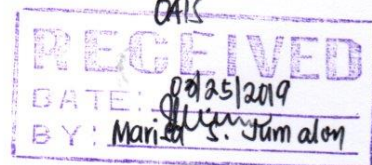




Republic of the Philippines
COMMISSION ON AUDIT
NATIONAL GOVERNMENT SECTOR
Cluster 5 – Education and Employment
Department of Education – Region X
Cagayan de Oro City

March 20, 2019

ENGR. LEE R. CATANE
Vocational School Administrator II
Technical Education and Skills Development Authority
Oroquieta Agro-Industrial School
Villaflor, Oroquieta City



Dear Engr. Catane:

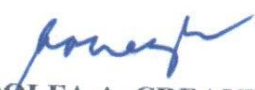
We are pleased to transmit the Management Letter on the audit of the accounts and operations of *Technical Education and Skills Development Authority, Oroquieta Agro-Industrial School, Villaflor, Oroquieta City* for the calendar year 2018, in compliance with Section 2, Article IX-D of the Philippine Constitution and pertinent provision of Section 43 of Presidential Decree No. 1445, otherwise known as the Government Auditing Code of the Philippines.

The attached report consists of the Audited Financial Statements, the Observations and Recommendations which were discussed with concerned Management Officials, and the Status of Implementation of Prior Year's Audit Recommendations.

We request that a status report on the actions taken on the recommendations be submitted within 60 days from receipt of this report using the *Agency Action Plan and Status of Implementation (AAPSI)* prescribed under COA Memorandum No. 2014-002 dated March 18, 2014.

We express our appreciation for the valuable support and cooperation extended to the audit team by the officials and staff of that agency.

Very truly yours,


ADOLFA A. CREAYLA
State Auditor V
Regional Supervising Auditor

Enc: As stated
AAC



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 audit of

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

For the Year Ended December 31, 2018



Republic of the Philippines
COMMISSION ON AUDIT
Regional Office No. X
Cagayan de Oro City

OFFICE OF THE AUDIT TEAM LEADER
Audit Group NGS, Cluster 5- Education and Employment
Audit Team No. RO-10-18

CONFIDENTIAL

March 20, 2019

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, 2018**

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, 2018. The audit was conducted in accordance with applicable legal and regulatory requirements and International Standards of Supreme Audit Institutions (ISSAIs). 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 Mach 15, 2019. 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 2018.

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 in 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 2018, 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	1607	4731	294%
-Graduated	1543	2935	190%
B. COMMUNITY BASED TRAINING			
-Enrolled	505	988	196%
-Graduated	445	988	222%
C. DUALIZED TRAINING PROGRAM			
-Enrolled			
-Graduated			
D. EMPLOYMENT			
-Wage-Employed TVET Graduates			
-Self-Employed TVET Graduates		1308	
TOTAL EMPLOYMENT	1003	1308	130%
E. ASSESSMENT (ALL CLIENTS)			
-Total Assessed	1817	4612	254%
-Total Certified	1544	4320	280%
F. YP4SC (Career Guidance Profiling)			

Financial Profile

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

	2018	2017	Increase/(Decrease)
Annual Appropriation			
PS	10,484,000.00	8,572,000.00	1,912,000.00
MOOE	2,600,000.00	2,530,000.00	70,000.00
TOTAL	13,084,000.00	11,102,000.00	1,982,000.00
Obligations –Current			
PS	10,478,621.60	8,572,000.00	1,906,621.60
MOOE	2,600,000.00	2,521,243.20	78,756.80
TOTAL	13,078,621.60	11,093,243.20	1,985,378.40

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

Particulars	2018	2017	Increase(Decrease)
Total Assets	38,084,019.66	39,341,504.73	(1,257,485.07)
Total Liabilities	793,060.72	494,965.86	298,094.86
Total Equity	38,084,019.66	39,341,504.73	(1,257,485.07)
Total Income	22,915,340.08	31,190,817.86	(8,275,477.78)
Total Expenditures	24,470,921.41	57,031,045.11	(32,560,123.70)

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	13,084,000.00	13,078,621.60	5,378.40	5,378.40
Accounts Payable-Internal Creditors	0.00	0.00	0.00	0.00
Terminal Leave Benefits	0.00	0.00	0.00	0.00
Others (MPBF)	2,456,525.56	2,456,525.56	0.00	0.00
TOTAL	15,540,525.56	15,535,147.16	5,378.40	5,378.40

Scope of Audit:

9. The audit covered the accounts and operations of the TESDA Oroquieta Agro-Industrial School for Calendar Year (CY) 2018. The objectives of the audit were to ascertain the fairness of presentation of the accounts in the financial statements in accordance with Philippine Public Sector Accounting Standards (PPSASs), determine the validity and propriety of the financial transactions and ascertain compliance with laws, rules and regulations. The audit focus for CY 2018 with reference to the unnumbered memorandum dated January 26, 2018 from NGS Cluster 5 Cluster Director regarding Specific Audit Instructions on the Audit of CY 2018 accounts and operations and the preparation of CY 2018 Management Letter are: (1) Cash and Cash Equivalents, (2) Receivables, (3) Inventories, (4) Advances, (5) Property, Plant and Equipment, (6) Payables, (7) Expenses, (8) Fund Transfers, and (9) Fund Utilization.

B. SUMMARY OF RECOMMENDATIONS

10. For the significant deficiencies observed in the course of the audit, the following are the audit team's recommendations:

Understatement of Cash in Bank account

11. We recommended the management to prepare the adjusting journal entry to adjust the Cash in Bank account and submit a copy of the JEV to the COA Office.

a. To recognize cancellation of stale check:

Cash in Bank	1,710.00	
Accounts Payable		1,710.00

b. Upon replacement of check:

Accounts Payable	1,710.00	
Cash in Bank		1,710.00

Unreliable Property, Plant and Equipment and other assets accounts balances

12. We recommended the Management to:

- draw the recommended adjusting journal entry voucher to recognize depreciation for the years 2017 and 2018 (*Appendix 1 to 3*);
- record under the Construction-in-Progress account, the cost of the on-going construction of the new Garage and the new Piggery building based on labor cost and applied construction supplies and materials;
- create a Valuation and Appraisal Committee to provide costing of the Livestock/Breeding Stocks as basis for recording in the books of accounts;
- through the Valuation and Appraisal Committee, provide costing of the Trees for recording in the books under the Biological Asset account (Section 6, Chapter 11, GAM Volume I and PPSAS No. 27);
- make a new Development Program for the Clarin Settlement School Campus and make representation with the local, provincial and national officials

for the possible rehabilitation and development and preservation of the former 40-hectare school campus of TESDA-OAIS;

- provide for an alternate employee to ensure continuance of operations for effective management and utilization of government resources;
- identify disposable property and dispose of them, in accordance with Section 79 of P.D. 1445 and draw journal entry voucher to record the derecognition of the unserviceable property; and
- prepare and submit separate inventory report for PPE and Semi-Expendable Property at year end. Observe the PPE threshold of Php15,000.00. Below the capitalization threshold of Php15,000.00 shall be accounted as Semi-Expendable Property account and shall be recognized as expenses upon issuance to the end-user, pursuant to Section 10 of GAM, Volume I.
- identify disposable property and dispose of them, in accordance with Section 79 of P.D. 1445, and draw journal entry voucher to record the derecognition of the unserviceable property; and
- prepare and submit separate inventory report for PPE and Semi-Expendable Property at year end. Observe the PPE threshold of Php15,000.00. Below the threshold should be classified under the Semi-Expendable Property account and is considered as expense upon issuance to the end-user.

C. DETAILED OBSERVATIONS AND RECOMMENDATIONS

FINANCIAL AUDIT

Understatement of Cash in Bank account balance

13. The Cash in Bank account of Fund 161 was understated by Php1,710.00 due to non-recognition of Stale Check, inconsistent with Section 97 of P.D. 1445, thus resulting to the misstatement of the Cash in Bank account balances.

14. Section 97 of the same provides further, as modified by Treasury Circular No. 03-2017, that,

"Section 97. Disposition of stale warrants or checks.

(1) *A treasury warrant or check which remains outstanding after two years from date of its issue shall not be paid by the Treasurer of the Philippines or by any duly authorized depository. The issuing agency shall take up in its books of accounts the amount of this warrant or check as surplus adjustment of the fund against which it was previously charged. Upon presentation of a stale warrant or check, the issuing agency shall cancel it and issue to the payee a substitute warrant or check in lieu thereof. (with amendment – Treasury Circular No. 03-2017)*

(2) *Such sum as may be necessary to meet the obligation arising out of the issuance of substitute warrants or checks chargeable against the general fund shall be charged to the current year's General Appropriations law, subject to pertinent budget rules and regulations. Substitute warrants or checks payable from funds other than the general fund shall be paid from the appropriate funds.*

15. In the review of the Bank Reconciliation Statement as of December 31, 2018, we have observed that there was a stale check of Php1,710.00 dated September 4, 2017 issued to Ms. Ruth Pacong with Check No. 1357575;

16. When we asked from the Agency's accounting section about the deficiency noted, they explained that they had overlooked to account for the stale check

17. **We recommended the management to prepare the adjusting journal entry to adjust the Cash in Bank account and submit a copy of the JEV to the COA Office.**

a. To recognize cancellation of stale check:

Cash in Bank	1,710.00	
	Accounts Payable	1,710.00

b. Upon replacement of check:

Accounts Payable	1,710.00	
	Cash in Bank	1,710.00

18. The Management commented that they will prepare an adjusting Journal Entry to adjust the Cash in Bank account. For this, the management will have thorough checking of payments incurred to ensure that no misstatement of account balances.

Unreliable Property, Plant and Equipment and other assets accounts balances

19. The total Property, Plant and Equipment (PPE) amounting to Php23,448,313.67 were not provided with depreciation for two years, various semi-expendable items were still recorded as PPE, Construction-in-Progress and Biological assets were not accounted for inconsistent with the provisions of Section 27, Chapter 10 and Sec. 10, Chapter 8 and Section 6, Chapter 11 of GAM Volume I due to lack of personnel. In addition, unserviceable property were not derecognized from the books of accounts and disposed of inconsistent with PPSAS 17, Sections 39 and 40, Chapter 10 of the GAM, Volume I and Section 79 of P.D. 1445, thus affecting the reliability in the fairness of presentation of the Financial Statements.

