



Visayas State University

Visca, Baybay City, Leyte 6521-A
Philippines

Tel: +63 53 335 2600; Fax: +63 53 335 2601
website: www.vsu.edu.ph

Office of the President

25 June 2013

MEMORANDUM NO. 175
Series of 2013

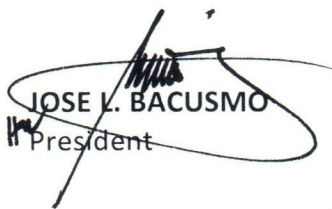
T O: Ms. Erlinda S. Esguerra, Chief Accountant
Ms. Velma P. Bontuyan, Head, Property Office

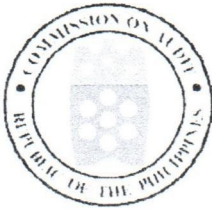
R E: COA-VSU TEAM AOM No. 2013-001 for VSU-Villaba

You are hereby directed to assist VSU-Villaba to evaluate the existing procedure regarding various unserviceable properties that remained undisposed but were dropped from the books even without actual disposal, which is subject of the above-stated AOM.

Please come up with a reply to COA-VSU Team on or before June 30, 2013 as to the implementation of their recommendation.

Attached are photocopies of the said AOM for your reference.


JOSE L. BACUSMO
President



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6/17/13

Republic of the Philippines
COMMISSION ON AUDIT
National Government Sector
Audit Group G – Stand Alone Agencies
Visayas State University
Baybay City, Leyte

AOM NO. 2013-001
Date : May 28, 2013

AUDIT OBSERVATION MEMORANDUM

For : **DR. JOSE L. BACUSMO**
President
Visayas State University
Baybay City

Attention: Dr. Felipe Q. Albeos
Dean
Villaba Campus

Aurora A. Carpio
Acting Accountant, Villaba Campus

Rodulfo M. Salas
Designated Supply Officer, Villaba Campus

We have audited the account Property, Plant and Equipment and observed the following deficiencies/errors:

Various unserviceable properties amounting to P293,543.50 remained undisposed contrary to Section 79 of PD 1445 and these properties were dropped from the books even without actual disposal, instead of reclassifying them to Other Assets, in accordance with the Chart of Accounts of the NGAS.

Section 79 of PD 1445 particularly requires that:

“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 therefore, be inspected by the head of the agency or his duly authorized representative x x x and if found to be valueless or unsaleable, it may be destroyed. If found valuable, it may be sold at public auction to the highest bidder under the supervision of the proper committee on award or similar body x x x. In the event that public auction

The Philippine Government Chart of Accounts prescribed under COA Circular No. 2008-001 dated January 29, 2008 provides the description of Other Asset (279) as:

<i>Account Title</i>	Other Asset
<i>Account Number</i>	279
<i>Normal Balance</i>	Debit
<i>Description</i>	Cost or fair value of other assets which are not classified under any of the specific asset accounts. The account includes serviceable assets not used in operation as well as unserviceable property, plant and equipment awaiting disposal.


Review and analysis of the PPE accounts disclosed that unserviceable properties amounting to P293,543.50 remained undisposed contrary to the pertinent provision of PD 1445. Moreover, these properties were already dropped from the books instead of reclassifying them to the Other Asset account while waiting for their actual disposal. Details are shown below:

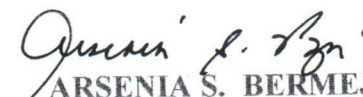
Account Code	Description	Quantity	Amount
221	Office Equipment - -Stand Fan, Maroon Klestar 16	1	1,200.00
222	Furniture and Fixtures- - Computer chair	1	2,300.00
223	IT Equipment and Software - - Printer, LX-300+ - Computer, Intel Pentium 4 - Computer, Intel Pentium 4 - Computer, Intel Pentium D - LCD Projector Epson - Epson Stylus T13 Printer with CIS - Computer Intel Premium Dual Core - Canon Ink Jet Printer <i>Sub-total</i>	1 1 1 1 1 1 3 1	7,125.00 29,900.00 33,000.00 26,300.00 38,500.00 4,650.00 65,700.00 2,500.00 207,675.00
240	Other Machineries and Equipment - - Generator, Lombardini wl brush - Electric Plainer, Makita <i>Sub-total</i>	1 1	24,000.00 8,500.00 32,500.00
227	Agricultural, Fishery and Forestry Equipment - - Chainsaw, wl Guide Stihl Model Bar-070-91 - Knapsack Sprayer (Mango) - Power Sprayer <i>Sub-total</i>	1 2 1	35,000.00 2,536.00 4,000.00 42,536.00
250	Other Property, Plant and Equipment- - Lechon Tray - Kettle, 3 qts Capacity - Colander - Snare Drum - Rice Cooker	1 1 1 2 1	300.00 350.00 355.00 3,300.00 883.50

