



Republic of the Philippines
DON HONORIO VENTURA STATE UNIVERSITY
 Bacolor, Pampanga

AGENCY ACTION PLAN and STATUS of IMPLEMENTATION
Audit Observations and Recommendations
For the Calendar Year 2023
As of October 18, 2024

Regular Audit Observations

Ref	Audit Observations	Audit Recommendations	Agency Action Plan				Status of Implementation	Reason for Partial/ Delay/ Non-Implementation, if applicable	Action Taken
			Action Plan	Person / Dept. Responsible	Target Implementation Date				
					From	To			
1	The University was not able to fully comply with general and procedural guidelines of one-time cleansing of Property, Plant and Equipment (PPE) accounts of the University due to several conditions resulting to the uncertainty in the accuracy, existence, and completeness of the PPE accounts with carrying amount of P2,264,601,571.85, defeating the purpose of COA Circular No. 2020-006.	The University President to: a. Direct the concerned offices (Inventory Committee, Property Unit and Accounting Unit) to establish internal procedural guidelines adopted from COA circular 2020-006 to provide a step-by-step process, timeline and designated	Memorandum No. 95 Series 2024 dated April 24, 2024 (Annex A) was issued to advise the Director, PSMO the Accountant, and the Chairperson, Inventory Committee to (a) to establish internal procedural guidelines adopted from COA Circular 2020-006 to provide step by step process, timeline and designated	Director, PSMO, Accountant, and Inventory Committee	May, 2024	December, 2024	Not implemented	Non-availability of procedural guidelines of the Inventory Committee adopted from COA Circular 2020-006	Action taken by the Chairperson of the committee: - Consultative Meeting with the University Accountant and PSMO - Crafting the General and Procedural guidelines for the One-time Cleansing of PPE - Presentation and Deliberation of the General and Procedural guidelines for the One-time Cleansing of PPE

		<p>personnel with duties and responsibilities addressing the actual scenarios encountered in the University;</p> <p>b. Revisit the adequacy and composition of the (i) Inventory Committee in charge of One-Time PPE Cleansing/annual physical count; and (ii) Property and Accounting Units which shall undertake collaborative procedures to ensure that all PPEs included in the RPCPPE are duly recorded in the Property Cards (PCs) maintained by the Property Unit and the PPELCs maintained by the Accounting Unit are reconciled.</p> <p>c. Instruct the Inventory Committee to</p>	<p>personnel with duties and responsibilities addressing the actual scenarios encountered in the University and (b) advised to undertake collaborative procedure to ensure that all PPEs included in the RPCPPE are duly recorded in Property Cards (PCs) maintained by the Property Unit and the PPELCs maintained by the Accounting Unit are reconciled; and (c) instructed to conform with the guidelines in the conduct of physical count and accomplishment of RPCPPE.</p> <p>Memorandum No, 86 Series 2024 dated April 17, 2024 (Annex B) was issued recomposing the University Inventory Committee.</p>							<p>- Finalization of the General and Procedural guidelines for the One-time Cleansing of PPE and Property Inventory Plan (PIP) (Annex A.1)</p>
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		<p>conform their procedures with the guidelines in the conduct of physical count and accomplishment of RPCPPE; and</p> <p>d. Consider sending designated personnel to attend webinar for One-Time PPE Cleansing.</p>	<p>Memorandum No. 158 Series 2023 dated October 23, 2023 (Annex C) was issued to Director, PSMO advised to attend the Seminar-Workshop on One-Time Cleansing of Property, Plant and Equipment Account Balances of Government Agencies (COA Circular No. 2020-006 dated January 31, 2020).</p>						
2	<p>The materiality concept was not considered in recognizing insurance premiums in conformity with the Conceptual Framework for General Purpose Financial Reporting by Public Sector Entities, which possibly understates Other Assets account and overstates Maintenance and Other Operating Expenses (MOOE) account by P9,511,465.66 along with related disclosures in Financial Statements (FSs) as of December 31, 2023</p>	<p>The Director, FMSO to:</p> <p>a. Consider setting materiality through an accounting policy when recognizing insurance premiums;</p> <p>b. Prepare the necessary adjusting entries, when warranted; and</p> <p>c. Make a proper disclosure in the Notes to Financial Statements (FS)</p>	<p>Memorandum 89 Series 2024 dated April 18, 2024 (Annex D) was issued to advise the Director, FMSO and the Accountant to (a) to consider setting materiality through an accounting policy when recognizing insurance premiums; b) to prepare necessary adjusting entries, when warranted; and c) make a proper disclosure in the</p>	<p>Director, FMSO and Accountant</p>	<p>May, 2024</p>	<p>December, 2024</p>	<p>Not implemented</p>	<p>Non-availability of University's Accounting Policies and Guidelines</p>	<p>The FMSO has already acted on this observation and recommendation and that the Notes to Financial Statements issued for the year 2023 were already revised. The records of the University are already revisited and shows that the amount of P9,488,780.43 should be the amount that needs to be adjusted at our books recognizing "Prepaid Insurance" and not P9,537,349.13 as reflected on the AOM. The 2023 Trial Balances and Financial Statements were already</p>