20. Section 27, Chapter 10 of Government Accounting Manual (GAM) for National Government Agencies, Volume I provides that-

“PPE gradually loses its ability to provide service over the course of time. Because of this, its cost needs to be distributed on a systematic basis over its useful life. The allocated cost is referred to as depreciation. The depreciation charge for each period shall be recognized as expense unless it is included in the carrying amount of another asset xxx.”

21. Further, Section 10, Chapter 8 of the same manual provides that-

Tangible items below the capitalization threshold of Php15,000.00 shall be accounted as semi-expendable property. The following policies apply as follows:

- a. Semi-expendable property which were recognized as PPE shall be reclassified to the affected accounts;*
- b. These tangible items shall be recognized as expenses upon issue to the end-user.*

22. Philippine Public Sector Accounting Standard (PPSAS) 17 prescribes the standards on the recognition, measurement, depreciation, impairment, derecognition and disclosure requirements dealing with the transactions and events affecting property, plant and equipment of the Philippine Public Sector. Paragraph 82 of the aforementioned standard requires that *“The carrying amount of an item of property, plant and equipment shall be derecognized (a) On disposal; or (b) When no future economic benefits or service potential is expected from its use or disposal.”*

23. Section 39, Chapter 10, Government Accounting Manual (GAM) for National Government Agencies states “xxx *The carrying amount of an item of PPE shall be derecognized on disposal or when no future economic benefits or service potential is expected from its use or disposal. xxx*”

24. Further, Paragraphs c and d of Section 40, Chapter 10 of the same manual provides that “xxx *c) A PPE is said to be unserviceable if it is no longer capable of providing the entity with future economic benefits or service potential. d) All unserviceable property shall be reported in the Inventory and Inspection Report of Unserviceable Property (IIRUP). PPE reported in the IIRUP shall be dropped from the books by debiting Impairment Loss-Property, Plant and Equipment (cost of the PPE less Accumulated Depreciation).*”

The entry is as follows:

	<i>Debit</i>	<i>Credit</i>
<i>Impairment Loss – PPE</i>	<i>xx</i>	
<i>Accumulated Impairment Losses – PPE</i>		<i>xx</i>

25. Section 6, Chapter 11 of the same Manual provides for the recognition of Biological Assets – *An entity shall recognize a biological asset or agricultural produce when and only when:*

- a. *The entity controls the asset as a result of past events;*

In agricultural activity, control may be evidenced by, for example, legal ownership of cattle and the branding or otherwise marking of the cattle on acquisition, birth, or weaning.

- b. *It is probable that future economic benefits or service potential associated with the asset will flow to the entity; and*

The future benefits or service potential are normally assessed by measuring the significant physical attributes.

- c. *The fair market value or cost of the asset can be measured reliably. (Par. 13, PPSAS 27)*

26. And, Section 79 of P.D. 1445 provides that –

Section 79. Destruction or sale of unserviceable property. When government property has become unserviceable for any cause, or is no longer needed, it shall, upon application of the officer accountable therefor, be inspected by the head of the agency or his duly authorized representative in the presence of the auditor concerned and, if found to be valueless or unsalable, it may be destroyed in their presence. If found to be valuable, it may be sold at public auction to the highest bidder under the supervision of the proper committee an award or similar body in the presence of the auditor concerned or other duly authorized representative of the Commission, after advertising by printed notice in the Official Gazette, or for not less than three consecutive days in any newspaper of general circulation, or where the value of the property does not warrant the expense of publication, by notices posted for a like period in at least three public places in the locality where the property is to be sold. In the event that the public auction fails, the property may be sold at a private sale at such price as may be fixed by the same committee or body concerned and approved by the Commission.

27. Verification revealed during the conduct of the actual physical count of the Property, Plant and Equipment (PPE) and Semi-Expendable Supplies and Materials of the Technical Education and Skills Development Authority – Oroquieta Agro-Industrial School (TESDA-OAIS), Villaflor, Oroquieta City as of December 31, 2018, conducted on January 21 to 24, 2019 the following deficiencies were noted, to wit:

- The recorded book value were not applied with depreciation for 2017 and 2018;
- There was an on-going construction of the new Garage and the new Piggery building based on labor cost and construction supplies and materials which were not accounted as Construction-in-Progress account;
- There were Biological Assets such as Livestocks and Breeding Stocks which were not accounted for totalling 2,296 (*Appendix 4*). There consist of:
 - a. Piggery – 25
 - b. Poultry – 2,250
 - c. Small and Large Ruminants – 21

Eggs and other farm products, supplies and materials were also not accounted;

- Also, there were biological assets, such as trees and plants composing of a number of hardwood trees estimated to more than 4,000 trees, of mahogany, apitong, acasia mangium, yakal and the like, situated at their 40-hectare land area at Clarin Settlement, Oroquieta City. There were also rubber trees but accordingly they are not interested in the production because buyer is not readily available. In Mobod, Oroquieta City in their more than 1-hectare land area, grown-up mangoes were also planted and young Cacao trees;
- There were also areas which were developed as rice field and corn field but discontinued because the water system was destroyed. Another problem is farmers are no longer available, unlike before when the school campus is situated in their Clarin Settlement land area. Before, it was transferred to Villaflor, Oroquieta City because of rebels' infestation in the late 1970s to early 1980s, then became a neglected place and their students in Agriculture were responsible in the cultivation of the said area;
- During the year, the tissue culture and mushroom production was suspended due to the utilization of Mr. Fernando Manlaran, a Casual Employee/Trainer/Technician of said operation as DSWD Trainer for Animal Production in Bonifacio, Misamis Occidental. The program is funded by the Provincial Government, same with the Swine Production and Dispersal in Baliangao, Misamis Occidental and the Native Chicken Production in Burgos, Oroquieta City. Mr. Manlaran is also an Assessor for the various Sariling Sikap Program (SSP) and Sustainable Livelihood Program (SLP) of the government;
- There were unserviceable property, unrepairable PPE and Semi-Expendable supplies and material in the inventory report, which were not yet reported in the Inventory and Inspection Report of Unserviceable Property (IIRUP) for disposal; and
- There were also some misclassification of Semi-Expendable items in the Property, Plant and Equipment accounts.

28. The team conducted a dialogue with the agency personnel and the School Administrator and asked them of the cause of the deficiencies observed. They admitted that they failed to account some items only.

29. Thus, affect the reliability in the fairness of presentation of the Financial Statements of the PPE, Biological assets and Semi-Expendable Property accounts.

30. **We recommended the Management to:**

- **draw the following recommended adjusting journal entry voucher to recognize depreciation for the years 2017 and 2018 (*Appendix 1 to 3*);**
- **record under the Construction-in-Progress account, the cost of the on-going construction of the new Garage and the new Piggery building based on labor cost and applied construction supplies and materials;**
- **create a Valuation and Appraisal Committee to provide costing of the Livestock/Breeding Stocks as basis for recording in the books of accounts;**
- **through the Valuation and Appraisal Committee, provide costing of the Trees for recording in the books under the Biological Asset account (Section 6, Chapter 11, GAM Volume I and PPSAS No. 27);**
- **make a new Development Program for the Clarin Settlement School Campus and make representation with the local, provincial and national officials for the possible rehabilitation and development and preservation of the former 40-hectare school campus of TESDA-OAIS;**
- **provide for an alternate employee to ensure continuance of operations for effective management and utilization of government resources;**
- **identify disposable property and dispose of them, in accordance with Section 79 of P.D. 1445 and draw journal entry voucher to record the derecognition of the unserviceable property; and**
- **prepare and submit separate inventory report for PPE and Semi-Expendable Property at year end. Observe the PPE threshold of Php15,000.00. Below the capitalization threshold of Php15,000.00 shall be accounted as Semi-Expendable Property account and shall be recognized as expenses upon issuance to the end-user, pursuant to Section 10 of GAM, Volume I.**

31. **The Management commented that:**

- **The management will submit the PPE provided with depreciation for two years and various semi-expendable items to extracted and separated from PPE and align to inventories. For the unserviceable properties, the management will identify the items and prepare for disposal;**

- The management will also prepare a Journal Entry Voucher (JEV) to record the Construction-in-Progress account, the cost of the on-going construction of the new Garage and the new Piggery building based on labor cost and applied construction supplies and materials, and will attach the Program of Works;
- The management will create a Valuation and Appraisal Committee responsible for:
 - i. Appraise value of unserviceable tools and equipment for disposal;
 - ii. Appraise value of Trees (lumber) in all land owned by this institution;
 - iii. Appraise value of Livestock owned by this institution; and
- The new Development Program for the Clarin Settlement School Campus for possible rehabilitation, development and preservation of the former 40-hectare school campus of TESDA-OAIS, as recommended, is still on the process of planning on what should be the possible actions that ensure effective management and utilization of this government resources that would be beneficial to both the locals and the Clarin Settlement School Campus with the OAIS personnel.

SETTLEMENT OF SUSPENSIONS, DISALLOWANCES AND CHARGES

32. For Calendar Year 2018 status of suspensions, disallowances and charges of TESDA-OAIS is shown hereunder:

	Beginning Balance As of December 31, 2017	This period January 1 to December 31, 2018 (See Below)		Ending Balance As of December 31, 2018
		NS/ND/NC	NSSDC	
Notice of Suspensions	₱2,148,733.99	₱899,532.12	₱921,176.87	₱2,127,089.24
Notice of Disallowance	3,000.00	333,500.00	3,000.00	333,500.00
Notice of Charge	0	0	0	0
TOTAL	₱2,151,733.99	₱1,233,032.12	₱924,176.87	₱2,460,589.24

GENDER AND DEVELOPMENT

33. For CY 2018, 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 P555,100.00 disclosed that the school spend the amount of P375,471.27 for Gender and Development which is below than its approved budget.

