

Republic of the Philippines
Commission on Audit
MOUNTAIN STATE AGRICULTURAL COLLEGE
OFFICE OF THE AUDITOR
La Trinidad, Benguet

**1976 ANNUAL AUDIT
REPORT**

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OFFICIALS OF THE COLLEGE

BOARD OF VISITORS

His Excellency

FERDINAND E. MARCOS

Prime Minister/Pres. of the Philippines

BOARD OF TRUSTÉES

- The Honorable, JUAN L. MANUEL, Chairman
Secretary of Education & Culture
- The Honorable, NARCISO ALBARRACIN, Alternate Chairman
Undersecretary of Education & Culture
- The Honorable, TELESFORD N. BOQUIREN, Acting Chairman
Regional Director, DEC, Region 1
- The Honorable, BRUNO M. SANTOS, Member
President, Mt. State Agricultural College
- The Honorable, ANDRES R. ASISTIN, Member
Director, Bureau of Secondary Education
- The Honorable, LORENZO GA. CESAR, Member
Director, Bureau of Elementary Education
- The Honorable, JOSEPH M. ALABANZA, Member
Executive Director, NEDA, Region 1
- The Honorable, ARSENIO P. LUMIQUED, Member
President, MSAC Alumni Association

ROMULO Q. APOLONIO
Board & College Secretary

OFFICERS OF ADMINISTRATION

DR. BRUNO M. SANTOS
President

DR. SATURNINO OCAMPO, JR.
Vice President for Development

PROF. NICOMEDES ALIPIT
Assistant to the President

MR. ROMULO Q. APOLONIO
College Secretary

MR. LAWANA T. BATCAGAN
Administrative Officer

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Mr. Rogelio V. Urbanozo Auditor

Mr. Oscar Limpin Bookkeeper and
Acting Accountant

Commission on Audit
Office of the Auditor
Mountain State Agricultural College
La Trinidad, Benguet

March 14, 1978

The Honorable
The Chairman and Members
of the Board of Trustees
The President
Mountain State Agricultural College
La Trinidad, Benguet

Thru:

The Honorable
The Acting Chairman
Commission on Audit
Quezon City

S i r s :

Pursuant to Article XII-D, Section 2, of the Philippine Constitution, we are pleased to submit this annual audit report on the financial condition of the Mountain State Agricultural College (MSAC) as of December 31, 1976, and the result of its operations for the calendar year ending December 31, 1976.

We wish to express our deep appreciation for the cooperation and support we received from the College and we assure the Board of Trustees and the President of the college of our full cooperation in the implementation of the programs and activities to be undertaken by the College to build a New Society through efficient, effective and economical operations.

Very truly yours,


ROGELIO V. URBANDO
Auditor

MOUNTAIN STATE AGRICULTURAL COLLEGE

BRIEF HISTORY

Mountain State Agricultural College started as the La Trinidad Farm School in 1916, offering elementary and secondary education. It became the La Trinidad Agricultural High School in 1945. The school introduced a one-year post-secondary course farm mechanics in 1948. In 1951, it was named Mountain National Agricultural School (MNAS). Ten years later, in 1961, it developed into the Mountain Agricultural College (MAC).

In 1969 by virtue of R.A. # 5923, the Mountain Agricultural College became a state chartered institution known as Mountain State Agricultural College, in short MSAC.

The Mountain State Agricultural College has the general powers set in Section thirteen of Act Numbered Fourteen hundred and fifty-nine, as amended, and the government and administration vested in the Board of Trustees and the President of the College insofar as authorized by the Board.

OBJECTIVES AND FUNCTIONS

The Mountain State Agricultural College aims to provide professional, technical and special training and promote research, extension services and progressive leadership in the fields of agricultural and home technologies.

Its primary objectives are:

1. To provide formal instruction in the secondary and collegiate levels, with emphasis on the constitutional provisions of developing vocational efficiency and inculcating in the students the attributes of good citizenship;
2. To provide professional, technical and special instruction to the students to enable them to find gainful occupations;
3. To develop progressive leadership among the students through planned schedule of instruction, as well as through social, civic and cultural activities.
4. To conduct and promote research activities on the principal agricultural products of the region;
5. To provide extension services to the community and other service areas through training programs and dissemination of agricultural information;
6. To initiate and assist in the improvement and expansion of home industries for self-sufficiency.

