
	July 2016	12/12/2016	8/12/2016	80
	August 2016	12/12/2016	9/14/2016	58
	September 2016	12/12/2016	10/14/2016	36
	October 2016	-	-	-
	November 2016	-	-	-
	December 2016	7/26/2016	1/16/2017	129

28. Above data showed that under the General Fund (GF) accounts for the period January 1-31, 2016, there was a delay of sixty-seven (67) days. Per verification, it was noted that there were only two (2) disbursement vouchers for that month specifically Disbursement Voucher (DV) Nos. 20160101 and 20160102 in the amount of P10,000.00 each, as payment of incentives for the retirees. Accounts under Sariling Sikap Program (SSP) were likewise not submitted for the period October 1 to November 30, 2016.

29. Relative thereto, a verbal follow-up was made and a management letter dated August 16, 2016 was also sent to the concerned officials.

30. The deficiency took place due to laxity in the enforcement by personnel concerned on the afore-cited sections as provided by the RRSA manual.

31. The existing condition deprived the management of the usefulness of the report and caused the delay in the audit of financial transactions.

Recommendation:

32. The School Administrator should require the Administrative Aide III and other Accountable Officers to facilitate the prompt preparation and submission of the required reports and accounts pursuant to the afore-cited rules and regulations otherwise payment of salaries maybe suspended until they have complied with the requirements.

Management Comment :

33. Management accepted our audit finding and promise to institute measures to comply with the regulations for prompt submissions of accounts.

Compliance to RA 9184

34. **The School resorted to shopping as mode of procurement even if the goods, supplies and materials in the total amount of P3,298,151.98 are not ordinary or regular office supplies, contrary to Section 52.1 and 52.2 of the Revised IRR of RA 9184, thus affecting the regularity and reasonableness of the procurement.**

35. The Revised Implementing Rules and Regulations of Republic Act 9184, otherwise known as the Government Procurement Reform Act prescribes the necessary rules and regulations of the procurement activities of the government and its effort to adhere to the principle of transparency, efficiency and economy in its procurement process: Thus,

36. Section 52.1 states that Shopping is a method of procurement of goods whereby the procuring entity simply requests for the submission of price quotations for readily available off-the-shelf goods or ordinary/regular equipment to be procured directly from suppliers of known qualifications. This method of procurement shall be employed in any of the following cases:

- a) When there is an unforeseen contingency requiring immediate purchase: Provided, however, That the amount shall not exceed the thresholds prescribed in Annex 'H' of this IRR.
- b) Procurement of ordinary or regular office supplies and equipment not available in the Procurement Service involving an amount not exceeding the thresholds prescribed in Annex 'H' of this IRR.

37. Likewise, Section 52.2 further states that the phrase "ordinary or regular office supplies" shall be understood to include those supplies, commodities, or materials which, depending on the procuring entity's mandate and nature of operations, are necessary in the transaction of its official businesses, and consumed in the day-to-day operations of said procuring entity. However, office supplies shall not include services such as repair and maintenance of equipment and furniture, as well as trucking, hauling, janitorial, security, and related or analogous services.

38. As of December 31, 2015 the School had procured goods, supplies and materials in the total amount of P3,298,151.98 through shopping. Shown below is the list of Procurement of Goods and services undertaken by TESDA-OAIS:

Procurement of Goods and Services undertaken by TESDA-Oroquieta Agro-Industrial School covering January to October 2016

Fund 161

Reference			Payee	Nature of Payment	Amount	Fund
DV No.	Check/ADA No.	Date				
Office Supplies and Materials - (Procured from DBM-PS & outside)						
April 2016						
201604205	1232780	4/5/2016	Oroq. Construction Supply	Payment of various supplies for small & large rumina	73,442.85	161
201604206	1232781	4/5/2016	Ozamis Anas Merchandising	Payment of various supplies in the poultry project	64,385.44	161
201604211	1232786	4/7/2016	Home & More Hardware	Payment of various supplies for EIM NC 11	12,516.52	161
201604212	1232787	4/7/2016	Home & More Hardware	Payment of various supplies for Auto Servicing NC 11	6,465.05	161
201604214	1232789	4/7/2016	Ozamis Anas Merchandising	Payment of various supplies materials for EIM NC 11	35,849.76	161
201604215	1232790	4/7/2016	Ozamis Anas Merchandising	Payment of various supplies materials/tools for Pipefitting NC 2	24,112.16	161
201604216	1232791	4/7/2016	Ozamis Anas Merchandising	Payment of various supplies materials/tools for Beauty Care	8,998.65	161
201604217	1232792	4/7/2016	Ozamis Anas Merchandising	Payment of various supplies for electronics	91,365.85	161
201604219	1232794	4/7/2016	Ozamis Anas Merchandising	Payment of various supplies for Auto Servicing NC 11	32,012.95	161
201604220	1232795	4/7/2016	Procurement Service	Payment of various office supplies	21,468.14	161
201604223	1232799	4/7/2016	Goshen Homecare	Payment of 4 pcs filing cabinet 4 drawer	36,040.00	161
201604225	1232801	4/7/2016	Goshen Homecare	Payment of 10 units Teachers Table	56,785.72	161
201604226	1232802	4/7/2016	NEXCO Medical Enterprise	Payment of 3 pcs stethoscope 3 pcs sphygmo	23,566.07	161
201604230	1232806	4/7/2016	Ozamis Anas Msde.	Payment of various supplies for ELECTRONICS	82,372.41	161
201604233	1232809	4/7/2016	Ozamis Anas Msde.	Payment of 3 units sewing machine	41,586.07	161
201604239	1232815	4/14/2017	Oro Construction Supply	Payment of various construction supplies	13,668.32	161
201604241	1232817	4/14/2017	SBU Construction Supply	Payment of various construction supplies repair of EIM Toilet	18,748.18	161

201604254	1232830	4/26/2017	SBU Construction Supply	Payment of various construction supplies	10,193.04	161
May 2016						
201605266	1232842	5/3/2016	Oro Construction Supply	Payment of various supplies	11,035.35	161