		regarding the established materiality,	Notes to FSs regarding the established materiality.						adjusted/revised and that the 1st quarter of 2024 reports were already updated. Attached are the List of Insured Property Tables and the University's Trail Balances (Annex D.1).
3	The estimation techniques used in calculating the Allowance for Impairment for Receivables account have not considered the credit risk factors, inconsistent with International Public Sector Accounting Standards (IPSAS) 30 – Financial Instruments and various guidelines under the Government Accounting Manual (GAM) for National Government Agencies (NGAs), Volume 1, thus potentially resulting in inaccurate financial reporting.	The FMSO to: a. Formulate an accounting estimate guideline for the Allowance for Impairment for Receivables account in consideration of credit risk factors; and b. Make a proper disclosure in the Notes to Financial Statements as regards the accounting estimate for the Allowance for Impairment for Receivables account.	Memorandum No. 82 Series 2024 dated April 12, 2024 (Annex E) was issued to advise the Director, FMSO and the Accountant to a) formulate an accounting estimate guideline for the Allowance for Impairment for Receivables account in consideration of credit risk factors; and b) make a proper disclosure in the Notes to Financial Statements the accounting estimate for the Allowance for Impairment for Receivables account.	Director, FMSO and Accountant	May, 2024	December, 2024	Not implemented	Non-availability of University's Accounting Policies and Guidelines	Aging of Accounts Receivable will continually be maintained as compliance to IPSAS 30 and following the template as prescribed by the GAM. Allowance for Impairment will be based on Accounts Receivable aged 5 years and beyond. As per collection experience, credit worthiness and payment activities of the student-borrowers, such is AR is presumed to be 100% impaired. Accommodation for partial payment of current tuition and other school fees may be permitted provided that all previous balances are fully settled. Such partial payment is set at 50% of the total fees to be paid by the student. Strictly no release of clearance will be allowed for as long as there is a balance needed to be settled.

									For canteen and/or stall concessionaires, no contract will be renewed the following year for as long as there is an unsettled balance with their accounts.
4	Loans Receivables amounting to P2.477 million have been dormant in the books of accounts for over ten years, yet not requested for their write-off has been initiated by Management, inconsistent with COA Circular No. 2023-008 dated August 17, 2023. Thus, affecting the fair presentation of the accounts in the Financial Statements (FSs) of the University.	The Accountant to facilitate the request for the write-off, if warranted, of dormant receivable account in accordance with COA Circular No. 2023-008 dated August 17, 2023, and submit relevant documents to the Audit Team for validation.	Memorandum No. 81 Series 2024 dated April 11, 2024 (Annex F) was issued to advise the Director, FMSO and the Accountant to to facilitate the request of the write-off, if warranted, in accordance with COA Circular No. 2023-008 dated August 17, 2023, and submit relevant documents to the Audit team for validation.	Accountant	May, 2024	December, 2024	Not implemented	Preparation of documents for the request of write-offs is on-going.	As of this reporting date, the communication requesting the write-off of these dormant Accounts Receivable together with all the necessary supporting documents are already printed and reproduced are now being processed to be signed by the rightful signatories. It is targeted by concerned offices that these will be submitted to the Office of the Auditor by the end of the month of October.
5	Due to the absence of clear-cut policy on the matter, information on unused accumulating paid absences was inconsistent with the disclosures on employee benefits and measurement uncertainty in the Notes to Financial Statements (FS) contrary to International Public Sector Accounting	The FMSO to consider, when practicable, adopting a clear-cut policy in recognizing and measuring employee benefits and based on applicable standards.	Memorandum No. 76 Series 2024 dated April 5, 2024 (Annex G) was issued to advise the Director, FMSO and the Accountant to consider, when practicable, adopting a clear-cut policy in recognizing and	Director, FMSO and Accountant	May, 2024	December, 2024	Not implemented	Non-availability of University's Accounting Policies and Guidelines	The FMSO is now fully aware of the need to accrue Leave Benefits Payable and recognize Terminal Leave Benefits Quarterly. Close communication and interaction are done between the Human Resources Office and Accounting Unit so that the

