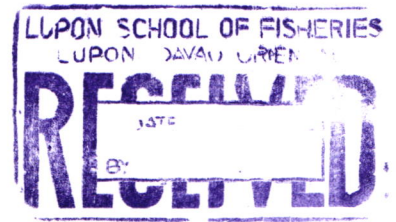




Republic of the Philippines
COMMISSION ON AUDIT
Office of the OIC-Regional Supervising Auditor
NGS Cluster 5 – Education and Employment
Region XI, Davao City



27 March 2015

Ms. Ruth R. Pundang
Vocational Administrator III
TESDA-Lupon School of Fisheries
Lupon, Davao Oriental

Dear Ms.Pundang,

We are pleased to transmit the Summary of Audit Observations and Recommendations (SAOR) on the audit of Technical Education and Skills Development Authority – Lupon School of Fisheries, Lupon, Davao Oriental, for the Calendar Year 2014, in compliance with Section 43 of the Government Code of the Philippines (PD No. 1445).

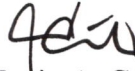
The observations and recommendations were communicated to you through Audit Observations Memorandums (AOMs) and/or Notices of Suspensions/Disallowance and were duly discussed with you and your concerned staff including the Status of Implementation of Prior Years' Audit Recommendations.

The audit was conducted in accordance with generally accepted state auditing standards and it provided reasonable basis for the results of audit.

Pursuant to Section 88, General Provisions of the General Appropriations Act (RA 10633) for Fiscal Year 2014, we request a status report on the actions taken on the audit recommendations within sixty (60) days from receipt of this report.

We express our appreciation for the valuable support and cooperation extended by the officials and staff of the Agency.

Very truly yours,


Gloria A. Cañete
State Auditor IV
OIC – Regional Supervising Auditor

Agency: TESDA – Lupon School of Fisheries
Lupon, Davao Oriental

Summary of Audit Observations and Recommendations (SAOR)
For the period January 1 to December 31, 2014

<i>Reference / AOM No.</i>	<i>Observations</i>	<i>Recommendations</i>	<i>Management Comments</i>	<i>Auditor's Rejoinder</i>												
2015-01 March 8, 2015	Due to non-reconciliation of book balance against the actual inventory reports resulted to overstatement of PPE by a total of P1,676,173.51 caused by unserviceable equipment still carried in the books in violation of Generally Accepted Accounting Principles and Section 79 of PD 1445, thus, affecting the fair presentation of the financial statements of the TESDA-Lupon School of Fisheries, as of December 31, 2014.															
(Actual physical count conducted on February 27, 2015)	<p>Verification of accounts showed the following:</p> <p><u>Unreconciled book balanced against actual inventory reports:</u></p> <p>Office equipment:</p> <table> <tr> <td>Per books –</td> <td align="right">772,189.40</td> </tr> <tr> <td>Per inventory reports –</td> <td align="right"><u>736,389.20</u></td> </tr> <tr> <td>Difference</td> <td align="right"><u>35,800.20</u></td> </tr> </table> <p>ICT equipment:</p> <table> <tr> <td>Per books –</td> <td align="right">1,550,209.37</td> </tr> <tr> <td>Per inventory report –</td> <td align="right"><u>1,403,974.07</u></td> </tr> <tr> <td>Difference</td> <td align="right"><u>154,235.30</u></td> </tr> </table>	Per books –	772,189.40	Per inventory reports –	<u>736,389.20</u>	Difference	<u>35,800.20</u>	Per books –	1,550,209.37	Per inventory report –	<u>1,403,974.07</u>	Difference	<u>154,235.30</u>	<p>Require the Accounting and Property Units to reconcile their records/reports periodically.</p> <p>Direct the Accountant to prepare subsidiary ledgers of PPE and to review the inventory reports prepared by the Supply Officer in order to bring the two balances, per book and actual count, in agreement.</p> <p>Advise the Supply Officer to prepare report on damaged/unserviceable equipment. And request inspection of those items to COA with the copy of the report.</p>	<p>Management reiterated its commitment to immediately implement the recommendations based on the required Action Plan in order to improve both records and reports.</p>	
Per books –	772,189.40															
Per inventory reports –	<u>736,389.20</u>															
Difference	<u>35,800.20</u>															
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<i>Reference / AOM No.</i>	<i>Observations</i>	<i>Recommendations</i>	<i>Management Comments</i>	<i>Auditor's Rejoinder</i>
	<p>Technical & Scientific equipment:</p> <p>Per books – 7,744,014.81 Per inventory report – <u>7,371,203.82</u> Difference - <u>372,810.99</u></p> <p>Other machinery & equipment:</p> <p>Per books – 2,925,784.15 Per inventory report – <u>2,526,803.15</u> Difference <u>398,981.00</u></p> <p>Furniture & Fixtures:</p> <p>Per books- 2,089,042.00 Per inventory report <u>1,950,003.05</u> Difference <u>139,039.52</u></p> <p>Books:</p> <p>Per books - 804,256.57 Per inventory report - <u>798,128.57</u> Difference <u>6,128.00</u></p> <p>Per audit:</p> <p>a. The property/supply prepared Inspection and Inventory Report of Unserviceable Property without coordinating with the accounting unit and immediately prepared a new Inventory Report.</p> <p>b. Verification of unserviceable items showed that there are items that cannot be located.</p>	<p>The result should be submitted to the Accountant for recording in the books and adjustment on the affected accounts.</p> <p>Create Inventory Committee consisting of two or three members duly designated by the agency head.</p> <p>Ensure that inventory reports are prepared on the prescribed form to be certified correct by the inventory committee, noted by the auditor and approved the agency head.</p>		

<i>Reference / AOM No.</i>	<i>Observations</i>	<i>Recommendations</i>	<i>Management Comments</i>	<i>Auditor's Rejoinder</i>
	<p>c. In reply to our AOM, those unlocated or missing items were rotten and decayed due to rain, and hazardous to students so these were immediately disposed.</p> <p>d. Instead of maintaining equipment and property ledger cards, the accounting unit used its schedule of depreciation of property as reference of existing property of the agency.</p> <p><u>Inventory Report was certified correct by the Agency Head and Supply Officer only:</u></p> <p>In response, the agency head explained that she will at once create an Inventory Committee to be responsible in conducting inventory-taking of all the assets of the agency.</p>			

Date: March 8, 2015


EDEN JANE R. INTENCION
 State Auditor IV
 Audit Team Leader

STATUS OF PRIOR YEARS' AUDIT RECOMMENDATIONS

TESDA Lupon School of Fisheries
As of December 31, 2014

Audit Observation	Recommendation	Ref	Management Action	Status of Implementation	Reason for Partial/ Non-Implementation
<i>Financial & Compliance</i>					
1 Untitled school site since the school was created.	Follow up transfer of ownership from LGU Lupon, Davao Oriental, to claim full ownership of the school site	ML. 2012	To follow up with LGU, Lupon, Davao Oriental.	Not implemented.	All the neighboring schools sites are also under the LGU of Lupon, Davao Oriental. No advice from the LGU regarding transfer of title of school site.