				repair of school bldg.		
201605267	1232843	5/3/2016	Oro Construction Supply	Payment of various supplies repair for SMAW NC 11	43,881.16	161
201605273	1232850	5/3/2016	JCF Technologies Inc.	Payment of One (1) unit laptop	26,973.22	161
201605276	1232853	5/5/2016	SBU Construction Supply	Payment of various supplies for perimeter fence	62,019.46	161
201605283	1232860	5/6/2016	SBU Construction Supply	Payment of various supplies for repair school bldg.	9,921.41	161
June 2016						
201606333	1265711	6/2/2016	SBU Construction Supply	Payment of various supplies re-painting admin bldg.	18,786.61	161
201606335	1265713	6/2/2016	SBU Construction Supply	Payment of various supplies repair of perimeter fence	58,394.65	161
201606336	1265714	6/2/2016	Oroq. Construction Supply	Payment of various supplies repainting Admin Office	10,126.78	161
201606353	1265733	6/6/2016	Oroq. Construction Supply	Payment of various supplies re-painting admin bldg.	19,688.55	161
201606371	1265752	6/8/2016	SBU Construction Supply	Payment of various supplies for Dressmaking Jimenez	11,705.90	161
201606386	1265767	6/13/2016	SBU Construction Supply	Payment of various supplies repainting Admin Office	29,244.65	161
201606411	1265794	6/13/2016	SBU Construction Supply	Payment of various supplies for SMAW twsp	23,277.41	161
July 2016						
August 2016						
201608553	1265950	8/1/2016	NACMAR Auto Parts	Payment of various supplies for Automotive serving	61,517.85	161
201608554	1265951	8/1/2016	Oroq. Construction Supply	Payment of various EIM supplies for Jimenez	17,395.00	161
201608557	1265955	8/3/2016	Ozamis Anas Merchandising	Payment of various supplies for dressmaking toolkits co	41,453.57	161
201608588	1265986	8/15/2016	Ozamis Anas Merchandising	Payment of 1 unit printer & 1 pc hard drive	11,527.50	161
201608593	1265992	8/15/2016	Ozamis Anas Merchandising	Payment of various supplies for cookery TOOL KITS	119,228.14	161
201608594	1265993	8/15/2016	Ozamis Anas Merchandising	Payment of various supplies for Food Proc TOOL KITS	159,000.00	161
201608595	1265994	8/15/2016	Ozamis Anas Merchandising	Payment of various supplies for cookery TOOL KITS	113,550.61	161
201608597	1265996	8/15/2016	Ozamis Anas Merchandising	Payment of various supplies for organic prod tool kits	90,936.65	161
201608603	1266002	8/17/2016	Ozamis Anas Merchandising	Payment of various supplies for organic prod tool kits	50,049.23	161

201608605	1266004	8/17/2016	Ozamis Anas Merchandising	Payment of various supplies for Food Proc TOOL KITS	120,432.56	161
201608616	1266015	8/18/2016	GB Prime Consumer Corp.	Payment of 10 units TV	220,517.85	161
201608620	1266019	8/22/2016	Ozamis Anas	Payment of various supplies	71,616.24	161

			Merchandising	for SMAW NC II		
201608624	1266023	8/22/2016	Ozamis Anas Merchandising	Payment of various supplies for organic Assessment	10,909.24	161
201608626	1266025	8/22/2016	SBU Construction Supply	Payment of various supplies repair of admin office	22,665.07	161
201608646	1266045	8/30/2016	SBU Construction Supply	Payment of various supplies for Horticulture	21,767.85	161
September 2016						
201609672	1266073	9/7/2016	Primeactive Trading, Inc.	Payment of 32 pcs officer signages	50,540.80	161
201609752	1303952	9/30/2016	SBU Construction Supply	Payment of various supplies for poultry project	244,776.72	161
October 2016						
201610758	1303958	10/3/2016	Ozamis Anas Merchandising	Payment of various supplies for Beauty Care NC 11	27,904.50	161
201610761	1303961	10/4/2016	Procurement Service	Payment of various office supplies	11,539.30	161
201610781	1303981	10/12/2016	Jeks Agric. Supply	Payment of various poultry supplies for DSWD Training	13,542.21	161
201610817	1303820	10/26/2016	SBU Construction Supply	Payment of various supplies repair of school clinic	38,806.41	161
November 2016						
201611848	1303850	11/9/2016	Ozamis Anas Merchandising	Payment of various office supplies	12,230.70	161
201611858	1303860	11/9/2016	SBU Construction Supply	Payment of various supplies for painting VSA table	22,474.84	161
201611859	1303861	11/9/2016	SBU Construction Supply	Payment of various supplies for SMAW	317,689.00	161
201611861	1303863	11/9/2016	SBU Construction Supply	Payment of various supplies for repair of function hall	11,177.32	161
201611889	1303893	11/18/2016	Oroq. Construction Supply	Payment of various supplies for poultry construction	45,360.43	161
201611890	1303894	11/21/2016	Ozamis Anas Merchandising	Payment of various training supplies	17,490.00	161
201611893	1303897	11/24/2016	Ozamis Anas Merchandising	Payment of various training supplies for Beauty Care	40,627.96	161
201611894	1303898	11/24/2016	Ozamis Anas Merchandising	Payment of various school supplies	28,582.37	161
sub-total					2,993,942.25	

Reference			Payee	Nature of Payment	Amount	Fund
DV No.	Check/ADA	Date				

No.						
Repair and Maintenance						
April 2016						
201604228	1232804	4/7/2016	Ozamis Anas Msde.	Payment of various for I.T maintenance	4,840.98	161
sub-total					4,840.98	

Reference			Payee	Nature of Payment	Amount	Fund
DV No.	Check/ADA No.	Date				
Catering Services						
August 2016						
201608566	1265964	8/5/2016	Lee R. Catane	C/A for meals & snacks for catering services ATI	81,060.00	161
sub-total					81,060.00	

GRAND TOTAL					3,079,843.23	
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39. Verification revealed that the School frequently resorted to shopping as mode of procurement for the acquisition of goods even in the absence of any of the two conditions mentioned in the aforecited circular.

40. Audit of Schools' procurement of goods for the period January 1 to December 31, 2015 in the amount of P3,298,151.98 disclosed that various construction supplies or materials were procured through shopping. It was observed further that those construction supplies were erroneously recorded as office supplies.

41. While it was noted that the amount of goods/supplies or equipment did not exceed the thresholds prescribed in Annex 'H' of the IRR of RA 9184, however, there was no unforeseen contingency requiring immediate purchase or the supplies procured were not ordinary or regular office supplies and or equipment.

42. Review of the procurement process of the school showed control weaknesses brought about by non-observance of existing rules and regulations prescribed in RA 9184.

43. The foregoing conditions affected the regularity of their procurement process.

44. The method of procurement used was not identified due to the absence of Annual Procurement Plan (APP) for CY 2016. Likewise, BAC Resolutions were not also submitted to justify and recommend for change in their mode of procurement.
45. Management concurred with our finding and promised to adhere the rules and regulations cited.

Recommendation:

46. Advise the Head of the Procuring Entity (HOPE) or the BAC Chairman that shopping should not be used as mode of procurement for the acquisition of goods if the need for the items is not of emergency in nature or if any of the two conditions mentioned in Sec. 52 of the IRR of RA 9184 that would justify its use is not present.

SETTLEMENT OF SUSPENSIONS, DISALLOWANCES AND CHARGES

47. For Calendar Year 2016 status of suspensions, disallowances and charges of TESDA-OAIS is shown hereunder:

AUDIT SUSPENSIONS AND DISALLOWANCES ISSUED UPON EFFECTIVITY OF THE RRSA:

	Beginning Balance As of December 31, 2015	This period January 1 to December 31, 2016 (See Below)		Ending Balance As of December 31, 2016
		NS/ND/NC	NSSDC	
Notice of Suspensions	P1,908,912.36	P1,151,675.85	P1,253,294.47	P1,807,293.74
Notice of Disallowance	0	0	0	0
Notice of Charge	0	0	0	0
TOTAL	P2,070,609.81	774,572.95	1,037,889.02	P1,807,293.74

GENDER AND DEVELOPMENT

48. For CY 2016, the school designed a plan that recognizes the fundamental equality before the law of men and women. Audit of the Annual GAD Plan and Budget in the total amount of P633,000.00 disclosed that the school spend the amount of P448,675.00 for Gender and Development which is below than its approved budget.