	<p>Standards (IPSAS) 39 – Employee Benefits and IPSAS 3 – Accounting Policies, Changes in Accounting Estimates and Errors, thereby potentially affecting the fair presentation of the FS.</p>		<p>measuring employee benefits based on applicable standards.</p>						<p>schedules, supporting tables and computations are provided for the preparation of the journal entry vouchers for this matter. The Accounting Unit has already provided an excel file with corresponding formula and computations to the HRMO. The HRMO will just need to monitor and update said file for every change needed to be made every reporting period. Adjusting Journal Entries are already made as far as the books of the University is concerned. Accounting policies based on IPSAS 39 that will be incorporated in this year's Notes to Financial Statements are:</p> <ul style="list-style-type: none"> • Earned leave credits pertaining to prior years will be set-up in the books of the University. There will be a quarterly update of provisions of earned leave credits. The HRMO is to provide the Accounting Unit the needed figures to update the ledgers within 5 days of the
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									month following the quarter, please refer to attached Journal Entry Voucher (Annex G.1) and the Summary of GA Employees as of December 31, 2023 (Annex G.2).
6	The existing fund structure of the University was inconsistent with the Unified Accounts Code Structure (UACS) prescribed by the Commission on Audit – Department of Budget and Management – Department of Finance (COA-DBM-DOF) Joint Circular Nos. 2013-1 and 2014-1, dated August 6, 2013 and November 7, 2014, respectively, and section 13, chapter 2 of the Government Accounting Manual (GAM) for National Government Agencies (NGAs), Volume I, thus resulting in the (i) improper recognition of collections totaling P11,599,102.50 for calendar year (CY) 2023 covering various school fees to Fund 07 – Trust Receipts instead of Fund 05 – Internally-Generated Fund (IGF); and (ii) inappropriate consolidation of Business-Related Funds with Fund 05-IGF.	The Director, FMSO to: <ul style="list-style-type: none"> a. Coordinate with the Head, Management Information System Office to review the University's existing fund structure encoded in the database, with the purpose of outlining the appropriate fund clusters for every fee currently assessed and received by the University; b. Ensure that all authorized school charges, whether received from students or from the DBM as subsidies pursuant to the Free Higher Education (FHE) 	Memorandum No. 99 Series 2024 dated April 29, 2024 (Annex H) was issued to the OIC-EVP, Director, FMSO, Accountant and Cashier advise the to a) must coordinate with the Head, Management Information System Office to review the University's existing fund structure encoded in the database, with the purpose of outlining the appropriate fund clusters for every fee currently assessed and received by the university; b) to ensure that all authorized school charges, whether received from students or from the DBM as subsidies	Director, FMSO, Director, MIS and Cashier	May 2024	July 2024	Fully implemented	n/a	n/a