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

GAD Activity	Performance Indicator /Targets	Actual Result (Outputs/ Outcomes)	Total Agency Approved Budget	Actual Cost /Expenditure
Client-Focused				
Conduct training on basic competencies with Gender Sensitive Curriculum and Trainer's Manual developed under GREAT Women Project	Number of enrolees trained on basic competencies with Gender Sensitive Curriculum/Training Modules - TARGET: Male = 30 Female = 20	Number of Enrolees/ Male= 278 Female = 218 Number of Qualifications= 16 Number of Graduates Male= 386 Female=472 Number of Qualifications= 16	72,149.38	16,318.18
Coordinate/Facilitate skills training/scholarship program for the victims of drug related cases	Number of victims of drug related cases provided/ conducted special skills training - TARGET MESSAGE: Male = 10 Female = ; CARPENTRY: MALE=10 ; MASONRY: MALE=10			
Conduct Orientation on Drug Prevention & Control to new students as embedded in the curriculum	Number of trainees oriented: Target: 200	Conducted Orientation on Drug Prevention & Control upon start of the training: Driving, Pipefitting, Dressmaking, Beauty Care, SMAW, EIM, Automotive Servicing, Cookery & EPAS. Male = 160	48,280.00	26,990.74

GAD Activity	Performance Indicator /Targets	Actual Result (Outputs/ Outcomes)	Total Agency Approved Budget	Actual Cost /Expenditure
		Female = <u>102</u> Total = 262		
Conduct skills training program for the victims of drug related cases	Number of skills training program conducted- TARGET: <u>2</u> Number of pax : EIM	Conduct special skills training program for the victims of drug related cases: EIM NC II= 2 male		2,480.95
Conduct special skills training program for Indigenous People	Number of Indigenous Peoples (IPs) provided with special skills training-TARGET: POULTRY-CHICKEN; Male =10 Female =5; SWINE: TARGET: MALE= 5 FEMALE:=5	Conduct special skills training program for Indigenous People on the ff. programs: ANIMAL PRODUCTION POULTRY-CHICKEN , SWINE, RUMINANTS= <u>719 PAX</u>	104,448.76	107,248.76
Conduct skills training program according to the needs/skills requirements of returning OFWs and his/her immediate family	Number of OFWs and his/her immediate family conducted skills training program-- TARGET: ___ pax in ___ qualifications /program	NUMBER OF OFWs CONDUCTED SKILLS TRAINING PROGRAM SMAW= <u>10 MALE</u>, PIPEFITTING= <u>10 MALE</u>		

GAD Activity	Performance Indicator /Targets	Actual Result (Outputs/ Outcomes)	Total Agency Approved Budget	Actual Cost /Expenditure
Accept on-line application of applicants and refer for training and scholarships program	Number of applicants granted training and scholarships program thru on-line application - TARGET: Male = 5 Female =5	10 applicants granted trainings/scholarship program thru on-line application in TM1: Male=5 Female=5	59,133.18	359.72
Grant/consider applicants in the barangay skills mapping conducted	Number of applicants granted training and scholarships program thru results of barangay skills mapping - TARGET: Male =5 Female =5		36,870.18	
Conduct free Competency Assessment and Certification to skilled women workers	Number of skilled women workers conducted free competency assessment and cerification - TARGET:10 pax WOMEN	57 SKILLED WOMEN ASSESSED & CERTIFIED on the ff. Qualifications: BOOKKEEPING= 14 COOKERY= 8 DRESSMAKING= 7 DRIVING= 1 MASONRY= 1 MASSAGE= 13 TM1=13	6,541.24	1,509.09
Send graduates to job fair and provide referral/ indorsement for job placement	Number of TVET graduates referred for employment -- TARGET: Male = 30 Female = 20	JANUARY-JUNE GRADUATES REFERRED FOR EMPLOYMENT MALE= 156 FEMALE=66	2,537.77	2,773.05

GAD Activity	Performance Indicator /Targets	Actual Result (Outputs/ Outcomes)	Total Agency Approved Budget	Actual Cost /Expenditure
Organization-Focused				
Process and update sex disaggregated EGACE data in the TESDA Monitoring System	Number of sex disaggregated database processed and updated monthly- TARGET: 3 AREAS SCH-BASED, COMM-BASED, ASSESSMENT	ENROLLED: MALE= 278 FEMALE= 218 GRADUATES: MALE= 386 FEMALE= 472	12,504.18	5,036.59
Develop advocacy materials (brochures, flyers, newsletter, success stories, video, etc.) on TESDA programs and services	Number of brochures, flyers, newsletter, success stories, etc. developed - TARGET: 100 FLYERS advocacy materials	210 fliers, brochures of OAIS programs & services offered & 4 success stories submitted	1,474.32	2,902.18
Formulate annual GAD plans, programs and budgets within the context of TESD	Number of GAD Plan and Budget (GPB) and Accomplishment Report (AR) prepared and submitted- TARGET: (GPB)=1 (AR)=1	Prepared and submitted 1 GAD Plan & Budget for 2019 and 2018 Accomplishment Report	5,792.50	7,396.72
	Number of activities organized and or participated in support of the 18-Day Campaign to End VAW and Number of participants attended - TARGET: 1 TARPULIN PRINTED	Posting of Tarpulin in strategic area of school to support in the 18th Day campaign to End Violence Against Women	1,699.00	1,277.73

GAD Activity	Performance Indicator /Targets	Actual Result (Outputs/ Outcomes)	Total Agency Approved Budget	Actual Cost /Expenditure
Send GAD Focals and or members of the TESDA-10 GFPS to conferences/meetings, forum, seminars on GAD related concerns	Number of GAD Focals and or members of the GFPS attended conferences/ meetings, forum, seminars on GAD related concerns- TARGET: 2 MEETINGS/SEMINAR	NONE	3,358.00	-
Conduct GAD-related capacity building program for internal clients (e.g. GFPS, GST, sexual harassment, CODI, GAD Deepening Sessions etc.)	Number of GAD-related capacity building program conducted to internal clients and Number of pax - TARGET: 1 GST SESSION NUMBER OF PAX=25	Learning Session on Labor and Human Relations for Productivity on March 16, 2018 at OAIS Function Room participated by 34 pax Male= 17 Female= 17	3,400.00	1,565.57
Organize and or participate in the activities in celebration of women's month	Number of activities organized and or participated in celebration of Women's Month and Number of participants attended- TARGET: 1 PARTICIPATED ACTIVITY, 5 PARTICIPANTS	Parade and Kick-Off Activity participated by OAIS Female employees on March 8, 2018 started at the Capitol Grounds then routing to the City Proper attended by 10 Female employees	3,645.66	7,558.05
Collaborate with organizations or partners in the implementation of GAD programs	Number of organizations /partners collaborated for GAD related programs - TARGET: 1 PARTNER ORGANIZATION (LGU-MIS.OCC.)	SYMPOSIUM ON RIGHTS OF WOMEN on March 27, 2018 at OAIS Function Room participated by <u>25 Female, & 18 Male employees</u> Total= 43 pax	1,979.00	1,815.57

GAD Activity	Performance Indicator /Targets	Actual Result (Outputs/ Outcomes)	Total Agency Approved Budget	Actual Cost /Expenditure
Provide/conduct capacity building on GAD programs (GST, gender analysis, etc.) and other GAD related trainings	Number of benchmarking activities and or good practices replicated and No. of pax attended- TARGET: 1 BENCHMARKING ACTIVITY, 24 PAX ATTENDED	Capability Building on GAD Programs and Activities of OAIS Personnel on July 25-27, 2018 at Dipolog School of Fisheries, Dipolog City with the attendance of 31 personnel, Male= 21 , Female= 10	191,286.88	187,473.82

COMPLIANCE WITH TAX LAWS

35. During the year 2018, 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 ₱732,647.34 in compliance to revenue regulations. Total remittances to the Bureau of Internal Revenue were ₱295,112.10 of taxes withheld from the salaries of its officials and employees and ₱437,346.20 from purchases of goods and services. Details are shown below

MONTH	TAXES WITHHELD	AMOUNT WITHHELD	AMOUNT REMITTED	BALANCE
January 1 to December 31, 2018	Employees withholding tax	295,112.10	295,112.10	0.00
January 1 to December 31, 2018	Taxes withheld from purchases of goods & services	437,535.24	437,346.20	189.04
TOTAL		732,647.34	732,458.30	189.04

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

36. 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	8
Partially Implemented	4
Total	12

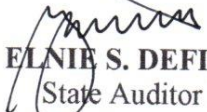
37. The results of the validation of the implementation of prior year's recommendations are presented in Annex J.

E. ACKNOWLEDGMENT

38. 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.

39. We request a status report, by accomplishing the attached Agency Action Plan and Status of Implementation (AAPSI) form, on the actions taken on the audit recommendations be submitted within 60 days from receipt of this report, pursuant to Section 93 of the General Provisions of the General Appropriations Act FY 2018 (R.A. 10964).

Very truly yours,


ELNIE S. DEFIESTA
State Auditor IV
Audit Team Leader

Copy furnished:

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

AGENCY ACTION PLAN and STATUS of IMPLEMENTATION
Audit Observations and Recommendations
For the Calendar Year 2018

Ref	Audit Observation	Audit Recommendation	Agency Action Plan				Status of Implementation	Reason for Delay/Partial/Non-implementation if applicable	Action Taken/Action to be Taken	Auditor's Validation
			Action Plan	Person/Dept. Responsible	Target Implementation date					
					From	To				

APPENDICES

Appendix Number	Particulars
1	Recommended Adjusting Journal Entry in Recognition of Depreciation Expense (Fund 101)
2	Recommended Adjusting Journal Entry in Recognition of Depreciation Expense (Fund 161)
3	Recommended Journal Entry on the Reclassification of Accumulated Depreciation (Fund 101 and 161)
4	Livestock/Breeding Stocks Inventory as of December 31, 2018

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

Recommended Adjusting Journal Entry in Recognition of Depreciation Expense
 Fund 101 (General Fund)
 As of December 31, 2018

Account and Explanation	Account Code	Amount	
		Debit	Credit
Depreciation-Hostels and Dormitories	5050104000	81,485.78	
Depreciation-School Buildings	5050104000	280,082.57	
Depreciation-Communication Equipment	5050105000	6,588.90	
Depreciation-Construction and Heavy Equipment	5050105000	17,100.00	
Depreciation-Office Equipment	5050105000	42,498.90	
Depreciation-Other Machineries and Equipment	5050105000	10,060.65	
Depreciation-Technical and Scientific Equipment	5050105000	810.00	
Depreciation-Furniture and Fixtures	5050107000	60,013.55	
Accumulated Depreciation-Hostels and Dormitories	1060406100		81,485.78
Accumulated Depreciation-School Buildings	1060402100		280,082.57
Accumulated Depreciation-Communication Equipment	1060507100		6,588.90
Accumulated Depreciation-Construction and Heavy Equipment	1060508100		17,100.00
Accumulated Depreciation-Office Equipment	1060502100		42,498.90
Accumulated Depreciation-Other Machineries and Equipment	1060599100		10,060.65
Accumulated Depreciation-Technical and Scientific Equipment	1060514100		810.00
Accumulated Depreciation-Furniture and Fixtures	1060701100		60,013.55
To record Depreciation of assets for the year 2017.			
	Total	498,640.35	498,640.35