49. Hereunder, are the Gender and Development Activities of the school as per accomplishment shown below:

GAD Activity	Target	Actual Result	Approved Budget	Cost
Conduct training of basic competencies using the Gender Sensitive Curriculum	300 male & 300 female enrollees trained on TVET qualifications with gender sensitive training module	548 Male & 781 Female trained on Basic Competencies	69,824.00	30,000.00
Conduct Overview on GAD during Training Induction Program (TIP) in all qualifications in School based (SB) and or before conduct of any	400 trainees provided overview on GAD; 2 batches of TIP or training programs conducted	1,329 conducted TIP in all qualifications	31,845.00	30,000.00
Technology Based Community Training Program (TBCTP)				
Provision/conduct of skills training program to female enrollees in non-traditional qualifications	50 women enrollees in non-traditional qualifications; 3 batches of skills training conducted	101 women enrolled/trained in the ff. Qualifications: Pipefitting, Cookery, EIM, Automotive Servicing, SMAW, Animal Production (Swine) under TWSP scholarship program	158,210.00	100,000.00
Formulate annual GAD plans, programs and budgets within the context of TESD	1 GAD Plan & Budget and 1 GAD accomplishment Report prepared/consolidated	(1)-2018 GAD Plan & Budget formulated & one (1)-2016 Accomplishment report submitted	8,540.00	7,000.00

Development brochures, newsletter, flyers,	500 copies of advocacy materials prepared/developed	none	12,889.00	-
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and or document success stories of TTI graduates related to GAD concerns, etc.				
Conduct Gender Sensitivity Training (GST) to OAIS personnel	28 personnel conducted GST	23 OAIS personnel attended GST conducted at Camiguin on April 18-20, 2016	81,200.00	69,000.00
Conduct Benchmarking Activity	1 benchmarking activity of good practices replicated to OAIS	Conducted Benchmarking activities of good practices at CSAT, Mambajao, Camiguin on Environmental Awareness Program	250,402.00	201,505.00
Attend inter-agency meetings, forum, seminars on GAD related concerns	2 meetings/seminars/forum of related activities attended	1 meeting/forum of GAD related activities on (INGS) Women in the Government Service-attended at Governor's Office of Mis. Occ.	5,370.00	2,800.00
Install and update bulletin board for GAD related information	1 GAD bulletin board installed	1 GAD bulletin board installed	3,370.00	3,370.00
Organize/participate activities in celebration of women's month	10 female trainees/staff participated in Women's month activity	10 female staff participated in school campus women's month activity	11,350.00	5,000.00
TOTAL			633,000.00	448,675.00

COMPLIANCE WITH TAX LAWS

50. The agency has substantially complied with tax laws, rules and regulations. During the year, the agency was able to withheld taxes from the salaries of its employees and officials and

from purchases of goods and services in the total amount of P1,034,824.04 in compliance to revenue regulations. Total remittances to the Bureau of Internal Revenue were P475,533.61 of taxes withheld from the salaries of its officials and employees and P559,290.43 from purchases of goods and services. Details are shown below

MONTH	TAXES WITHHELD	AMOUNT WITHHELD	AMOUNT REMITTED	BALANCE
January to December	Employees withholding tax	475,533.61	475,533.61	0
January to December	Taxes withheld from purchases of goods & services	559,290.43	559,290.43	0
TOTAL		1,034,824.04	1,034,824.04	0

D. STATUS OF IMPLEMENTATION OF PRIOR YEAR'S AUDIT RECOMMENDATIONS

51. We made a follow-up on the action taken by the Management to implement the recommendations of prior years and noted the following:

Status of Implementation	No. of Recommendations
Fully Implemented	1
Partially Implemented	2
Total	3

The results of the validation of the implementation of prior year's recommendations are presented in Annex H.

E. ACKNOWLEDGMENT

52. We wish to express our appreciation to the Management and Staff of Technical Education and Skills Development Authority-Oroquieta Agro-Industrial School for the cooperation and assistance extended to our audit team during the audit.

53. We would appreciate receiving your reply, both hard and electronic copies within fifteen days from receipt of this letter.

Very truly yours,

EDITHA P. ABAO
State Auditor IV
Audit Team Leader

Copy furnished:

The Regional Director
TESDA
Regional Office No. X
Cagayan de Oro City

The Supervising Auditor
Commission on Audit Cluster 5
Education and Employment
Quezon City

The Regional Director
Commission on Audit
Regional Office No. X
Cagayan de Oro City

The Regional Supervising Auditor
Commission on Audit
Regional Office No. X
Cluster 5- Education and Employment
Cagayan de Oro City

File

ANNEXES

Annex Letter	Particulars
A	Statement of Management's Responsibility for Financial Statements
B	Condensed Statement of Financial Position for CY 2016 with Comparative Figures for CY 2015
C	Detailed Statement of Financial Position CY 2016 With Comparative Figures for CY 2015
D	Condensed Statement of Financial Performance for CY 2016 with Comparative Figures for CY 2015
E	Detailed Statement of Financial Performance for CY 2016 with Comparative Figures for CY 2015
F	Comparative Cash Flows for CY 2016
G	Statement of Changes in Net Assets/Equity for CY 2016 with Comparative Figures for CY 2015
H	Notes to Financial Statements
I	Status of Implementation of Prior Year's Audit Recommendations



Republic of the Philippines
Technical Education and Skills Development Authority
Region – 10
OROQUIETA AGRO-INDUSTRIAL SCHOOL
Purok 3, Villaflor, Oroquieta City



STATEMENT OF MANAGEMENT'S RESPONSIBILITY FOR FINANCIAL STATEMENTS

FUND 101

The management of OROQUIETA AGRO-INDUSTRIAL SCHOOL is responsible for all information and representations contained in the accompanying Statement of Financial Position as of December 31, 2016 and the related Statement of Financial Performance, Statement of Cash Flows, Statement of Comparison of Budget and Actual Amounts, Statement of Changes in Net Assets/Equity and the Notes to Financial Statements for the year ended. The financial statements have been prepared in conformity with the Philippine Public Sector Accounting Standards and generally accepted state accounting principles, and reflect amounts that are based on the best estimates and informed judgment of management with an appropriate consideration to materiality.

In this regard, management maintains a system of accounting and reporting which provides for the necessary internal controls to ensure that transactions are properly authorized and recorded, assets are safeguarded against unauthorized use or disposition and liabilities are recognized.