		<p>law, are recorded entirely in Fund 05 – Internally-Generated Fund (IGF);</p> <p>c. Consider that a unique series of official receipts (ORs) is issued and attributed to a single, distinct fund cluster and that collecting officers are adequately oriented about the types or receipts that fall under a specific fund cluster; and</p> <p>d. Formalize the establishment of the University's Fund 06 – Business-Related Fund (BRF) and recognized therein all receipts and disbursements associated with the University's income-generating projects (IGPs).</p>	<p>pursuant to the Free Higher Education (FHE) law, are recorded entirely in the Fund 05 – Internally-Generated Fund (IGF); c) to warrant that a unique series of Official Receipts (ORs) is issued and attributed to a single, distinct fund cluster; and d) to commence the establishment of the University's Fund 06 – Business-Related Fund (BRF) and recognize therein all receipts and disbursements associated with the University's income-generating projects (IGPs)</p> <p>The following Board Resolutions were approved in compliance to this observation and recommendations: (Annex I)</p> <p>Board Resolution No. 47, s. 2024– the establishment of</p>					
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			<p>Business-Related Fund (BRF); Board Resolution No. 48, s. 2024 – the transfer of funds from Internally-Generated Fund (Fund 05) to Business-Related Fund (Fund 06); and Board Resolution No. 49, s. 2024– the transfer of funds from Trust Receipt (Fund 07) to Internally-Generated Funds (Fund 05).</p> <p>FMSO Memoranda Nos. 5 and 6 (Annex J) were issued to the Cashier and Accountant for the implementation of the afore-cited Board Resolutions.</p>						
7	The Management has initiated the climate budget tagging in accordance with Section 41 of the General Provisions (GPs) of General Appropriations Act (GAA) for the Fiscal Year (FY) 2023 under Republic Act (R.A.) No. 11936, which demonstrates support for the reform agenda to respond to	Commended and to continue mainstream climate change adaptation and mitigation strategies in its annual programs, activities, and projects (PAPs) and to continue to tag the related climate change expenditure in the University's budget.	Memorandum No. 77 Series 2024 dated April 5, 2024 (Annex K) was issued to the Director, FMSO and CCET, Focal Person to carry on with the initiative and to continue to mainstream climate	Director, FMSO and Focal Person, CCET	May 2024	July 2024	Fully implemented	n/a	n/a

	climate change (CC) for national progress.		adaptation and mitigation in its annual P/A/Ps by consistently tagging the related climate change expenditure in their budget. Herewith is the CCET QAR Certification Process for FY 2025 National Budget Preparation (Annex L)						
8	The University could have avoided the payment of considerable overtime services with a gross amount of P10,950,587.98 for calendar year (CY) 2023, had authority to render thereof been limited to only essential cases and/or remuneration for the same been through compensatory time-off (CTO) pursuant to pertinent provisions of Civil Service Commission and Department of Budget and Management Joint Circular No. 1, s. 2015 dated November 25, 2015.	The University President to: a. Require the Directors, Division Chiefs, and Heads of Offices/Units to prudently evaluate the requests to render overtime (OT) services prior to the actual rendition thereof to ensure that OT authorization will be granted only to services that are extremely indispensable; b. Instruct the Director, Finance Management Service Office	Memorandum No. 90 Series 2024 dated April 18, 2024 (Annex M) was issued to the OIC-EVP, Director, FMSO, Director, AdminSO and Accountant to: a) remind the Deans, Directors, Campus Directors, and Office/Unit Heads to prudently evaluate requests to render overtime (OT) services prior to the actual rendition thereof to ensure that OT authorization will be granted only to services that are	EVP. Director, FMSO, Director, AdminSO and Accountant	May 2024	July 2024	Fully implemented	n/a	n/a