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

Recommended Adjusting Journal Entry in Recognition of Depreciation Expense
 Fund 101 (General Fund)
 As of December 31, 2018

Account and Explanation	Account Code	Amount	
		Debit	Credit
Depreciation-Hostels and Dormitories	5050104000	81,485.78	
Depreciation-School Buildings	5050104000	198,823.53	
Depreciation-Communication Equipment	5050105000	4,489.20	
Depreciation-Construction and Heavy Equipment	5050105000	17,100.00	
Depreciation-Other Machineries and Equipment	5050105000	10,060.65	
Depreciation-Technical and Scientific Equipment	5050105000	810.00	
Depreciation-Furniture and Fixtures	5050107000	56,677.61	
Accumulated Depreciation-Hostels and Dormitories	1060406100		81,485.78
Accumulated Depreciation-School Buildings	1060402100		198,823.53
Accumulated Depreciation-Communication Equipment	1060507100		4,489.20
Accumulated Depreciation-Construction and Heavy Equipment	1060508100		17,100.00
Accumulated Depreciation-Other Machineries and Equipment	1060599100		10,060.65
Accumulated Depreciation-Technical and Scientific Equipment	1060514100		810.00
Accumulated Depreciation-Furniture and Fixtures	1060701100		56,677.61
To record Depreciation of assets for the year 2018.			
	Total	369,446.77	369,446.77

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

Recommended Adjusting Journal Entry in Recognition of Depreciation Expense
 Fund 161 (Sariling Sikap Program)
 As of December 31, 2018

Account and Explanation	Account Code	Amount	
		Debit	Credit
Depreciation-Hostels and Dormitories	5050104000	14,093.46	
Depreciation-Motor Vehicles	5050106000	50,057.52	
Depreciation-Office Equipment	5050105000	83,528.88	
Depreciation-ICT Equipment	5050105000	109,055.69	
Depreciation-Other Machineries and Equipment	5050105000	81,090.00	
Depreciation-Technical and Scientific Equipment	5050105000	56,467.80	
Depreciation-Furniture and Fixtures	5050107000	60,249.60	
Accumulated Depreciation-Hostels and Dormitories	1060406100		14,093.46
Accumulated Depreciation-Motor Vehicles	1060501100		50,057.52
Accumulated Depreciation-Office Equipment	1060502100		83,528.88
Accumulated Depreciation-ICT Equipment	1060503100		109,055.69
Accumulated Depreciation-Other Machineries and Equipment	1060599100		81,090.00
Accumulated Depreciation-Technical and Scientific Equipment	1060514100		56,467.80
Accumulated Depreciation-Furniture and Fixtures	1060701100		60,249.60
To record Depreciation of assets for the year 2018.			
	Total	454,542.95	454,542.95

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

Recommended Journal Entry on the Reclassification of Accumulated Depreciation

Fund 101 (General Fund)

As of December 31, 2018

Account and Explanation	Account Code	Amount	
		Debit	Credit
Accumulated Depreciation-Machinery	1060501100	111,059.28	
Accumulated Depreciation-Office Equipment	1060502100	8,075,856.46	
Accumulated Depreciation-Disaster Response and Rescue Equipment	1060509100	50,733.00	
Accumulated Depreciation-Technical and Scientific Equipment	1060514100	707,872.55	
Accumulated Depreciation-Other Machineries and Equipment	1060599100	499,153.55	
Accumulated Depreciation-Furniture and Fixtures	1060701100	543,089.43	
Accumulated Depreciation-Technical and Scientific Equipment	1060514100		6,891,336.06
Accumulated Depreciation-Other Assets	1060501100		3,096,428.21
To record reclassification of Accumulated Depreciation for the year 2018. Fund 101.			
	Total	9,987,764.27	9,987,764.27

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

Recommended Journal Entry on the Reclassification of Accumulated Depreciation
 Fund 161 (Sariling Sikap Program)
 As of December 31, 2018

Account and Explanation	Account Code	Amount	
		Debit	Credit
Accumulated Depreciation-ICT Equipment	1060503100	104,100.29	
Accumulated Depreciation-Office Equipment	1060502100	206,054.42	
Accumulated Depreciation-Disaster Response and Rescue Equipment	1060509100	45,000.00	
Accumulated Depreciation-Technical and Scientific Equipment	1060514100	368,317.22	
Accumulated Depreciation-Furniture and Fixtures	1060701100	251,965.79	
Accumulated Depreciation-Technical and Scientific Equipment	1060599100		6,210.00
Accumulated Depreciation-Other Assets	1060501100		969,227.72
To record reclassification of Accumulated Depreciation for the year 2018. Fund 161.			
	Total	975,437.72	975,437.72

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

Livestock/Breeding Stocks Inventory
 As of December 31, 2018

<u>CAMPUS</u>	<u>LIVESTOCK</u>	<u>TYPE</u>	<u>PARTICULAR</u>	<u>QUANTITY</u>
Villaflor	Piggery	Swine	Sow	6
			Piglet	19
			TOTAL	25
	Poultry	Ducks	Drake (male)	4
			Duck (female)	43
			Duckling	35
			Sub-total	82
		Kabir	Rooster	1
			Hen	13
			Chicks	1
			Sub-total	15
		Native	Rooster	3
			Hen	10
			Chicks	8
			Sub-total	21
		Chicken Layer	Laying	1,642
			Culled	0
			Sub-total	1,642
		Brooding	Rooster	5
			Hen	485
			Sub-total	490
			TOTAL	2,250
	Large and Small Ruminants	Cow	Bull	1

			Cow	3
			Sub-total	4
		Native Carabao	Caracow	2
			Sub-total	2
		Sheep	Ram (male)	1
			Ewe (female)	3
			Sub-total	4
		Goat	Buck	1
			Doe	3
			Sub-total	4
			TOTAL	14
Clarín	Large and Small Ruminants	Murrah Buffalo	Murrah Buffalo	2
			Sub-total	2
		Cow	Bull	1
			Cow	4
			Sub-total	5
			TOTAL	7
			GRAND TOTAL	2,296

Prepared by:

(SGD.) CHRISTINE JOY Z. VALLEJOS
State Auditing Examiner II
Audit Team Member

Reviewed by:

(SGD.) ELNIE S. DEFIESTA
State Auditor IV
Audit Team Leader

ANNEXES

Annex Letter	Particulars
A	Statement of Management's Responsibility for Financial Statements
B	Condensed Statement of Financial Position for CY 2018 with Comparative Figures for CY 2017
C	Detailed Statement of Financial Position CY 2018 With Comparative Figures for CY 2017
D	Condensed Statement of Financial Performance for CY 2018 with Comparative Figures for CY 2017
E	Detailed Statement of Financial Performance for CY 2018 with Comparative Figures for CY 2017
F	Comparative Cash Flows for CY 2018
G	Statement of Changes in Net Assets/Equity for CY 2018 with Comparative Figures for CY 2017
H	Statement of Comparison of Budget and Actual Amount for CY 2018
I	Notes to Financial Statements
J	Status of Implementation of Prior Year's Audit Recommendations



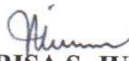
Republic of the Philippines
Technical Education and Skills Development Authority
Region – 10
OROQUIETA AGRO-INDUSTRIAL SCHOOL
Purok 3, Villaflor, Oroquieta City

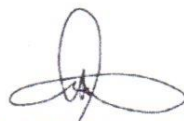


STATEMENT OF MANAGEMENT'S RESPONSIBILITY FOR FINANCIAL STATEMENTS

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, 2018 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 quarter 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, 2018**

ASSETS	<u>2018</u>	<u>2017</u>
Current Assets		
Cash and Cash Equivalents	2,646,045.39	5,193,525.96
Receivables	793,665.41	880,665.41
Inventories	9,596,216.09	9,222,155.99
Investments	0.00	0.00
Other Current Assets	0.00	103,540.00
Total Current Assets	<u>13,035,926.89</u>	<u>15,399,887.36</u>
Non - Current Assets		
Investments	0.00	0.00
Investment Property	0.00	0.00
Property, Plant and Equipment	22,965,312.83	21,962,377.43
Biological Assets	907,686.84	907,686.84
Intangible Assets	0.00	0.00
Other Assets	1,175,093.10	1,071,553.10
Total Non-Current Assets	<u>25,048,092.77</u>	<u>23,941,617.37</u>
Total Assets	<u>38,084,019.66</u>	<u>39,341,504.73</u>
 LIABILITIES		
Current Liabilities		
Financial Liabilities	0.00	0.00
Inter-Agency Payables	793,060.72	494,965.86
Intra-Agency Payables	0.00	0.00
Trust Liabilities	0.00	0.00
Deferred Credits/Unearned Income	0.00	0.00
Total Current Liabilities	<u>793,060.72</u>	<u>494,965.86</u>
Total Liabilities	<u>793,060.72</u>	<u>494,965.86</u>
 NET ASSETS/EQUITY	 38,846,540.27	 64,784,402.82
Accumulated Surplus/(Deficit)	(1,555,581.33)	(25,937,863.95)
Net Assets/Equity	<u>37,290,958.94</u>	<u>38,966,321.77</u>
Total Net Assets/Equity	<u>38,084,019.66</u>	<u>39,341,504.73</u>

Annex C

**Technical Education and Skills Development Authority-10
OROQUIETA AGRO- INDUSTRIAL SCHOOL
DETAILED STATEMENT OF FINANCIAL POSITION
AS OF DECEMBER 31, 2018
(With Comparative Figures for CY 2017)**