MARISA S. JUMALON
Administrative Officer II

ENGR. LEE R. CATANE
Head of Agency

Annex B

**Technical Education and Skills Development Authority-10
OROQUIETA AGRO- INDUSTRIAL SCHOOL
CONDENSED STATEMENT OF FINANCIAL POSITION
AS OF DECEMBER 31, 2016**

	<u>2016</u>	<u>2015</u>
ASSETS		
Current Assets		
Cash and Cash Equivalents	12,015,874.26	3,781,280.59
Receivables	880,665.41	880,665.41
Inventories	8,146,213.51	8,687,749.00
Investments		
Other Current Assets		
Total Current Assets	<u>21,042,753.18</u>	<u>13,349,695.00</u>
Non - Current Assets		
Investments		
Investment Property		
Property, Plant and Equipment	42,050,603.30	41,381,313.30
Biological Assets	907,686.84	907,686.84
Intangible Assets		
Other Assets	<u>1,175,093.10</u>	<u>1,163,053.10</u>
Total Non-Current Assets	<u>44,133,383.24</u>	<u>43,452,053.24</u>
Total Assets	<u>65,176,136.42</u>	<u>56,801,748.24</u>
LIABILITIES		
Current Liabilities		
Financial Liabilities	114,838.20	12,815.44
Inter-Agency Payables	276,895.40	344,649.06
Intra-Agency Payables		
Trust Liabilities		
Deferred Credits/Unearned Income		

Total Current Liabilities	391,733.60	357,464.50
	<hr/>	<hr/>
Total Liabilities	391,733.60	357,464.50
	<hr/>	<hr/>
Total Assets/ Liabilities	<u>64,784,402.82</u>	<u>56,444,283.74</u>
 NET ASSETS/EQUITY		
	56,454,849.61	47,795,000.59
Accumulated Surplus/(Deficit)	<u>8,329,553.21</u>	<u>8,649,283.15</u>
Total Net Assets/Equity	<u>64,784,402.82</u>	<u>56,444,283.74</u>

ANNEX C

**Technical Education and Skills Development Authority-10
OROQUIETA AGRO- INDUSTRIAL SCHOOL
DETAILED STATEMENT OF FINANCIAL POSITION
AS OF DECEMBER 31, 2016
(With Comparative Figures for CY 2015)**

	<u>2016</u>	<u>2015</u>
Cash and Cash Equivalents	<u>12,015,874.26</u>	<u>3,781,280.59</u>
Cash on Hand		
Cash - Collecting Officer		
Petty Cash		
Cash in Bank - Local Currency	<u>12,015,874.26</u>	<u>3,781,280.59</u>
Cash in Bank - Local Currency, Current Account	12,015,874.26	3,781,280.59
Receivables	<u>880,665.41</u>	<u>880,665.41</u>
Loans and Receivable Accounts	<u>860,430.87</u>	<u>860,430.87</u>
Accounts Receivable	563,530.00	563,530.00
<i>Allowance for Impairment - Accounts Receivable</i>	-	-
<i>Net Value - Accounts Receivable</i>	-	-
<i>Due from Bureaus</i>	<u>296,900.87</u>	<u>296,900.87</u>
Other Receivables	<u>20,234.54</u>	<u>20,234.54</u>
Due from Officers and Employees		
Other Receivables	20,234.54	20,234.54

Inventories	<u>8,146,213.51</u>	<u>8,687,749.00</u>
Inventory Held for Consumption	<u>8,146,213.51</u>	<u>8,687,749.00</u>
Office Supplies Inventory	475,222.78	599,054.92
Other Supplies and Materials Inventory	5,504,584.25	4,931,942.83
Accountable Forms, Plates and Stickers	26,102.50	14,662.50
Drugs and Medicines Inventory	57,810.80	19,208.30
Fuel, Oil and Lubricants Inventory	98,050.90	103,453.17
Agricultural and Marine Supplies Inventory	999,906.79	1,016,545.49
Textbooks and Instructional Materials Inventory	3,244.00	3,244.00
Construction Materials Inventory	981,291.49	1,999,637.79
Total Current Assets	<u>21,042,753.18</u>	<u>13,349,695.00</u>
Property, Plant and Equipment	<u>42,050,603.30</u>	<u>41,381,313.30</u>
Land		
Land	<u>3,384,603.15</u>	<u>3,384,603.15</u>
Accumulated Impairment Losses- Land		-
Net Value	<u>3,384,603.15</u>	<u>3,384,603.15</u>
Land Improvements	<u>255,264.01</u>	<u>255,264.01</u>
Other Land Improvements	463,797.36	463,797.36
Accumulated Depreciation - Other Land Improvements	<u>(208,533.35)</u>	<u>(208,533.35)</u>
Net Value	255,264.01	255,264.01
Buildings and Other Structures	<u>11,468,345.41</u>	<u>11,468,345.41</u>
School Buildings	11,655,206.97	11,655,206.97

<i>Accumulated Depreciation - School Buildings</i>	(2,464,436.68)	2,464,436.68
<i>Accumulated Impairment Losses - School Buildings</i>		
<i>Net Value</i>	9,190,770.29	9,190,770.29
<i>Hostels and Dormitories</i>	2,646,396.55	2,646,396.55
<i>Accumulated Depreciation- Hostels and Dormitories</i>	(368,821.43)	368,821.43
<i>Net Value</i>	2,277,575.12	2,277,575.12
Machinery and Equipment		
<i>Machinery</i>	22,809,035.28	22,354,945.28
<i>Accumulated Depreciation- Machinery</i>	238,381.20	238,381.20
<i>Net Value</i>	238,381.20	238,381.20
<i>Office Equipment</i>	11,178,796.92	10,921,296.92
<i>Accumulated Depreciation - Office Equipment</i>	(3,539,523.27)	3,539,523.27
<i>Accumulated Impairment Losses - Office Equipment</i>		
<i>Net Value</i>	7,639,273.65	7,381,773.65
<i>Information and Communication Technology Equipment</i>	11,772,728.61	11,626,138.61
<i>Accumulated Depreciation - Information and Communication Technology Equipment</i>	(2,883,905.42)	2,883,905.42
<i>Accumulated Impairment Losses - Information and Communication Technology Equipment</i>		
<i>Net Value</i>	8,888,823.19	8,742,233.19
<i>Communication Equipment</i>	163,279.00	163,279.00
<i>Accumulated Depreciation - Communication Equipment</i>	(41,100.82)	41,100.82
<i>Accumulated Impairment Losses - Communication Equipment</i>		
<i>Net Value</i>	122,178.18	122,178.18
<i>Construction and Heavy Equipment</i>	286,654.00	286,654.00
<i>Accumulated Depreciation- Construction & Heavy Equipment</i>	(126,384.39)	126,384.39
<i>Net Value</i>	160,269.61	160,269.61
<i>Disaster Response and Rescue Equipment</i>	106,370.00	56,370.00