The principal program and projects are classified as follows:

	<u>Program</u>	<u>Projects</u>
Formal Instruction & Other Services	I	
Higher Education		01
Secondary Education		02
Elementary Education		03
Research		04
Extension Services		05
Auxiliary Services		06
General Administration and Support Services		07
Construction of Permanent Improvement	II	
Construction of Permanent Improvement		02

The research and extension services of the college are tied up with the Philippine Council for Agricultural Resources and Research (PCARR), University of the Philippines International Plant Breeding (UP-IPB) and the Southeast Asian Regional Center for Graduate Study and Research in Agriculture (SEARCA).

1976 Highlights
Mountain State Agricultural College
La Trinidad, Benguet

FINANCIAL HIGHLIGHTS

Current assets total to ₱46,468.57 and current liabilities total to ₱91,307.43 as of December 31, 1976. Current ratio as of December 31, 1976 was 0.51 to 1 compared to 0.49 as of the fiscal year ending 1975.

Total fixed assets as of December 31, 1976 totalled to ₱5,503,953.00 compared to ₱3,799,564.84 as of the fiscal year 1975. There is an increase in fixed assets by 69%.

In 1976, two semi-concrete buildings were completed, the Soils Chemistry Building with a total cost of ₱652,082.04 and the Agricultural Meteorology Building with a total cost of ₱102,855.48. Cost per square meter was ₱1,308.38.

A three-storey agricultural building situated on a 3,358 square meters is in the process of construction.

OPERATION HIGHLIGHTS

During the Calendar Year of 1976, the total revenue received by the college from the National Government was ₱3,281,990.67. This figure included the total income realized by the college in the amount of ₱695,766.27 which was remitted to the National Treasury pursuant to Presidential Decree No. 711. Total obligations incurred was ₱3,279,750.92. The net savings realized was, therefore ₱2,239.75.

Cost of personal services represents 56% of the total appropriation, 25% for maintenance and other operating expenses and 19% for capital outlay. Cost per student during the calendar year 1976 was ₱1,243.04 compared with ₱1,521.62 in 1975. The decrease was attributed to the increase in enrollment in 1976. Student ratio to personnel was 11 is to 1.

Audit Certificate

March 14, 1978

The Honorable
The Chairman and Members
of the Board of Trustees
The President
Mountain State Agricultural College
La Trinidad, Benguet

Thru:

The Honorable
The Acting Chairman
Commission on Audit
Quezon City


S i r s :

We have examined, in compliance with Article XII-D, Section 2 of the Philippine Constitution the financial condition of the Mountain State Agricultural College as of December 31, 1976, and the results of its operation for the year ending December 31, 1976.

Our examination was made in accordance with generally accepted auditing standards and, accordingly, included such tests of the accounting records and such other auditing procedures as we considered necessary in the circumstances.

In our opinion, owing to the materiality involved in donated properties not included in the books of accounts a situation by reason of which the inventory and the books of accounts cannot be reconciled the accompanying financial statements do not present fairly the financial position of the Mountain State Agricultural College as of December 31, 1976, and the results of its operations for the year ended December 31, 1976.

Very truly yours,


ROGELIO V. URBANOZO
Auditor II

Mountain State Agricultural College
 La Trinidad, Benguet
 Financial Statements
 General Fund

A. Statement of Operations

Hereunder is the results of operations of the Mountain State Agricultural College for the calendar year ended December 31, 1976.

Mountain State Agricultural College
 La Trinidad, Benguet
 Statement of Revenue & Expenditures
 For the Calendar Year Ended December 31 1976

REVENUE

National Contribution Under Pres. Decree #1050 P3,281,990.67

Realized Income of the college transferred to the National Treasury pursuant to Presidential Decree No. 711:

Government Services	-	P 411,257.50	
Government Business Operations	-	46,319.25	
Miscellaneous Income	-	<u>238,189.52</u>	
		<u>P 695,766.27</u>	

EXPENDITURES

Personal Services	-	P1,836,769.27	
Travelling Expenses	-	42,056.50	
Supplies and Materials	-	621,914.29	
Sundry Expenses	-	164,346.89	
Construction	-	573,611.97	
Equipment	-	<u>41,052.00</u>	<u>P 2,279,750.92</u>
Excess of Revenue over Expenditures			P 2,239.75