		<p>(FMSO) to observe the application of CTO as the general rule for remunerating all duly-approved OT services;</p> <p>c. Direct the Director, Administrative Services Office to revisit the current personnel scheduling and provide recommendations on the adoption of flexible work arrangements to concerned offices/units; and</p> <p>d. Require the Head, Accounting Office to carefully review the completeness of documentary requirements supporting the payments of overtime services,</p>	<p>extremely indispensable; b) to observe the application of CTO as the general rule for remunerating all duly-approved OT services; c) to revisit the current personnel scheduling and provide recommendations on the adoption of flexible work arrangements to concerned offices/units; and d) Mr. Guintu is also directed to carefully review the completeness of documentary requirements supporting the payments of overtime services.</p> <p>Memorandum 51 Series 2024 dated February 28, 2024 (Annex N) was issued to the VPs, Deans, Directors, Principals and Heads of Offices with the subject on Overtime Services and</p>						
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			<p>Overtime Pay for Government Employees.</p> <p>The following memoranda were issued relative to this observation: (Annex O)</p> <p>EVP Memorandum No. 24 Series 2024 dated April 19, 2024 – Personnel Work Schedule</p> <p>EVP Memorandum No. 25 Series 2024 dated April 19, 2024– Application of CTO to Overtime Work Service;</p> <p>EVP Memorandum No. 26 Series 2024 dated April 19, 2024 – Review of Documents for Payment of Overtime Services</p> <p>EVP Memorandum No. 30 Series 2024 dated April 23, 2024 – Workshop and Discussion on Overtime Service for Government Employees</p>						
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9	<p>The University inadvertently conferred casual/contractual appointments to 241 employees, whose salaries and incidental benefits totaling P27,453,643.17 for calendar year (CY) 2023, were charged to Special Trust Fund (STF) despite the lack of required implementing guidelines jointly issued by the Commission on Audit (COA), Department of Budget and Management (DBM), and Commission on Higher Education (CHED) pursuant to Special Provisions Applicable to the State Universities and Colleges (SPAS) of the General Appropriations Act (GAA) of CY 2023.</p>	<p>It is recommended to make representation, through the Philippine Association of State Universities and Colleges (PASUC), with the Commission on Audit (COA), Department of Budget and Management (DBM), and Commission on Higher Education on the formulation and issuance of a joint implementing guidelines concerning the creation of additional positions and the corresponding salaries to be paid from Special Trust Fund (STF).</p> <p>Further, to instruct the Directors of Finance Management Service Office and Administrative Services Office to cease appointing casual/contractual employees whose salaries and benefits will be sourced from STF pending the issuance of a joint guideline from concerned oversight agencies.</p>	<p>Memorandum No. 96 Series 2024 dated April 24, 2024 (Annex P) was issued to advise the OIC-EVP, Director, FMSO, Director, AdminSO and the Accountant a) to make a representation, through the Philippine Association of State Universities and Colleges (PASUC), with the Commission on Audit (COA), Department of Budget and Management (DBM), and Commission on Higher Education (CHED) on the formulation and issuance of a joint implementing guidelines concerning the creation of additional positions and the corresponding salaries to be paid from Special Trust Fund (STF); and b) to cease appointing casual/contractual</p>	<p>EVP, Director, FMSO and Director, AdminSO</p>	<p>May 2024</p>	<p>July 2024</p>	<p>Fully implemented</p>	<p>n/a</p>	<p>n/a</p>
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			<p>employees whose salaries and benefits will be sourced from the STF pending the issuance of a joint guideline from concerned oversight agencies.</p> <p>Herewith is Memorandum No. 22 Series 2024 (Annex Q) – Composition of the Committee on the Evaluation of Appointment of Non-Teaching Personnel under Casual Status.</p>						
10	<p>The accomplishments and notable initiatives in gender mainstreaming were evident due to the University's adherence to the rules and regulations on Gender and Development (GAD) pertaining to i) budgetary allocation for GAD Programs, Activities, and Projects (PAPs); ii) submission of GAD Plan and Budget and its endorsement by Philippine Commission on Women (PCW); and iii) submission of GAD Accomplishment Report with 100.00% utilization rate, in accordance with Section 35</p>	<p>Commended and to continue, spearheaded by the GFPS, for its active compliance with the rules and regulations on Gender and Development, and having accomplishments and notable initiatives in gender mainstreaming. It is also noteworthy to commend in its continued development of GAD PAPs which established and increased awareness on gender issues and women empowerment towards dynamic and progressive academic environment.</p>	<p>Memorandum No. 85 Series 2024 dated April 15, 2024 (Annex R) was issued to the OIC-EVP and Director, GFPS to carry on with the development of more GAD Programs/Activities/Projects (PAPs) which established and increased awareness on gender issues and women empowerment towards dynamic and</p>	<p>EVP and Director, GFPS</p>	<p>May 2024</p>	<p>July 2024</p>	<p>Fully implemented</p>	<p>n/a</p>	<p>n/a</p>