<i>Accumulated Depreciation - Disaster Response and Rescue Equipment</i>	(17,942.18)	17,942.18
<i>Accumulated Impairment Losses - Disaster Response and Rescue Equipment</i>		
<i>Net Value</i>	88,427.82	38,427.82
Technical and Scientific Equipment	4,434,925.28	4,434,925.28
<i>Accumulated Depreciation - Technical and Scientific Equipment</i>	(419,306.71)	419,306.71
<i>Accumulated Impairment Losses - Technical and Scientific Equipment</i>		
<i>Net Value</i>	4,015,618.57	4,015,618.57
<i>Other Machinery and Equipment</i>	1,889,638.05	1,889,638.05
<i>Accumulated Depreciation- Other Machinery & Equipment</i>	(233,574.99)	233,574.99
<i>Net Value</i>	1,656,063.06	1,656,063.06
Transportation Equipment	519,820.90	519,820.90
Motor Vehicles	714,209.00	714,209.00
<i>Accumulated Depreciation - Motor Vehicles</i>	(194,388.10)	194,388.10
<i>Accumulated Impairment Losses - Motor Vehicles</i>		
<i>Net Value</i>	519,820.90	519,820.90
Furniture, Fixtures and Books	3,613,534.55	3,398,334.55
Furniture and Fixtures	2,206,109.99	1,990,909.99
<i>Accumulated Depreciation - Furniture and Fixtures</i>	(340,562.47)	340,562.47
<i>Accumulated Impairment Losses - Furniture and Fixtures</i>		
<i>Net Value</i>	1,865,547.52	1,650,347.52
Books	1,909,260.29	1,909,260.29
<i>Accumulated Depreciation - Books</i>	(161,273.26)	161,273.26
<i>Accumulated Impairment Losses - Books</i>		
<i>Net Value</i>	1,747,987.03	1,747,987.03

Biological Assets

Bearer Biological Assets	<u>907,686.84</u>	<u>907,686.84</u>
Breeding Stocks	907,686.84	907,686.84
Accumulated Impairment Loses- Breeding Stocks	<u>0</u>	<u>0</u>
Net Value	907,686.84	907,686.84
Other Non- Current Assets	1,173,093.10	1,163,053.10
Other Assets	1,025,997.31	1,015,957.31
Accumulated Impairment Losses- Other Assets	<u>-</u>	<u>-</u>
Net Value	1,025,997.31	1,015,957.31
Advances	<u>88,980.00</u>	<u>88,980.00</u>
Advances to Contractors	<u>88,980.00</u>	<u>88,980.00</u>
Prepayments	<u>49,217.00</u>	<u>49,217.00</u>
Prepaid Registration	23,620.00	23,620.00
Prepaid Insurance	25,597.00	25,597.00
Deposits	<u>8,898.79</u>	<u>8,898.79</u>
Guaranty Deposits	8,898.79	8,898.79
Total Non-Current Assets	<u>44,133,383.24</u>	<u>43,452,053.24</u>
	<u>65,176,136.42</u>	<u>56,801,748.24</u>
Liabilities		
Current Liabilities	391,733.60	357,464.50
Financial Liabilities		
Payables		-
Accounts Payable		-
Inter-Agency Payables	<u>391,733.60</u>	<u>357,464.50</u>

Due to Pag-ibig	(350.00)	
Due to Philhealth	(762.50)	
Due to BIR	264,484.32	334,083.19
Due to GSIS	13,523.58	10,565.87
Other Payables	<u>114,838.20</u>	<u>12,815.44</u>
Total Current Liabilities	<u>391,733.60</u>	<u>357,464.50</u>
Total Liabilities	<u>391,733.60</u>	<u>357,464.50</u>
Total Assets/ Liabilities	<u>64,784,402.82</u>	<u>56,444,283.74</u>
Equity	<u>56,454,849.61</u>	<u>47,611,900.63</u>
Accumulated Surplus/(Deficit)	8,329,553.21	(91,549.98)
Accumulated Surplus/ Deficit	10,565.87	8,740,833.13
Total Net Assets/Equity	<u>64,784,402.82</u>	<u>56,444,283.74</u>

Technical Education and Skills Development Authority-10

OROQUIETA AGRO- INDUSTRIAL SCHOOL
 DETAILED STATEMENT OF FINANCIAL PERFORMANCE
 (ALL FUNDS)
 FOR THE YEAR ENDED DECEMBER 31, 2016

	<u>2016</u>	<u>2015</u>
Revenue		
Service Income	223,585.00	4,436,830.75
Business Income	18,534,040.55	1,884,627.15
Total Service and Business Income	18,757,625.55	6,321,457.90
Shares, Grants and Donations		
Income from Grants and Donations	6,164,400.00	11,736,725.00
Total Grants and Donations	6,164,400.00	11,736,725.00
Total Revenue	24,922,025.55	18,058,182.90
Less Current Operating Expenses		
Salaries and Wages - Regular	5,637,835.13	5,599,096.19
Salaries and Wages - Casual	303,835.03	362,259.10
Total Salaries and Wages	5,941,670.16	5,961,355.29
Personal Economic Relief Allowance (PERA)	560,863.66	519,272.73
Representation Allowance (RA)	60,000.00	60,000.00
Transportation Allowance (TA)	60,000.00	60,000.00
Clothing/Uniform Allowance	120,000.00	122,917.00
Subsistence Allowance	23,760.00	23,760.00
Productivity Incentive Allowance		
Step Increment	8,424.32	160,375.29
Other Bonuses and Allowances	72,000.00	102,695.89
Bonus- Civilian	913,683.00	445,089.66
Cash Gift- Civilian	127,500.00	107,906.67
PEI	135,000.00	

Performance Based Bonus Civilian	156,000.00	216,500.00
Total Other Compensation	2,237,230.98	1,876,517.24
Retirement and Life Insurance Premiums	645,708.84	628,243.20
Pag-IBIG Contributions	29,250.00	28,100.00
PhilHealth Contributions	66,925.00	65,712.50
Employees Compensation Insurance Premiums	27,721.96	26,321.96
Total Personnel Benefits	769,605.80	748,377.66
Terminal Leave Benefits		1,121,544.48
Productivity Enhancement Incentives		432,639.00
Other Personnel Benefits	931,298.70	1,467,468.90
Total Other Personnel Benefits	931,298.70	3,021,652.38
Total Personnel Services	9,879,805.64	11,607,902.57
Traveling Expenses - Local	728,187.91	1,202,622.94
Traveling Expenses - Foreign		
Total Travelling Expense	728,187.91	1,202,622.94
Training Expenses	1,886,963.97	88,740.00
Scholarship Grants/Expenses		
Scholarship Grants/Expenses	1,574,500.00	3,474,456.25
Total Training and Scholarship Expense	3,461,463.97	3,563,196.25
Office Supplies Expenses	829,502.28	266,015.71
Drugs and Medicines Expenses	10,332.00	7,184.10
Fuel, Oil and Lubricants Expenses	126,818.81	16,916.38
Other Supplies and Materials Expenses	3,564,626.97	1,487,756.77
Agricultural and Marine Supplies Expense	676,831.70	352,694.00
Total Supplies and Materials Expense	5,208,111.76	2,130,566.96
Water Expenses	95,700.00	61,050.00
Electricity Expenses	572,747.37	501,580.87
Total Utility Expense	668,447.37	562,630.87
Postage and Courier Services	3,183.80	3,540.46
Telephone Expenses	76,908.32	60,431.67
Internet Subscription Expenses	53,238.54	81,120.42
Cable, Satellite, Telegraph and Radio Expenses		
Total Communication Expense	133,330.66	145,092.55

TECHNICAL EDUCATION AND SKILLS DEVELOPMENT AUTHORITY- 10
Oroquieta Agro-Industrial School
COMPARATIVE STATEMENT OF CASH FLOWS
ALL FUNDS
FOR THE YEAR ENDED DECEMBER 31, 2019
(with comparative figures of CY 2018)