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B. Statement of Financial Conditions

The condensed statement of the financial condition of the College is hereby presented:

Mountain State Agricultural College
Condensed Statement of Financial Condition
As of December 31 1976

ASSETS

Current Assets	₱ 46,468.57
Fixed Assets	<u>5,503,953.00</u>
	<u>₱5,550,421.57</u>

LIABILITIES AND SURPLUS

Current Liabilities	₱ 91,307.43
Invested Surplus	5,503,953.00
National Clearing Account	<u>(44,838.86)</u>
Total Liabilities & Surplus	<u>₱5,550,421.57</u>

Notes to Financial StatementsREVENUE - ₱3,281,990.67

The total appropriation received by the college for its support under the General Appropriations Act (PD #1050) for the Calendar Year 1976 amounted to ₱3,281,990.67. Presidential Decree No. 711 transferred the operations and funding of all Special and Fiduciary Funds of the College to the general fund. The total revenue comprised 100% of the government contribution.

The College realized an income of ₱695,766.27 which was transferred to the National Treasury pursuant to Presidential Decree No. 711.

Details of the income is as follows:

Government Services	-	₱411,257.50
Government Business Operations		46,319.25
Miscellaneous Income	-	<u>238,189.52</u>
		<u>₱695,766.27</u>

EXPENDITURES - ₱3,279,750.92

The total expenditures of the college during the calendar year 1976 totalled ₱3,279,750.92.

The expenses for personal services of ₱1,836,769.27, travelling expenses of ₱42,056.50, Supplies and Materials ₱621,914.29, Sundry Expenses of ₱164,346.89, Construction of ₱573,611.97 and Equipment of ₱41,052.00 represents 56%, 1%; 19%; 5%; 17%; and 1%, respectively of the total expenditures of ₱3,279,750.92.

CURRENT ASSETS - ₱46,468.57

The distribution of current assets as of December 31, 1976 is as follows:

Cash Disbursing Officer	₱24,289.97
Receivables	11,269.15
Inventories	9,412.25
Prepayments and Deposit	1,470.00
Other Current Assets	<u>27.20</u>
	<u>₱46,468.57</u>

CASH DISBURSING OFFICER - ₱24,289.97

According to the certification of the bookkeeper, the amount of ₱24,249.97 represents the uncredited cash advance of the Disbursing Officer (Special Trust Fund) amounting to ₱21,463.97 and total withdrawal from the Fiduciary Fund amounting to ₱2,786.00 during the time the building of the Administration Office was razed by fire. The amount of ₱21,463.97 includes the Obligations Incurred and Liquidated but were not debited to account 0-90-000-0 due to the destruction of vouchers and payrolls. The surplus account of Fiscal Year 1964 to 1965 was closed to account 0-92-000-0, Current Surplus Unappropriated. The amount of ₱2,786.00 could not be debited to their proper Fiduciary Account although the vouchers destroyed by fire were actually paid. Trust Fund and Fiduciary Fund were transferred to General Fund on July 1, 1976 as per Presidential Decree No. 711. The balance of ₱40.00 is with the Disbursing Officer.

ACCOUNTS RECEIVABLE - ₱11,269.15

The total accounts receivable of the college amounted to ₱11,269.15. This includes a ₱10,000.00 loan to the Poultry Project under Mr. Sydney Moresto, Project-In-Charge, Auxiliary Division. The project will pay the loan out of its income with a 10% interest every year. Balance as of this writing is ₱8,000.00 and is expected to be liquidated by the end of this year (1978). The ₱1,269.15 represents advances for salaries and living allowance of COA personnel assigned at MSAC. This was paid by the Commission on Audit in January, 1977, as per OR No. 9995136.

INVENTORIES - ₱9,412.25

This represents inventories of poultry products as of December 31, 1976.

PREPAYMENTS AND DEPOSITS - ₱1,470.00

The total prepayments and deposits were made to the following for containers:

Philippine Acetylene	₱ 975.00
La Trinidad Trading	425.00
Nicanor Doplito	20.00
Tuazon Trading	50.00
	<u>₱1,470.00</u>
	<u>=====</u>

OTHER CURRENT ASSETS - ₱27.20

The amount of ₱27.20 represents Mr. Rabina's check #609301 dated March 30, 1965.