	<u>2018</u>	<u>2017</u>
Cash and Cash Equivalents	<u>2,646,045.39</u>	<u>5,193,527.36</u>
Treasury/Agency Cash Accounts	<u>0.00</u>	<u>1.38</u>
Cash Modified Disbursement System (MDS) Trust Account	0.00	1.38
Cash in Bank - Local Currency	<u>2,646,045.39</u>	<u>5,193,525.98</u>
Cash in Bank - Local Currency, Current Account	2,646,045.39	5,193,525.98
Receivables	<u>793,665.41</u>	<u>880,665.41</u>
Loans and Receivable Accounts	<u>773,430.87</u>	<u>860,430.87</u>
Accounts Receivable	476,530.00	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>9,596,216.09</u>	<u>9,222,155.99</u>
Inventory Held for Consumption	<u>9,596,216.09</u>	<u>9,222,155.99</u>
Office Supplies Inventory	384,639.02	541,617.78
Other Supplies and Materials Inventory	7,483,094.00	6,133,820.49
Accountable Forms, Plates and Stickers	39,502.50	28,102.50
Drugs and Medicines Inventory	57,810.80	57,810.80
Fuel, Oil and Lubricants Inventory	156,988.98	223,937.66

Agricultural and Marine Supplies Inventory	179,727.30	942,413.27
Textbooks and Instructional Materials Inventory	3,244.00	3,244.00
Construction Materials Inventory	1,291,209.49	1,291,209.49
Total Current Assets	13,035,926.89	15,296,348.76
Property, Plant and Equipment	22,965,312.83	21,962,377.43
Land	3,384,603.15	3,384,603.15
Land	3,384,603.15	3,384,603.15
Accumulated Impairment Losses- Land		
Net Value	3,384,603.15	3,384,603.15
Land Improvements	46,379.74	46,379.74
Other Land Improvements	463,797.36	463,797.36
Accumulated Depreciation - Other Land Improvements	(417,417.62)	(417,417.62)
Net Value	46,379.74	46,379.74
Buildings and Other Structures	6,912,136.86	6,912,136.86
School Buildings	11,655,206.97	11,655,206.97
<i>Accumulated Depreciation - School Buildings</i>	(5,736,240.17)	(5,736,240.17)
<i>Accumulated Impairment Losses - School Buildings</i>		
<i>Net Value</i>	5,918,966.80	5,918,966.80
<i>Hostels and Dormitories</i>	2,646,396.55	2,646,396.55
<i>Accumulated Depreciation- Hostels and Dormitories</i>	(1,653,226.49)	(1,653,226.49)
<i>Net Value</i>	993,170.06	993,170.06
Machinery and Equipment	10,983,285.62	10,105,695.22
Machinery	238,381.20	238,381.20
Accumulated Depreciation- Machinery	(193,843.08)	(193,843.08)
Net Value	44,538.12	44,538.12
Office Equipment	12,030,403.92	11,227,937.92
<i>Accumulated Depreciation - Office Equipment</i>	(9,797,856.83)	(9,797,856.83)

<i>Accumulated Depreciation - Motor Vehicles</i>	(642,788.10)	(642,788.10)
<i>Accumulated Impairment Losses - Motor Vehicles</i>		
<i>Net Value</i>	196,765.90	71,420.90
Furniture, Fixtures and Books	1,442,141.56	1,442,141.56
Furniture and Fixtures	2,206,109.99	2,206,109.99
<i>Accumulated Depreciation - Furniture and Fixtures</i>	(1,303,023.46)	(1,303,023.46)
<i>Accumulated Impairment Losses - Furniture and Fixtures</i>		
<i>Net Value</i>	903,086.53	903,086.53
Books	1,909,260.29	1,909,260.29
<i>Accumulated Depreciation - Books</i>	(1,370,205.26)	(1,370,205.26)
<i>Accumulated Impairment Losses - Books</i>		
<i>Net Value</i>	539,055.03	539,055.03
Biological Assets		
Bearer Biological Assets	907,686.84	907,686.84
Breeding Stocks	907,686.84	907,686.84
Accumulated Impairment Losses- Breeding Stocks	0.00	0.00
<i>Net Value</i>	907,686.84	907,686.84
Other Non- Current Assets		
Other Assets	630,803.31	630,803.31
Accumulated Impairment Losses- Other Assets		
<i>Net Value</i>	630,803.31	630,803.31
Confiscated Assets	397,194.00	397,194.00
Accumulated Impairment Losses- Confiscated Assets	0.00	0.00
<i>Net Value</i>	397,194.00	397,194.00
Advances	88,980.00	88,980.00

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>25,048,092.77</u>	<u>24,045,157.37</u>
TOTAL ASSETS	<u>38,084,019.66</u>	<u>39,341,506.13</u>
Liabilities		
Current Liabilities	793,060.72	494,965.86
Financial Liabilities		
Payables		
Accounts Payable	0.00	0.00
Inter-Agency Payables	<u>793,060.72</u>	<u>494,965.86</u>
Due to Pag-ibig	385.96	0.00
Due to Philhealth	(0.81)	0.00
Due to BIR	481,191.30	374,757.41
Due to GSIS	(7,399.85)	0.00
Other Payables	<u>318,884.12</u>	<u>120,208.45</u>
Total Current Liabilities	<u>793,060.72</u>	<u>494,965.86</u>
Total Liabilities	<u>793,060.72</u>	<u>494,965.86</u>
Equity	<u>38,846,540.27</u>	<u>64,784,402.82</u>

Accumulated Surplus/(Deficit)	(1,555,581.33)	(25,960,008.75)
Accumulated Surplus/(Deficit)		22,146.20
Net Assets/Equity	<u>37,290,958.94</u>	<u>38,846,540.27</u>
Total Net Assets/Equity	<u><u>38,084,019.66</u></u>	<u><u>39,341,506.13</u></u>

**Technical Education and Skills Development Authority-10
OROQUIETA AGRO- INDUSTRIAL SCHOOL
Condensed Statement of Financial Performance
For the Year Ended December 31, 2018
(With Comparative Figures for CY 2017)**

	<u>2018</u>	<u>2017</u>
Revenue		
Tax Revenue	0.00	0.00
Service Income & Business Income	6,067,772.78	7,223,737.18
Shares, Grants and Donations	75,124.40	8,790,045.00
Subsidy Income From National Government	14,432,892.38	14,067,681.76
Subsidy Income From Other National Government Agencies	0.00	33,500.00
Subsidy from Regional Office	712,025.56	1,056,900.37
Due to Regional Offices	1,627,524.96	0.00
Donation - Kind	0.00	18,954.95
	<hr/>	<hr/>
Total Revenue	22,915,340.08	31,190,819.26
Less: Current Operating Expenses		
Personnel Services	13,113,861.58	12,579,155.93
Maintenance and Other Operating Expenses	11,357,059.83	24,415,350.26
Financial Expenses	0.00	0.00
Direct Costs	0.00	0.00
Non-Cash Expenses	0.00	20,156,321.82
	<hr/>	<hr/>
Current Operating Expenses	24,470,921.41	57,150,828.01
Surplus/(Deficit) from Current Operations	(1,555,581.33)	(25,960,008.75)

**Technical Education and Skills Development Authority-10
OROQUIETA AGRO- INDUSTRIAL SCHOOL
DETAILED STATEMENT OF FINANCIAL PERFORMANCE
FOR THE YEAR ENDED DECEMBER 31, 2018
(With Comparative Figures for CY 2017)**

	<u>2018</u>	<u>2017</u>
Revenue		
Service and Business Income		
Service Income	4,732,771.75	6,213,856.00
Business Income	<u>1,335,001.03</u>	<u>1,009,881.18</u>
Total Service and Business Income	<u>6,067,772.78</u>	<u>7,223,737.18</u>
Shares, Grants and Donations		
Income from Grants and Donations - Kind	<u>75,124.40</u>	<u>8,790,045.00</u>
Total Grants and Donations	75,124.40	8,790,045.00
Subsidy Income From National Govt.	14,432,892.38	14,067,681.76
Subsidy from Other National Govt.	-	33,500.00
Subsidy from Regional Office	712,025.56	1,056,900.37
Due to Regional Offices	1,627,524.96	0.00
Donation - Kind	<u>0.00</u>	<u>18,954.95</u>
Total Revenue	<u>22,915,340.08</u>	<u>31,190,819.26</u>
Less Current Operating Expenses		
Personnel Services		
Salaries and Wages		
Salaries and Wages - Regular	7,876,885.50	7,145,736.58
Salaries and Wages - Casual	<u>345,398.79</u>	<u>336,747.72</u>
Total Salaries and Wages	<u>8,222,284.29</u>	<u>7,482,484.30</u>
Other Compensation		

Personal Economic Relief Allowance (PERA)	713,354.84	690,000.00
Representation Allowance (RA)	60,000.00	60,000.00
Transportation Allowance (TA)	60,000.00	60,000.00
Clothing/Uniform Allowance	174,000.00	145,000.00
Subsistence Allowance	23,760.00	23,760.00
Productivity Incentive Allowance		
Step Increment		
Other Bonuses and Allowances	-	1,026,479.37
Bonus- Civilian	1,492,678.50	
Cash Gift- Civilian	-	145,000.00
PEI		
Performance Based Bonus Civilian		
Year End Bonus	-	1,254,529.00
Total Other Compensation	<u>2,523,793.34</u>	<u>3,404,768.37</u>
Personnel Benefit Contributions		
Retirement and Life Insurance Premiums	984,687.95	896,402.64
Pag-IBIG Contributions	35,900.00	35,000.00
PhilHealth Contributions	108,314.55	84,287.50
Employees Compensation Insurance Premiums	35,368.00	34,330.83
Total Personnel Benefits	<u>1,164,270.50</u>	<u>1,050,020.97</u>
Other Personnel Benefits		
Terminal Leave Benefits	-	43,480.67
Productivity Enhancement Incentives		
Other Personnel Benefits	1,203,513.45	598,401.62
Total Other Personnel Benefits	<u>1,203,513.45</u>	<u>641,882.29</u>
Total Personnel Services	<u>13,113,861.58</u>	<u>12,579,155.93</u>
Maintenance and Other Operating Expenses		
Traveling Expenses		
Traveling Expenses - Local	625,099.10	1,692,606.41