	<u>2019</u>	<u>2018</u>
Cash Flow from Operating Activities		
Cash Inflows:		
Collection of Income/Revenues	78,653,715.29	22,915,340.08
Collection of Business and Service Income	58,458,396.05	6,067,772.78
Receipt of Notice of Cash Allocation	20,195,319.24	16,772,442.90
Receipt of Shares, Grants and Donation-Kind	-	75,124.40
Other Payables	-	-
Adjustments	-	-
Total Cash Inflows	<u>78,653,715.29</u>	<u>22,915,340.08</u>
Cash Outflows:		
Payment of Expenses		
Payment of Accounts Payable		
Payment of Inventories	(6,867,531.35)	(1,404,529.68)
Grants of Cash Advances		
Remittance of Personnel Benefit Contributions	640,226.71	(7,014.70)
Payment of personnel services	(15,098,282.44)	(13,113,861.58)
Payment of Maintenance and Other Operating Expenses	(43,810,536.40)	(10,937,416.09)
Total Cash Outflows	<u>(65,136,123.48)</u>	<u>(25,462,822.05)</u>
Cash Provided by Operating Activities	13,517,591.81	(2,547,481.97)
Cash Flow from Investing Activities		
Cash Inflows		
Cash Outflows		
Total Cash Outflows		
Cash provided by Operating, Investing Activities	13,517,591.81	(2,547,481.97)
Cash Flow from Financing Activities		
Total Cash Provided by Operating, Investing & Financing Activities	<u>13,517,591.81</u>	<u>(2,547,481.97)</u>
Increase (Decrease) in Cash and Cash Equivalents	-	-
Effects of Exchange Rate Changes on Cash and Equivalents	-	-
Cash and Cash Equivalents, January 1.	<u>2,646,045.39</u>	<u>5,193,527.36</u>
Cash Balance, Ending December 31.	<u><u>16,163,637.20</u></u>	<u><u>2,646,045.39</u></u>

Surplus (Deficit) for the period

8,329,553.21

8,740,833.14

ANNEX E

**Technical Education and Skills Development Authority-10
OROQUIETA AGRO- INDUSTRIAL SCHOOL
DETAILED STATEMENT OF FINANCIAL PERFORMANCE
FOR THE YEAR ENDED DECEMBER 31, 2016
(With Comparative Figures for CY 2015)**

	<u>2016</u>	<u>2015</u>
Revenue		
Service Income	223,585.00	4,436,830.75
Business Income	18,534,040.55	1,884,627.15
Total Service and Business Income	18,757,625.55	6,321,457.90
Shares, Grants and Donations		
Income from Grants and Donations	6,164,400.00	11,736,725.00
Total Grants and Donations	6,164,400.00	11,736,725.00
Total Revenue	24,922,025.55	18,058,182.90
Less Current Operating Expenses		
Personnel Services		
Salaries and Wages – Regular	5,637,835.13	5,599,096.19
Salaries and Wages - Casual	303,835.03	362,259.10
Total Salaries and Wages	5,941,670.16	5,961,355.29
Personal Economic Relief Allowance (PERA)	560,863.66	519,272.73
Representation Allowance (RA)	60,000.00	60,000.00
Transportation Allowance (TA)	60,000.00	60,000.00
Clothing/Uniform Allowance	120,000.00	122,917.00
Subsistence Allowance	23,760.00	23,760.00
Productivity Incentive Allowance	58,000.00	
Step Increment	8,424.32	160,375.29
Other Bonuses and Allowances	72,000.00	102,695.89
Bonus- Civilian	913,683.00	445,089.66
Cash Gift- Civilian	127,500.00	107,906.67
PEI	135,000.00	
Performance Based Bonus Civilian	156,000.00	216,500.00
Total Other Compensation	2,237,230.98	1,876,517.24
Retirement and Life Insurance Premiums	645,708.84	628,243.20
Pag-IBIG Contributions	29,250.00	28,100.00
PhilHealth Contributions	66,925.00	65,712.50
Employees Compensation Insurance Premiums	27,721.96	26,321.96
Total Personnel Benefits	769,605.80	748,377.66

Terminal Leave Benefits		1,121,544.48
Productivity Enhancement Incentives		432,639.00
Other Personnel Benefits	931,298.70	1,467,468.90
Total Other Personnel Benefits	931,298.70	3,021,652.38
Total Personnel Services	9,879,805.64	11,607,902.57
Maintenance and Other Operating Expenses		
Traveling Expenses – Local	728,187.91	1,202,622.94
Traveling Expenses - Foreign		
Total Travelling Expense	728,187.91	1,202,622.94
Training Expenses	1,886,963.97	88,740.00
Scholarship Grants/Expenses	-	-
Scholarship Grants/Expenses	1,574,500.00	3,474,456.25
Total Training and Scholarship Expense	3,461,463.97	3,563,196.25
Office Supplies Expenses	829,502.28	266,015.71
Drugs and Medicines Expenses	10,332.00	7,184.10
Fuel, Oil and Lubricants Expenses	126,818.81	16,916.38
Other Supplies and Materials Expenses	3,564,626.97	1,487,756.77
Agricultural and Marine Supplies Expense	676,831.70	352,694.00
Total Supplies and Materials Expense	5,208,111.76	2,130,566.96
Water Expenses	95,700.00	61,050.00
Electricity Expenses	572,747.37	501,580.87
Total Utility Expense	668,447.37	562,630.87
Postage and Courier Services	3,183.80	3,540.46
Telephone Expenses	76,908.32	60,431.67
Internet Subscription Expenses	53,238.54	81,120.42
Cable, Satellite, Telegraph and Radio Expenses		
Total Communication Expense	133,330.66	145,092.55
Legal Services	8,900.00	13,900.00
Consultancy Services	461,595.00	0.00
Auditing Services	45,479.00	
Other Professional Services	31,625.00	0.00
Total Professional Services	502,120.00	59,379.00
Advertising Expense	2,500.00	
Rent/ Lease Expense	48,080.00	
Janitorial Services		
Security Services	422,400.00	261,652.35
Other General Services	3,101,496.62	2,247,850.05
Total General Services	3,574,476.62	2,509,502.40

Repairs and Maintenance- Furnitureand Fixtures	79,215.42	
Repairs and Maintenance -Buildings and Other Structure	2,816,615.20	147,545.00
Repairs and Maintenance - Machinery and Equipment	42,648.00	
Repairs and Maintenance - Transportation Equipment	260,928.50	11,630.50
Repairs and Maintenance - Furniture and Fixtures		
Repairs and Maintenance - Other Property, Plant and Equipment		
Total Repairs and Maintenance	<u>3,199,407.12</u>	<u>159,175.50</u>
Insurance Expenses		9,223.27
Total Taxes, Insurance Premiums and Other Fees		<u>9,223.27</u>
Advertising Expenses		
Printing and Publication Expenses		2,980.00
Representation Expenses	7,788.00	209,417.60
Subscription Expense		8,536.66
Cable, Satellite, Telegraph & Radio Expenses		
	5,220.00	35,000.00
Other Maintenance and Operating Expenses	1,641,356.14	1,442,231.75
Total Other Maintenance and Other Operating Expense	<u>1,654,364.14</u>	<u>1,698,166.01</u>
Total Maintenance and Other Operating Expenses	<u>29,009,715.19</u>	<u>12,039,555.75</u>
Surplus (Deficit) for the period	<u>(4,087,689.64)</u>	<u>(5,589,275.42)</u>
Add: Financial Assistance/ Subsidy from NGA's, LGU's, GOCC's		
Subsidy Income From National Govt.	12,167,242.85	13,680,969.56
Subsidy from Other National Govt.	<u>250,000.00</u>	<u>649,139.00</u>
Surplus (Deficit) for the period	<u>8,329,553.21</u>	<u>8,740,833.14</u>