FIXED ASSETS (REAL PROPERTY AND EQUIPMENT) - ₱5,503,953.00

The composition of the total fixed assets of ₱5,503,953.00 is as follows:

Land, Land Improvement and Structural Outlay:

Land	₱ 517,516.65
Buildings	3,388,973.28
Irrigation Head Controls, Canals, etc.	17.00
Pumping Station and Conduits	61,956.07
Bridges	5,880.82
Construction in Process	<u>452,500.51</u>
	<u>₱4,426,844.33</u>

Equipment:

Motor Vehicles and Accessories	₱ 15,216.64
Land Transportation Equipment other than Motor Vehicles	1,205.53
Industrial Machineries & Implements	172,705.68
Hand Tools	18,171.83
Furniture and Office Equipment	344,616.88
Technical & Scientific Equipment	252,630.59
Fire Fighting Equipment	15,535.00
Telephone and Intercom	7,200.00
Breeding Animals	21,573.58
Books, Magazines, etc.	<u>228,252.94</u>
	<u>₱1,077,108.67</u>
Total Fixed Assets	₱5,503,953.00
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CURRENT LIABILITIES

Accounts Payable - ₱88,100.45

The breakdown of the total current liabilities of ₱88,100.45 is as follows:

BIR (Withholding Tax)	₱ 3,704.45
Court of Agrarian Relations	450.00
GSIS (for government and personal shares of employees)	82,625.00
Leah Dagamiano (Travelling Expenses) .	189.00
PPSTA	197.00
PAVE	<u>935.00</u>
	₱88,100.45
	vvvvvvvvvv

Miscellaneous Liabilities and Credits - ₱687.89

Miscellaneous Liabilities and Credits totalling ₱687.89 is composed of the following:

Miscellaneous Deposits	₱ 50.00
Undistributed Collections	<u>637.89</u>
	₱ 687.89
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Trust Liabilities - ₱2,519.09

This represents the balance of the Fiduciary Fund as of December 31, 1976.

SURPLUS - ₱5,459,114.14

The breakdown of the networth of the college is as follows:

Invested Surplus	₱5,503,953.00
National Clearing Account	<u>(44,838.86)</u>
Total Surplus	₱5,459,114.14
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This is arrived at as follows:

Total Fixed Assets	₱5,503,953.00
Less: National Clearing Account	<u>(44,838.86)</u>
Total Surplus	₱5,459,114.14
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AUDIT FINDINGS AND OBSERVATIONS

1. The books of accounts maintained in the accounting section are the Journal and Analysis of Obligations and the General Ledger. From the report of collections and the report of disbursements by the cashier, journal vouchers are prepared to summarize the reports. From the journal vouchers, accounts are directly posted to the general ledger. In short, the journal vouchers serve as their special books of accounts.

The journal voucher is just to summarize transactions which cannot be directly recorded in any of the special books of accounts. This will be recorded in turn in the general journal for posting to the general ledger. It cannot be a substitute to the books of accounts prescribed under the National Accounting and Auditing Manual.

2. In the cash section, the cashier takes charge of the cash receipts and disbursements at the same time. The disbursing officer only prepares the report of disbursements.

This procedure entirely devoids good internal control system on the handling of cash transactions which require the separation of collecting and disbursing.

3. The Cash Disbursing Officer (1965), total ₱24,249.97, has long been outstanding. As per certification of the bookkeeper, "the amount represents the uncredited cash advance of the Disbursing Officer during the period October 1, 1964, to April 22, 1965, and total withdrawal from the Fiduciary Fund, the time when the building where the Administration Office was located was razed by fire. The vouchers and payrolls covering this amount were destroyed by the fire." Other accounts affected by the fire excluding this account were already dropped in the books.

If the certification of the bookkeeper is correct and can be properly documented, the deceased disbursing officer should be relieved of this responsibility.

4. A comparison of the inventory reports and the general ledger account of fixed assets reveals that the records in the property section do not jibe with the records in the accounting section. Also the inventory listing of donated properties such as motor vehicles, office equipment, books, etc., are not taken up in the accounting section. Furthermore, there are motor vehicles acquired by the school from the USAID/NEDA not taken up in the books and are actually with some faculty members for their personal use.

As per contract of the College and the USAID/NEDA, "the recipient agrees that the property transferred to it will be used promptly and effectively only in the public

sector for economic development purposes and not transferred, leased, rented, loaned or otherwise used by the Military, Police, Public safety officials or Private sector."