Traveling Expenses - Foreign		
Total Travelling Expense	<u>625,099.10</u>	<u>1,692,606.41</u>
Training and Scholarship Expenses		
Training Expenses	4,265,473.82	7,085,065.60
Scholarship Grants/Expenses	<u>240,100.00</u>	<u>5,287,500.00</u>
Total Training and Scholarship Expense	<u>4,505,573.82</u>	<u>12,372,565.60</u>
Supplies and Materials Expenses		
Office Supplies Expenses	234,344.53	136,347.52
Drugs and Medicines Expenses	-	26,965.30
Fuel, Oil and Lubricants Expenses	108,030.16	204,221.75
Other Supplies and Materials Expenses	237,371.98	2,180,954.73
Agricultural and Marine Supplies Expense	<u>1,495,150.28</u>	<u>1,544,500.29</u>
Total Supplies and Materials Expense	<u>2,074,896.95</u>	<u>4,092,989.59</u>
Utility Expenses		
Water Expenses	23,797.97	69,349.71
Electricity Expenses	<u>565,151.46</u>	<u>860,943.30</u>
Total Utility Expense	<u>588,949.43</u>	<u>930,293.01</u>
Communication Expenses		
Postage and Courier Services	1,864.00	3,184.00
Telephone Expenses- mobile	40,238.71	84,288.37
Telephone Expenses - landline	66,084.88	11,048.41
Internet Subscription Expenses Cable, Satellite, Telegraph and Radio Expenses	55,335.15	55,287.80
	<u>-</u>	<u>-</u>
Total Communication Expense	<u>163,522.74</u>	<u>153,808.58</u>
Professional Services		
Legal Services	16,800.00	15,600.00
Consultancy Services	-	236,430.00

Awards/Rewards Expenses	25,000.00	95,000.00
Auditing Services		
Other Professional Services	<u>282,300.00</u>	<u>46,800.00</u>
Total Professional Services	<u>324,100.00</u>	<u>393,830.00</u>
General Services		
Advertising Expense	-	
Rent/ Lease Expense		
Janitorial Services		
Security Services	404,800.00	422,400.00
Other General Services	1,112,704.46	2,712,934.22
Transportation & Delivery Expense	<u>-</u>	<u>782.54</u>
Total General Services	<u>1,517,504.46</u>	<u>3,136,116.76</u>
Repairs and Maintenance		
Repairs and Maintenance- School Building	60,950.00	819,796.48
Repairs and Maintenance- Furniture and Fixtures	2,400.00	-
Repairs and Maintenance -Buildings and Other Structure		
Repairs and Maintenance - Machinery and Equipment	6,060.81	24,452.38
Repairs and Maintenance - Transportation Equipment	3,162.81	18,852.00
Repairs and Maintenance - Furniture and Fixtures		
Repairs and Maintenance - Other Property, Plant and Equipment	-	-
Repairs and Maintenance- Motor Vehicles	<u>-</u>	<u>10,880.00</u>
Total Repairs and Maintenance	<u>72,573.62</u>	<u>873,980.86</u>
Taxes, Insurance Premiums and Other Fees		
Taxes, Duties & Licenses	-	6,005.00
Fidelity Bond Premium	-	29,550.00
Insurance Expenses	<u>11,312.29</u>	<u>19,558.99</u>
Total Taxes, Insurance Premiums and Other Fees	<u>11,312.29</u>	<u>55,113.99</u>

Other Maintenance and Operating Expenses

Advertising Expenses	10,500.00	1,800.00
Rent/ Lease Expenses	-	-
Printing and Publication Expenses	-	-
Representation Expenses	-	-
Bank Charges	10,000.00	-
Cable, Satellite, Telegraph & Radio Expenses	-	-
Other Maintenance and Operating Expenses	1,453,027.42	710,805.46
Accountable Form Expense	-	1,440.00
Total Other Maintenance and Other Operating Expense	1,473,527.42	714,045.46
Total Maintenance and Other Operating Expenses	11,357,059.83	24,415,350.26

Depreciation

Depn-Land Improvements	-	208,884.27
Depn-Hostels & Dormitories	-	1,284,405.06
Depn-Communication Equipment	-	85,793.78
Depn- Building & Other Structure	-	3,271,803.49
Depn-Office Equipment	-	6,258,333.56
Depn-Construction & Heavy Equipment	-	11,904.21
Depn-ICT	-	1,693,145.93
Depn- Building & Other Structure	-	-
Depn-Communication Equipment	-	-
Depn-Machinery	-	193,843.08
Depn-Office Equipment	-	-
Depn-Disaster Response and Rescue Equipment	-	77,790.82
Depn-Other Machinery & Equipment	-	1,142,739.26
Depn-Furniture & Fixture	-	962,460.99
Depn-Books	-	1,208,932.00
Depn-Motor Vehicle	-	448,400.00
Depn-Technical and Scientific Equipment	-	3,307,885.37

Total Depreciation	-	20,156,321.82
Current Operating Expenses	<u>24,470,921.41</u>	<u>57,150,828.01</u>
Surplus (Deficit) for the period	<u>(1,555,581.33)</u>	<u>(25,960,008.75)</u>

OROQUIETA AGRO-INDUSTRIAL SCHOOL
COMPARATIVE STATEMENT OF CASH FLOWS
 ALL FUNDS
 FOR THE YEAR ENDED December 31, 2018

Cash Flow from Operating Activities	2018	2017
Cash Inflows:		
Collection of Income/Revenues	<u>22,915,340.08</u>	<u>29,197,554.76</u>
Collection of Business and Service Income	6,067,772.78	14,020,517.68
Receipt of Notice of Cash Allocation	16,772,442.90	15,177,037.08
Receipt of Shares, Grants and Donation-Kind Other Payables Adjustments	75,124.40	
Total Cash Inflows	<u>22,915,340.08</u>	<u>29,197,554.76</u>
Cash Outflows:		
Payment of Expenses		
Payment of Accounts Payable		
Payment of Inventories	(1,404,529.68)	(1,072,607.13)
Grants of Cash Advances		
Remittance of Personnel Benefit Contributions	(7,014.70)	(392,099.74)
Payment of personnel services	(13,113,861.58)	(12,251,415.18)
Payment of Maintenance and Other Operating Expenses	<u>(10,937,416.09)</u>	<u>(22,303,779.61)</u>
Total Cash Outflows	<u>(25,462,822.05)</u>	<u>(36,019,901.66)</u>
Cash Provided by Operating Activities	(2,547,481.97)	(6,822,346.90)
Cash Flow from Investing Activities		
Cash Inflows		
Cash Outflows		
Total Cash Outflows		
Cash provided by Operating, Investing Activities	(2,547,481.97)	(6,822,346.90)
Cash Flow from Financing Activities		
Total Cash Provided by Operating, Investing & Financing Activities	<u>(2,547,481.97)</u>	<u>(6,822,346.90)</u>
Increase (Decrease) in Cash and Cash Equivalents		
Effects of Exchange Rate Changes on Cash and Equivalents		
Cash and Cash Equivalents, January 1.	<u>5,193,527.36</u>	<u>12,015,874.26</u>
Cash Balance, Ending December 31.	<u>2,646,045.39</u>	<u>5,193,527.36</u>

OROQUIETA AGRO-INDUSTRIAL SCHOOL
STATEMENT OF CHANGES IN NET ASSETS/EQUITY
ALL FUNDS
FOR THE PERIOD ENDED December 31, 2018

		2018	2017
Balance at January 1	P	38,846,540.27	64,784,402.82
Changes in Accounting Policy			
Prior Period Adjustments/Unrecorded Income and Expenses			
Other Adjustments			
Restated balance		38,846,540.27	64,784,402.82
Changes in Net Assets/Equity for the Calendar Year			
Adjusted of Net Revenue recognized directly in net assets/equity			
Surplus for the period		(1,555,581.33)	(25,960,008.75)
Total recognized revenue and expense for the period		(1,555,581.33)	(25,960,008.75)
Others		-	22,146.20
Balance at December 31		<u>37,290,958.94</u>	<u>38,846,540.27</u>

Technical Education and Skills Development Authority-10
OROQUIETA AGRO- INDUSTRIAL SCHOOL
STATEMENT OF COMPARISON OF BUDGET AND ACTUAL AMOUNT
ALL FUNDS
AS OF DECEMBER 31, 2018

Particulars	Budgeted Amounts		Actual Amounts on Comparable Basis	Difference Final Budget and Actual
	Original	Final		
RECEIPTS				
Tax Revenue	-	-	-	-
Services and Business Income	-	6,067,772.78	6,067,772.78	-
Assistance and Subsidy	-	16,772,442.90	16,772,442.90	-
Shares, Grants and Donations	-	75,124.40	75,124.40	-
Gains	-	-	-	-
Others	-	-	-	-
	-	-	-	-
Total Receipts	-	22,915,340.08	22,915,340.08	-
PAYMENTS				
Personnel Services	-	13,113,861.58	13,113,861.58	-
Maintenance and Other Operating Expenses	-	11,357,059.83	11,357,059.83	-
Capital Outlay	-	-	-	-
Financial Expenses	-	-	-	-
Others	-	-	-	-
	-	-	-	-
Total Payments	-	24,470,921.41	24,470,921.41	-
NET RECEIPTS/PAYMENTS		(1,555,581.33)	(1,555,581.33)	-

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

NOTES TO FINANCIAL STATEMENTS

1. BASIS OF FINANCIAL STATEMENTS PRESENTATIONS

For Year ended December 2018, 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 quarter.

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	2018	2017
Cash In Bank – Local Currency, LBP	P2,382,312.21	P263,733.18	P2,646,045.39	P5,193,527.36

- 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 .
- 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	2018	2017
Accounts Receivable	0.00	476,530.00	476,530.00	563,530.00
Due from National Treasury	296,900.87	0.00	296,900.87	296,900.87
Receivable-Disallowances/Charges	20,234.54	0.00	20,234.54	20,234.54
TOTAL	317,135.41	476,530.00	793,665.41	880,665.41

- a. The account Accounts Receivable in Fund 161 represents the unpaid school fees of students enrolled on prior years.
- b. Due From National Treasury account in the Fund 101 is the amount deposited/remitted to the 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 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 (101)	Fund (161)	2018	2017
Office Supplies Inventory	215,880.82	166,233.20	382,114.02	541,617.78
Accountable Forms, Plates and Stickers Inventory	0.00	39,502.50	39,502.50	28,102.00
Drugs and Medicine Inventory	19,208.30	38,602.50	57,810.80	57,810.80
Agricultural and Marine Supplies Inventory	0.00	179,727.30	179,727.30	1,022,778.17
Textbook & Instructional Materials Inventory	3,244.00	0.00	3,244.00	3,244.00
Fuel, Oil & Lubricants Inventory	16,005.07	140,983.91	156,988.98	223,937.66
Other Supplies & Materials Inventory	1,334,843.37	6,091,653.63	7,426,497.00	6,173,238.49
Construction Materials Inventory	610,365.91	680,843.58	1,291,209.49	1,291,209.49
TOTAL	2,199,547.47	7,337,546.62	9,537,094.09	9,341,938.89

The Inventory accounts on Fund 101 and Fund 161 are to be adjusted starting on January 2018 upon the receipt of the issuance report (RSMI) from the Supply Officer/Administrative Officer I as basis for adjustment.