ANNEX F

**OROQUIETA AGRO-INDUSTRIAL SCHOOL
COMPARATIVE CASH FLOWS
FOR THE QUARTER ENDED December 31, 2016**

Cash Flow from Operating Activities	2016	2015
Cash Inflows:		
Collection of Income/Revenues	37,339,268.40	31,914,321.72
Collection of Business and Service Income	18,757,625.55	18,058,182.90
Receipt of Notice of Cash Allocation	12,417,242.85	13,777,684.00
Receipt of Shares, Grants and Donation	6,164,400.00	
Other Payables		10,577.23
Adjustments		67,877.59
Total Cash Inflows	<u>37,339,268.40</u>	<u>31,914,321.72</u>
Cash Outflows:		
Payment of Expenses	(20,607,735.89)	(24,052,129.51)
Payment of Accounts Payable	(105,541.80)	(9,972.73)
Payment of Inventories	(8,146,213.51)	(7,118,164.48)
Grants of Cash Advances		
Remittance of Personnel Benefit Contributions	(245,183.53)	(2,670,021.33)
Total Cash Outflows	<u>(29,104,674.73)</u>	<u>(33,850,288.05)</u>
Cash Provided by Operating Activities	<u>8,234,593.67</u>	<u>1,935,966.33</u>
Cash Flow from Investing Activities		
Cash Inflows	-	
Cash Outflows		
Total Cash Outflows	<u>-</u>	
Cash provided by Operating, Investing Activities	<u>8,234,593.67</u>	<u>1,935,966.33</u>
Cash Flow from Financing Activities	<u>-</u>	
Total Cash Provided by Operating, Investing & Financing Activities	<u>8,234,593.67</u>	<u>1,935,966.33</u>
Increase (Decrease) in Cash and Cash Equivalents		
Effects of Exchange Rate Changes on Cash and Equivalents		

Cash and Cash Equivalents, January 1, 2016

3,781,280.59

5,717,246.92

Cash Balance, Ending December 31, 2016

12,015,874.26

3,781,280.59

1010202024 - 12,015,874.26
12,015,874.26

Republic of the Philippines
Technical Education and Skills Development Authority
Region X
OROQUIETA AGRO-INDUSTRIAL SCHOOL
Oroquieta City

NOTES TO FINANCIAL STATEMENTS

I. BASIS OF FINANCIAL STATEMENTS PRESENTATIONS

For Calendar year 2016, OAIS maintained two (2) sets of books of accounts namely: Fund 101 & Fund 161. Books are maintained and prepared in accordance with generally accepted New Government Accounting System (NGAS) principle and standards. Financial Statements were presented in the report as follows:

1. Condensed & Detailed Statement of Financial Position
2. Condensed & Detailed Statement of Financial Performance
3. Statement of Cash Flows
4. Statement of Changes in Net Assets/Equity

II SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

1. The agency used the accrual basis of accounting. All expenses are recognized when incurred and reported in the financial statement on accruals basis except when new method is introduced.
2. Notice of Cash Allocation (NCA) is recorded in the Regular Agency Books, General Fund) in the National Government (NG)
3. Income/Receipts which the agency are not authorized to use are remitted to the National Treasury and are also recorded in the National Government (NG) Books.
4. The Modified Obligation System is used to record allotments received and obligations incurred. Separate entries are maintained for each allotment class and object of expenditures.
5. Accounting Books, registries and other records are use in recording all transactions within the year.

III CHANGE IN ACCOUNTING TREATMENT

At the start of the year the accounts were classified based on the New Standard Chart of Accounts the New Government Accounting Standard (NGAS). When the year ended these accounts were converted into a new account title and

account codes known as the Unified Account Code Structures as per Joint Circular No.2013-1 dated August 6, 2013.

IV CASH AND OTHER CASH ACCOUNT

The account was broken downs as follows:

Account Title	Fund 101	Fund 161	Total
Cash In Bank – Local Currency, LBP	P 937,342.14	P 11,078,532.12	P 12,015,874.26

- Cash in Bank Local Currency Current Account in Fund 101 is composed of the unremitted GSIS, Pag-ibig loan repayments and monthly premiums of Teachers and Employees and accounts payable for the year 2016.
- Cash in Bank Local Currency Current Account for Fund 161 is for the continues support on poultry and swine and large and small ruminant animal supplies, feeds and other training supplies for the training program and other services of the school. This includes the training cost and training allowance of trainees on Local Economic Enterprise Development thru Skills Training for Employment and Productivity and Partnering Scheme (LEED thru STEPPS) to the different Municipalities of Misamis Occidental.

V RECEIVABLES

This account consists of:

Account Title	Fund 101	Fund 161	Total
Accounts Receivable	-	563,530.00	563,530.00
Due from National Treasury	296,900.87	-	296,900.87
Receivable-Disallowances/Charges	20,234.54	-	20,234.54
TOTAL	317,135.41	563,530.00	880,665.41

- The account Accounts Receivable in Fund 06207535 (161) represents the unpaid school fees of students enrolled on prior years.
- Due From National Treasury account in the Fund 01101101 (101) is the amount deposited/remit Bureau of the Treasury, from the

collection of refunds of prior years transactions as of December 31, 2016.

- c. The account Receivable –Disallowances/Charges in the Fund 01101101 (101) represents the balance of unpaid audit of disallowance from previous Certificate of Settlement and Balances (CSB) and Certificate of Settlement and Disallowance (CSD) issued by the auditors.

VI. INVENTORIES

This Inventory accounts consist of:

Account Title	Fund 01101101(101)	Fund 06207535(161)	Total
Office Supplies Inventory	412,090.02	325,737.46	737,827.48
Accountable Forms, Plates and Stickers Inventory	-	26,102.50	26,102.50
Drugs and Medicine Inventory	19,208.30	38,602.50	57,810.80
Agricultural and Marine Supplies Inventory	-	999,906.79	999,906.79
Textbook & Instructional Materials Inventory	3,244.00		3,244.00
Fuel, Oil & Lubricants Inventory	38,726.55	80,659.83	119,386.38
Other Supplies & Materials Inventory	1,475,259.74	4,663,526.56	6,138,786.30
Construction Materials Inventory	824,171.41	602,187.58	1,426,358.99
TOTAL	2,772,700.02	6,736,723.22	9,509,423.24

The Inventory accounts on Fund 01101101 (101) and Fund 06207535 (161) are to be adjusted starting on January 2016 upon the receipt of the issuance report (RSMI) from the Supply Officer/Administrative Officer I as basis for adjustment.