5. Custodianship of trust funds such as student organizations fund, publications, revolving funds, etc. are not centralized. There are cash representing these funds which are under the custody of the cashier, the president and some faculty members. These are not reflected in the books. Since the school is the over-all custodian of all trust funds, the handling of these funds should be integrated.
6. The unclassified undistributed collection of ₱637.89 and the trust liabilities of ₱2,519.09 actually represent the balance of the fiduciary funds as of December 31, 1976. As per Presidential Decree No. 711, all fiduciary accounts should be closed to the General Fund accounts.

RECOMMENDATIONS

1. The accounting section should use in addition the required books of accounts such as the Journal of Disbursements by the Disbursing Officer (JDDO), the Journal of Warrants Issued (JWI), Journal of Collections and Deposits (JCD) and the General Journal (GJ).
2. The segregation of responsibilities between the cashier and the disbursing officer should be strictly enforced to conform with good internal control system.
3. Since the Disbursing Officer of 1965 is already dead and other properties affected in the fire were already dropped from the books, a request for relief on the P24,249.97 to the Chairman, Commission on Audit should be made by the College President.
4. An appraisal and Inventory Committee should be created to take and appraise the property of the college, the report of which will serve as the basis of reconciling the property and accounting records.

Also, all donated properties should be taken up in the books to reflect the actual networth of the college. Motor vehicles in the possession of private individuals should be recalled. The practice of accommodating private individuals in the acquisition of surplus vehicles should be totally stopped otherwise this will create problems in the future.

5. All trust funds should be integrated under the custodianship of one accountable officer in the college. These funds should be taken up in the books for proper control and management.
6. Since the balance of the undistributed collection and the trust liabilities amounting to ₱637.89 and ₱2,519.09, respectively, represent the balance of the fiduciary funds, these should be transferred to the General Fund pursuant to Presidential Decree No. 711.

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UNIVERSITY LIBRARY
LA TRINIDAD, RENGUET

EXHIBIT A

MOUNTAIN STATE AGRICULTURAL COLLEGE
Statement of Financial Condition
December 31, 1976

ASSETS

Current Assets

Cash

Cash, Disbursing Officer ₱ 24,289.97

Accounts Receivable

National Government Agencies ₱ 1,269.15
Miscellaneous 10,000.00 11,269.15

Inventories

Items for Resale 9,412.25

Prepayments and Deposits

Deposits on Containers 1,470.00

Other Current Assets

Miscellaneous 27.20
₱ 46,468.57

Fixed Assets

Land, Land Improvements & Structures

Economic Development ₱3,974,343.82
Construction in Process 452,500.51 ₱4,426,844.33

Equipment

Economic Development 1,077,108.67

Total Fixed Assets ₱5,503,953.00

TOTAL ASSETS ₱5,550,421.57

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LIABILITIES AND SURPLUS

Current Liabilities

Accounts Payable

National Government Agencies ₱ 4,154.45
Government-Owned Corporation 82,625.00
Unliquidated Obligations 189.00
Miscellaneous 1,132.00 88,100.45

Miscellaneous Liabilities & Credits

Miscellaneous Deposit ₱ 50.00
Undistributed Collections 637.89 687.89

Trust Liabilities

Total Current Liabilities ₱ 91,307.43

Surplus

Invested Surplus ₱5,503,953.00

National Clearing Account (44,838.86)

Total Surplus ₱5,459,114.14

TOTAL LIABILITIES AND SURPLUS ₱5,550,421.57

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EXHIBIT 8

MOUNTAIN STATE AGRICULTURAL COLLEGE
Statement of Revenue and Expenditures
For the Calendar Year Ended December 31, 1976

REVENUENational Contribution

Under Presidential Decree No. 1050 (Realized Income of the College and transferred to the National Treasury pursuant to Presidential Decree No. 711 - ₱695,766.27)	₱3,281,990.67
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EXPENDITURES

Personal Services	₱1,836,769.27
Travelling Expenses	42,056.50
Supplies and Materials	621,914.29
Sundry Expenses	164,346.89
Construction	573,611.97
Equipment	<u>41,052.00</u>
Total Expenditures	<u>₱3,279,750.92</u>
EXCESS OF REVENUE OVER EXPENDITURES	₱ 2,239.75
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