VII. A. PROPERTY, PLANT AND EQUIPMENT
COST OF PPE:

Account Title	Fund (101)	2017	Fund (161)	2017	Additions	Disposal/ Reclassification	2018
Land	3,384,603.15	0	0	0	0	0	3,384,603.15
Other Land Improvements	463,797.36	0	0	0	0	0	463,797.36
School Buildings	11,655,206.97	0	0	0	0	0	11,655,206.97
Other Structures	2,312,453.55	0	333,943.00	0	0	0	2,646,396.55
Office Equipment	10,230,879.52	0	947,917.40	49,141.00	377,780.00	0	11,605,717.92
Furniture and Fixtures	1,187,148.67	0	1,018,961.32	0	0	0	2,206,109.99
ICT Equipment	9,421,038.89	0	2,351,689.72	0	75,124.40	0	11,847,853.01
Books	1,522,450.29	0	386,810.00	0	0	0	1,909,260.29
Machinery	215,381.20	0	23,000.00	0	0	0	238,381.20
Communication Equipment	163,279.00	0	0	0	0	0	163,279.00
Construction & Heavy Equipment	286,654.00	0	0	0	0	0	286,654.00
Disaster Response and Rescue Equipment	56,370.00	0	50,000.00	0	0	0	106,370.00
Technical and Scientific Equipment	2,582,810.78	18,954.95	1,852,114.50	0	0	0	4,453,880.23
Other Machinery and Equipment	894,338.05	0	995,300.00	0	0	0	1,889,638.05
Motor Vehicles	484,709.00	0	229,500.00	0	1,199,345.00	1,074,000.00	839,554.00
Breeding Stocks	904,686.84	0	3,000.00	0	0	0	907,686.84
TOTAL	45,765,807.27	18,954.95	8,192,235.94	49,141.00	1,652,249.40	1,074,000.00	54,604,388.56
Less: Accumulated Depreciation	26,002,890.23	0	5,153,184.66	0	0	0	31,156,074.89
TOTAL	19,762,917.04	18,954.95	3,039,051.28	49,141.00	1,652,249.40	1,074,000.00	23,448,313.67

B. PROPERTY, PLANT AND EQUIPMENT
Accumulated Depreciation:

Account Title	Fund (101)	2017	2018	Fund (161)	2017	2018	Total
Land	3,384,603.15			0	0	0	3,384,603.15
Other Land Improvements	463,797.36			0	0	0	463,797.36
School Buildings	11,655,206.97	280,082.57	198,823.53	0	0	0	11,655,206.97
Other Structures	2,312,453.55	81,485.78	81,485.78	333,943.00	14,093.46	14,093.46	2,646,396.55
Office Equipment	10,230,879.52	42,498.90		1,374,838.40	52,984.04	83,528.88	11,605,717.92
Furniture and Fixtures	1,187,148.67	60,013.55	56,677.61	1,018,961.32	66,540.60	60,249.60	2,206,109.99
ICT Equipment	9,421,038.89			2,426,814.12	104,548.23	109,055.69	11,847,853.01
Books	1,522,450.29			386,810.00	0	0	1,909,260.29
Machinery	215,381.20	10,060.65		23,000.00	20,700.00	0	238,381.20
Communication Equipment	163,279.00	6,588.90	4,489.2	0	0	0	163,279.00

Construction & Heavy Equipment	286,654.00	17,100.00	17,100	0	0	0	286,654.00
Disaster Response and Rescue Equipment	56,370.00			50,000.00	0	0	106,370.00
Technical and Scientific Equipment	2,601,765.73	810.00	810.00	1,852,114.50	94,845.15	56,467.80	4,453,880.23
Other Machinery and Equipment	894,338.05	0	10,060.65	995,300.00	81,090.00	81,090.00	1,889,638.05
Motor Vehicles	484,709.00	0		354,845.00	0	50,057.52	839,554.00
Breeding Stocks	904,686.84	0		3,000.00	0	0	907,686.84
TOTAL	45,784,762.22	498,640.35	369,446.77	8,819,626.34	434,801.48	454,542.95	54,604,388.56
TOTAL Depreciation		498,640.35	369,446.77		434,801.48	454,542.95	1,757,431.55
TOTAL	45,784,762.22	498,640.35	369,446.77	8,819,626.34	434,801.48	454,542.95	54,604,388.56

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

Program/Project/Activity	PS	MOOE	2018	2017
A. Agency Specific Budget	9,623,000.00	2,600,000.00	12,223,000.00	10,417,000.00
Other Personnel Benefits (PBB)	0.00	0.00	0.00	0.00
B. Special Purpose Fund				
Miscellaneous Personal Benefits Fund	1,744,500.00	0.00	1,744,500.00	2,094,873.00
Gratuity	0.00	0.00	0.00	45,000.00
Current	0.00	0.00	0.00	691,221.00
Monetization	0.00	0.00	0.00	598,403.00
Performance Based-Bonus	0.00	0.00	0.00	301,479.37
Current	0.00	0.00	0.00	19,200.00
C. Appropriations from Regional Office - Training	619,225.56	92,800.00	712,025.56	
RLIP	861,000.00	0.00	861,000.00	685,000.00
TOTAL	12,847,725.56	2,692,800.00	15,540,525.56	14,852,176.37

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 2018.

Pension and Gratuity Fund of which to cover the funding requirements for monetization of Twenty Nine (29) 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 (161) was deposited to Government Depository Bank (LBP).

Income collections consist of:

Account Title	2018	2017
Service Income	4,732,771.75	6,213,856.00
Business Income	1,335,001.03	1,009,881.18
Grants and Donations - Kind	75,124.40	8,790,045.00
TOTAL	6,142,897.18	16,013,782.18

II. Obligations/EXPENSES

Account Title	Fund (101)	Fund (161)	2018	2017
Personal Services	13,113,861.58	0.00	13,113,861.58	12,579,155.93
Maintenance and Other Operating Expenses	860,448.16	10,076,967.93	10,937,416.09	24,295,567.36
TOTAL	13,974,309.74	10,076,967.93	24,051,277.67	36,874,723.29

- a. Fund 101 expenses represent the expenses incurred in the regular operation of the school.
- b. Fund 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>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.</p> <p>Recommendation:</p> <p>The school Administrator should require the Administrative Aide III and other Accountable Officer to facilitate the prompt preparation and submission of the required reports and account pursuant to the afore-cited rules and regulations otherwise payment of salaries may be suspended until they have complied with the requirements.</p>	ML 2016	The agency has submitted reports on time and up to date.	Fully Implemented	
<p>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</p>	ML 2016	The management has attended seminar on RA 9184 for the Revised IRR on the procurement.	Fully Implemented	

<p>Revised IRR of RA 9184, thus affecting the regularity and reasonableness of the procurement.</p> <p>Recommendation:</p> <p>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.</p>				
<p>Payment of Collective Negotiation Agreement (CNA) to regular and casual employees for the year 2017 amounting to ₱580,000.00 were not supported with complete documentary requirements contrary to the provisions of Section 4 (6) of Presidential Decree No. 1445, Section 71, General Provisions of Republic Act (RA) No. 10924, the FY 2017 General Appropriations Act and DBM Budget Circular no. 2017-3 dated November 16, 2017, thus validity of the grant could not be established.</p> <p>Recommendations:</p> <p>Comply strictly the documentary requirements on the payment of Collective Negotiation Agreement</p>	<p>ML 2017</p>	<p>The management has submitted the supporting documents of the CNA.</p>	<p>Fully Implemented</p>	

<p>(CNA) in accordance with the Provisions of Republic Act (RA) No. 10924, the FY 2017 General Appropriations Act and DBM Budget Circular No. 2017-3 dated November 16, 2017</p>				
<p>Fidelity Bond of the School's Collecting/Special Disbursing Officer were not renewed for four (4) years in violation of Section 101 of the Presidential Decree No. 1445 and Section 4.10 of the Bureau of Treasury Circular No. 02-009, thus exposing the Government Agency to uninsured protection against losses.</p> <p>Recommendations:</p> <p>Must strictly implement the bonding of officer/s as well as its subsequent renewals in consonance with the provisions of PD 1445 and BTr Circular No 02-2009.</p>	<p>ML 2017</p>	<p>The Collecting/SDO has renewed the fidelity bond.</p>	<p>Fully Implemented</p>	
<p>Receivable accounts amounting to ₱880,665.41 remained uncollected for more than 2 years, thus manifesting a very poor collection efficiency and thereby depriving the School of funds which could be used for its operations.</p>	<p>ML 2017</p>	<p>The management has collected some of the accounts.</p>	<p>Partially Implemented</p>	<p>The management have not yet able to collect receivables at full amount due to difficulty in communicating and locating the debtors. They promised to send</p>

<p>Recommendations:</p> <p>a. Exert all efforts to locate the documents pertaining to the accounts to substantiate their balances;</p> <p>b. Require the Financial Analyst to regularly monitor the settlement of the receivables from students and other agencies and coordinate with the Registrar on the status of student-sourced receivables to facilitate collection; to send collection or <i>demand</i> letters to all debtors.</p>				<p>collection demand letters and tracers on this.</p>
<p>Biological assets with undetermined fair value are not recognized in the books of accounts, contrary to Chapter 11 (Agriculture), Volume 1, Government Accounting Manual for National Government Agencies, thus understating the Assets as well as the Government Equity of the Institution.</p> <p>Recommendations:</p> <p>a. Require the Accounting Division and the Property Custodian/Caretakers to inventory all biological assets and prepare/maintain/update "Biological Assets Property Card" (Appendix 78) and "Quarterly Report of Biological Assets" (Appendix 79);</p>	<p>ML 2017</p>	<p>The management has counted the quantity of the biological assets for livestock/breeding inventory but has yet to appraise the value and account for other biological assets.</p>	<p>Partially Implemented</p>	<p>Due to lack of manpower, the management has yet to create an appraisal committee to determine the valuation of the Biological Assets.</p>