	of the General Provisions of the General Appropriations Act (GAA) for the Fiscal Year (FY) 2023 under Republic Act (R.A.) No. 11936 and provisions of PCW Memorandum Circular Nos. 2022-03 and 2023-05.		progressive academic environment.						
11	The withholding taxes on compensation to personnel and procurement of goods and services for CY 2023 were remitted to the Bureau of Internal Revenue (BIR) pursuant to Revenue Regulation No. 10-2008 and Revenue Memorandum Circular (RMC) No. 23-2007. However, the amount of P15,689.90 remained unremitted and incurred corresponding penalties due to the delay in the implementation of RMC No. 69-2023	To direct the Director, Finance Management Service Office (FMSO) to expedite the communication and settlement of unremitted taxes with the BIR to prevent incurrence of additional penalties i.e. interest, surcharge, and compromise.	Memorandum No. 79 Series 2024 dated April 5, 2024 (Annex S) was issued to Director, FMSO and Accountant to expedite the communication and settlement of unremitted taxes with the BIR to prevent the incurrence of additional penalties, i.e. interest, surcharge and compromise. Herewith is the BIR Payment form (Annex T) for the payment of penalties.	Director, FMSO, and Accountant	May 2024	July 2024	Fully implemented	n/a	n/a
12	Contributions and loan amortizations for Calendar Year (CY) 2023 were remitted to the Government Service Insurance System (GSIS) within the required period in compliance with Republic Act	To continue its compliance with the provisions of R.A. No. 8291, prescribing the prompt remittance to the GSIS of premiums/contributions and loan amortizations withheld	Memorandum No. 79 Series 2024 dated April 5, 2024 (Annex S) was issued to the Director, AdminSO to continue complying with:	Director, AdminSO	May 2024	July 2024	Fully implemented	n/a	n/a

	(R.A.) No. 8291, the GSIS law of 1997, and its Revised Implementing Rules and Regulations (IRR).	from personnel compensation.	The provision of R.A. No. 8291 or the Government Service Insurance System (GSIS) Law, prescribing the prompt remittance to the GSIS premiums/contributions and loan amortizations withheld from personnel compensation.						
13	Contributions, loan amortizations and modified PAG-IBIG II (MP2) savings were remitted to the Home Development Mutual Fund (HDMF) within the required period in compliance with Republic Act (R.A.) No. 9679, and its implementing Rules and Regulations (IRR).	To continue its compliance in withholding and remittance of contributions, loan amortizations and MP2 savings from salaries of University personnel to HDMF.	Memorandum No. 79 Series 2024 dated April 5, 2024 (Annex S) was issued to the Director, AdminSO to continue complying with the provision of R.A. No. 9679 or the Home Development Mutual Fund (HDMF) Law of 2009 in withholding and remittance of contributions, loan amortizations and MP2 savings from the salaries of university personnel to HDMF.	Director, AdminSO	May 2024	July 2024	Fully implemented	n/a	n/a
14	Contributions were remitted to the Philippine Health	To continue its compliance with the provisions of R.A.	Memorandum No. 79 Series 2024 dated	Director, AdminSO	May 2024	July 2024	Fully implemented	n/a	n/a

	Insurance Corporation (PHIC) within the required period in compliance with Republic Act (R.A.) No. 7875 as amended by R.A. Nos. 9241 and 10606.	No. 10606 or National Health Insurance Act on the proper deduction and timely remittance of PhilHealth of personnel within the required period.	April 5, 2024 (Annex S) was issued to the Director, AdminSO to continue complying with the provision of the National Health Insurance Act of 2013 (R.A. No. 7875 as amended by R.A. Nos. 9241 and 10606) on the proper deduction and timely remittance of PhilHealth of personnel within the required period.						
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Agency sign-off:


ENRIQUE G. BAKING, Ed.D.
 SUC President III

October 18, 2024

Date of initial submission: July 1, 2024