VII. PROPERTY, PLANT AND EQUIPMENT

Account Title	Fund 01101101(101)	Fund 06207535(161)	Total
Land	3,384,603.15	-	3,384,603.15
Other Land Improvements	463,797.36	-	463,797.36
School Buildings	11,655,206.97	-	11,655,206.97
Other Structures	2,312,453.55	333,943.00	2,646,396.55
Office Equipment	10,230,879.52	947,917.40	11,178,796.92
Furniture and Fixtures	1,187,148.67	1,018,961.32	2,206,109.99
ICT Equipment	9,421,038.89	2,351,689.72	11,772,728.61
Books	1,522,450.29	386,810.00	1,909,260.29
Machinery	215,381.20	23,000.00	238,381.20
Communication Equipment	163,279.00	-	163,279.00
Construction & Heavy Equipment	286,654.00	1,525,127.88	1,811,781.88
Disaster Response and Rescue Equipment	56,370.00	50,000.00	106,370.00
Technical and Scientific Equipment	2,582,810.78	1,852,114.50	4,434,925.28
Other Machinery and Equipment	894,338.05	995,300.00	1,889,638.05
Motor Vehicles	484,709.00	229,500.00	714,209.00
Breeding Stocks	904,686.84	3,000.00	907,686.84
TOTAL	45,765,807.27	9,717,363.82	55,483,171.09
Less: Accumulated Depreciation	10,999,753.07	-	10,999,753.07
TOTAL	34,766,054.20	9,717,363.82	44,483,418.02

The Property, Plant and Equipment account shown above were recorded in the Books of Account by fund.

VIII. SUBSIDY INCOME FROM THE NATIONAL GOVERNMENT AND
FROM REGIONAL OFFICE/INTER-AGENCY FUND TRANSFER

Program/Project/Activity	PS	MOOE	TOTAL
A. Agency Specific Budget	9,447,000.00	3,404,000.00	12,851,000.00
Other Personnel Benefits (PBB)	156,000.00	-	156,000.00
B. Special Purpose Fund			
Miscellaneous Personal Benefits Fund			
Prod. Enhancement Incentive (PEI)	135,000.00	-	135,000.00
C. Appropriations Automatic			
RLIP	782,000.00	-	782,000.00
TOTAL	10,520,000.00	3,404,000.00	13,924,000.00

This subsidy includes the regular appropriations of the year PS, MOOE and RLIP per GAA no. RA 10633. Other personnel benefits Represents the grant of FY 2016 Performance-based Bonus (PBB) of TESDA pursuant to Budget Circular Letter No. 2013-7 dated August 5, 2013 under Executive Order No. 80, S 2012 respectively. Special Purpose Fund includes the funding requirements for FY 2016 Productivity Enhancement Incentive (PEI) per Budget Circular No. 2014-3 dated December 2, 2014, and monetization of Leave Credits for CY 2015.

Pension and Gratuity Fund of which to cover the funding requirements for monetization of Twenty-Five (25) personnel of OAIS.

I. INCOME/COLLECTIONS

Income/collections derived from the refund of prior years transactions recorded in the books and was remitted to the Bureau of the Treasury. Collection of income in fund 06207535 (161) was deposited to Government Depository Bank (LBP).

Income collections consist of:

Service Income	223,585.00
Business Income	18,534,040.55
Grants and Donations	6,164,400.00
TOTAL	24,922,025.55

II. Obligations/EXPENSES

Account Title	Fund 01101101(101)	Fund 06207535(161)	Total
Personal Services	9,879,805.64	0	9,879,805.64
Maintenance and Other Operating Expenses	2,317,124.57	16,812,784.98	19,129,909.55
TOTAL	12,196,930.21	16,812,784.98	29,009,715.19

- a. Fund 01101101 (101) expenses represent the expenses incurred in the regular operation of the school.
- b. Fund 06207535 (161) expenses referred to the payment of honoraria/assessor's fee of trainees of the different qualifications and training materials, other expenses represent the expenses of the Sariling Sikap Programs of the school.

**PART II – STATUS OF IMPLEMENTATION OF PRIOR YEARS’
RECOMMENDATIONS**

OBSERVATION AND RECOMMENDATION	REF.	MANAGEMENT ACTION	STATUS OF IMPLEMENTATION	REASON FOR PARTIAL/NON IMPLEMENTATION
<p>1. The accountable officer failed to prepare and submit monthly the Report of Accountability for Accountable Forms, in violation to Section 68 of the Manual on New Government System (NGAS) for National Government Sector (NGS), which causes delay in the verification accounts thus accuracy and reliability could not be ascertained.</p> <p>Recommendation:</p> <p>Prepare and submit the Report of Accountability for accountable forms from May 2014 to September 2015 as our period of cash examination. Enclosed is the format of said report.</p>	ML 2015	Fully implemented	Fully implemented	
<p>2. The remaining current and prior years audit suspensions amounting to P1,908,912.36 remained unsettled as of December 31, 2015, in violation of COA Circular No. 2009-006 dated September 15, 2009.</p>	ML 2015	Partially implemented	Partially implemented	

<p>Recommendation:</p> <ol style="list-style-type: none"> 1. The Head of the Oroquieta Agro Industrial School should enforce the immediate settlement of all issued Notice of Disallowances and suspensions. He may also assign personnel to work solely on the settlement of suspensions and disallowances. 2. Further, submit the required documentation /explanation or justification listed in the Notice of Suspension in order to effect a full settlement thereof, in accordance with the aforecited circular 				
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Republic of the Philippines
COMMISSION ON AUDIT
National Government Sector
Department of Education and Employment
Audit Teams R10-18
Oroquieta City

Office of the Auditor

February 24, 2017

MS. DELIA P. LAGUMBAY
State Auditor IV
Regional Supervising Auditor
Audit Group A, Cluster 5
Commission on Audit
Regional Office X
Cagayan de Oro City

Madam:

In compliance with Section 2, Article IX-D of the 1987 Philippine Constitution and pertinent sections of Presidential Decree No. 1445, we conducted a Financial and Compliance Audit on the accounts and operations of the **Technical Education and Skills Development Authority (OAIS), Oroquieta City** for the year ended December 31, 2016.

The audit was conducted to ascertain the propriety of financial transactions and compliance of the agency to prescribed rules and regulations. It was also made to ascertain the accuracy of financial records and reports, as well as the fairness of the presentation of the financial statements.

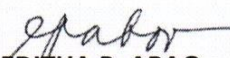
Our ML consists of five parts: Introduction; Summary of Recommendations; Detailed Observations and Recommendations which were discussed with the concerned management officials and staff during the exit conference on March 6, 2017; Status of Implementation of Prior Year's Audit Recommendations; and Annexes.

There is reasonable assurance that the financial statements are free of material misstatements, except for the Inventory accounts which supplies and materials procured were not supported with complete documents and proper journal entries, and were prepared in accordance with applicable laws, rules and regulations and in conformity with generally accepted state accounting principles.

Our audit was conducted in accordance with generally accepted state auditing standards and we believe that it provides reasonable basis for the results of audit.

We acknowledge the cooperation extended to us by the officials and staff of the Technical Education and Skills Development Authority (OAIS), Oroquieta City

Very truly yours,


EDITHA P. ABAO
State Auditor IV
Audit Team Leader