<p>b.Create an Appraisal Committee to facilitate guidelines to determine proper valuation of the Biological Assets; and</p> <p>c.Book up the Biological Assets.</p>				
<p>Depreciation Expenses for all depreciable PPE assets costing ₱49,476,513.02 were not recognized for more than 2 years, thus rendering Financial Statements grossly unreliable and incompetent resulting from understated expenses and overstated assets.</p> <p>Recommendations:</p> <p>Required the Financial Analyst to verify the provision of depreciation cost of Property, Plant and Equipment and compute the amount of depreciation charges; and effect the adjusting entries to record the correct and true valuation of PPE accounts.</p>	<p>ML 2017</p>	<p>The management exerted efforts on how to verify the accounts.</p>	<p>Partially Implemented</p>	<p>Due to lack of manpower, the Financial Analyst has yet to recognize the depreciation and effect adjusting entries.</p>
<p>Out of 93.3 hectare land area of the School with a recorded cost of ₱3,384,603.15 in the Agency's Books, 48% or 44.65 hectares costing ₱1,399,270.75 do not possess any document of</p>	<p>ML 2017</p>	<p>The management has exerted efforts in retrieving the land titles and discussed it with the DENR.</p>	<p>Partially Implemented</p>	<p>The land without land titles are now categorized as part of the forest land, as mentioned by the DENR to the management.</p>

<p>conveyance evidencing ownership recorded in the Agency's Books, thereby casting doubt as to the agency's rights over the property and reliability of the Land account.</p> <p>Recommendation:</p> <p>a. Exhaust earnest efforts in retrieving documents of conveyances over the parcels of land evidencing the School's ownership and their respective amounts booked up;</p> <p>b. Institute an action for the transfer of title over the parcels of land for the parcels only evidenced by Tax Declarations and Deed of Extrajudicial Settlement of Estate with Sale.</p>				<p>Management will ask the DENR to have this statement in writing.</p>
<p>The Financial Analyst and the Budget Officer of TESDA-OAIS failed to submit the required financial and budgetary reports within the prescribed periods, thus adversely affecting the timeliness of audit and communication of errors/deficiencies, if any, and the maximum usefulness of the reports/statements.</p> <p>Recommendations:</p> <p>Ensure that the required financial reports and</p>	<p>ML 2017</p>	<p>The management has submitted the financial and budgetary forms to the office.</p>	<p>Fully Implemented</p>	

<p>statements are submitted by the Financial Analyst and the Budget Officer in the required forms within the period prescribed by the commission on Audit to facilitate timely review by the audit team and prompt correction of errors and deficiencies by management. Any unjustified failure of the officials and employees concerned to comply with the requirements on the submission of financial transactions, statements and reports shall be subject to the administrative disciplinary action provided in Section 127 of Presidential Decree No. 1445.</p>				
<p>The management failed to submit copies of perfected contract/purchase order, notices of deliveries/inspection and acceptance report together with their supporting documents to the Office of the Auditor on purchases made in the aggregate amount ₱7,953,861.14 within the prescribed period for review, evaluation and inspection to attain timely and relevant audit results and to facilitate post-audit of transactions in violation to the requirement embodied in COA Circular Nos. 95-006 and 2009-001 dated May 18, 1995 and February 12, 2009, respectively.</p>	<p>ML 2017</p>	<p>The management has submitted the contracts/POs/ IAR and are up to date.</p>	<p>Fully Implemented</p>	

<p>Recommendations:</p> <p>Submit to the Auditor for review, evaluation and inspection copies of approved purchase orders, notices of deliveries/acceptance and inspection reports and all its supporting documents forming part thereof within the prescribed period as required in COA Circular Nos. 95-006 and 2009-001.</p>				
<p>1. The submitted Financial Statements as of December 31, 2017 lack supporting schedules in compliance with the General Accounting Manual (GAM) for National Government Agencies Volume I on the Accounting Policies, Guidelines and Procedures, and Illustrative Accounting Entries, and with COA Circular No. 2015-002 dated March 9, 2015 on the Supplementary Guidelines on the Preparation of Financial Statements and other related reports, the transitional provision on the implementation of the Philippine Public Sector Accounting Standards (PPSAS) and the coding structure.</p> <p>Recommendations:</p> <p>For proper presentation, easy monitoring and consolidation</p>	<p>ML 2017</p>	<p>The management has submitted the required Financial Statements.</p>	<p>Fully Implemented</p>	

of the year-end Financial Statements for CY 2017, may we recommend for the agency to submit the aforementioned set of financial statements in a quarterly basis, as stated in Chapter 19 Section 60 of GAM Volume I.

2. Deficiencies/possible issues were also noted in the following accounts:

a. Cash in Bank – Local Currency – P12,015,874.26

- No Subsidiary Ledgers maintained for each depository account.

b. Land – P 3,384,603.15

- No Subsidiary Ledgers maintained;
- No Inventory taking/Report/Property Cards.

c. School Buildings – P 5,918,966.80

- No Subsidiary Ledgers maintained;
- No Inventory taking/Report/Property Cards;
- No reconciliation of public school building with DPWH.

d. Hostels and Dormitories – P 993,170.06

- No Subsidiary Ledgers maintained.

<ul style="list-style-type: none"> • No Inventory taking/Report/Property Cards. <p>e. Machinery – P 44,538.12</p> <ul style="list-style-type: none"> • No Subsidiary Ledgers maintained; • Incomplete Inventory taking/Report/Property Cards. <p>f. Office Equipment – P 1,430,081.90</p> <ul style="list-style-type: none"> • No Subsidiary Ledgers maintained; • Incomplete Inventory taking/Report/Property Cards. <p>g. Information and Communications Technology Equipment – P7,195,677.26</p> <ul style="list-style-type: none"> • No Subsidiary Ledgers maintained; • Incomplete Inventory taking/Report/Property Cards. <p>h. Communication Equipment – P36,384.40</p> <ul style="list-style-type: none"> • No Subsidiary Ledgers maintained. • No Inventory taking/Report/Property Cards. <p>i. Construction and Heavy Equipment – P 148,365.40</p> <ul style="list-style-type: none"> • No Subsidiary Ledgers maintained. 				
--	--	--	--	--

<ul style="list-style-type: none"> • No Inventory taking/Report/Property Cards. <p>j. Disaster Response and Rescue Equipment – P 10,637.00</p> <ul style="list-style-type: none"> • No Subsidiary Ledgers maintained. • No Inventory taking/Report/Property Cards. <p>k. Technical and Scientific Equipment P726,688.15</p> <ul style="list-style-type: none"> • No Subsidiary Ledgers maintained; • No Inventory taking/Report/Property Cards. <p>l. Other Machinery and Equipment P513,323.80</p> <ul style="list-style-type: none"> • No Subsidiary Ledgers maintained; • No Inventory taking/Report/Property Cards. <p>m. Motor Vehicles P71,420.90</p> <ul style="list-style-type: none"> • No Subsidiary Ledgers maintained; • Incomplete Inventory taking/Report/Property Cards. <p>n. Furniture and Fixtures – P 903,086.53</p> <ul style="list-style-type: none"> • No Subsidiary Ledgers maintained; • Incomplete Inventory taking/Report/Property Cards; 				
---	--	--	--	--

<ul style="list-style-type: none"> • Non Preparation of RCPPE. <p>o. Books – P 539,055.03</p> <ul style="list-style-type: none"> • No Subsidiary Ledgers maintained; • No Inventory taking/Report/Property Cards. <p>p. Biological Assets – P 907,686.84</p> <ul style="list-style-type: none"> • No Inventory Report/Property cards; • No Subsidiary Ledgers maintained. <p>q. Due to BIR – P374,757.41</p> <ul style="list-style-type: none"> • No Subsidiary Ledgers maintained; • Partial and late remittances. <p>Recommendations: 87. Look into the accounts and provide the necessary courses of action to remedy the deficiencies and issues noted to further ensure a fair presentation of the financial statements at year-end.</p>				
<p>The Inter-Agency Payables, which only consist of Due to BIR and Other Payables account, of P 494, 965.86as of December 31, 2017 was not properly substantiated with proper details and/or necessary documentations due to Agency’s failure to prepare the necessary</p>	<p>ML 2017</p>	<p>The management has made proper accounting of Inter-Agency Payables.</p>	<p>Fully Implemented</p>	

<p>Subsidiary Ledger required by Section 12.b of the GAM for NGAs Volume I, thereby casting doubt on the legitimacy of the taxes reported as withheld and remitted in CY 2017.</p> <p>Recommendations:</p> <p>We recommend that the Accountant provides proper accounting and detailed explanation, substantiated with valid documents and basis on the incurrence of the difference of the ending balance and the January 2018 remittances.</p> <p>The Accountant ensures the proper maintenance of Subsidiary Ledgers peraccount to ensure proper monitoring of taxes and premium payments withheld and remitted.</p> <p>If substantiated, an entry should be initiated by the Accountant to correct tax and premium remittances in January 2018 recorded in December 2017.</p>				
---	--	--	--	--



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

March 20, 2019

MS. ADOLFA A. CREAYLA

State Auditor V
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, 2018.

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.

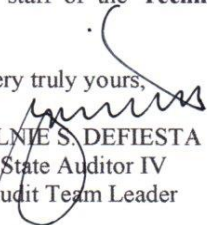
Our ML consists of five parts: Introduction; Summary of Recommendations; Detailed Observations and Recommendations which were discussed with the concerned management officials and staff during the exit conference on March 15, 2019; Status of Implementation of Prior Year's Audit Recommendations; and Annexes.

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 Property, Plant and Equipment accounts amounting to Php23,448,313.67 where semi-expendable items were not properly identified in separate account, and were prepared in accordance with applicable laws, rules and regulations and in conformity with International Standards of Supreme Audit Institutions (ISSAIs).

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,


ELNIE S. DEFIESTA
State Auditor IV
Audit Team Leader