	- Water Tank Chassis	1	<u>2,144.00</u>
	<i>Sub-total</i>		<u>7,332.50</u>
	TOTAL		293,543.50

We recommend that management should: (i) require the Accountant to restore back or reverse the accounting entry made for the dropping of these properties from the books and to reclassify them to Other Asset Account in accordance with the Chart of Accounts and (ii) consider its immediate disposal pursuant to Section 79 of PD 1445 to avoid their further deterioration and decrease in their value.

May we have your comments on the foregoing audit observations within fifteen (15) calendar days from receipt hereof.


ELNA M. ENCINA
 State Auditor IV
 Audit Team Leader


ARSENIA S. BERMEJO
 Supervising Auditor

Received by:

 Date:

LIST OF UNSERVICEABLE PROPERTIES DROPPED FROM THE BOOKS

VSU Villaba Campus
CY 2012

DESCRIPTION	Property No.	Date Acquired	Qty.	Unit Value
Stand Fan, Maroon Klestar 16	1-FOE-10G-99-H	1999	1	1,200.00
Chairs, computer	224-02C-GF-30-15-B		1	2,300.00
Printer, LX-300+ 12-8-03	215-01-GF-30-02	12/8/03	1	7,125.00
Computer, Intel Pentium 4 6/23/04	215-01-GF-30-30	6/23/04	1	29,900.00
Computer, Intel Pentium 4 12/8/04	223-GF-05-30-101-B	12/8/04	1	33,000.00
Computer, Intel Pentium D 820 6/22/07	223-GF-07-30-01-B	6/22/07	1	26,300.00
LCD Projector Epson 5-30-08	223-GF-08-30-02	5/30/08	1	38,500.00
Epson Stylus T13 Printer with CIS (9/20/2010)	223-GF-10-30-05	9/20/2010	1	4,650.00
Computer Intel Pentium @ Dual Core (Monitor-Metrics) S/N:5MPWY98250393	223-GF-09-30-06		1	21,900.00
Computer Intel Pentium @ Dual Core (Monitor-Metrics) S/N:5MPWY98251067	223-GF-09-30-08		1	21,900.00
Computer Intel Pentium @ Dual Core (Monitor-Metrics) S/N:5MPWY98250487	223-GF-09-30-14		1	21,900.00
Canon Inkjet Printer PIXMA IP2770 7/11/2011	223-GF-11-30-02	7/11/2011	1	2,500.00
Generator, Lombardini w/ Brush KVA/25KV 3-29-79	IMI-05-79-7-5	3/29/79	1	24,000.00
Electric Plainer, Makita Feb. 14, 2008	226-GF-03-30-08	2/14/2008	1	8,500.00
Chainsaw, w/ Guide stihl Model Bar-070-91 9/10/1993	1-IMI-09-91	9/10/1993	1	35,000.00
Knapsack Sprayer (mango) 7/15/2002	223-02-161-30-U-A	7/15/2002	1	1,768.00
Knapsack Sprayer (mango) 7/15/2002	223-02-161-30-U-B	7/15/2002	1	1,768.00
Power Sprayer	227-GF-08-30-04		1	4,000.00
Lechon Tray 3/6/2000	240-GF-01-30-03	3/6/2000	1	300.00
Kettle, 3 qts. Capacity 3/6/00	240-GF-00-30-07-C	3/6/2000	1	350.00
Snare Drum 1/17/2002	223-04-GF-02-30-02-A	1/17/2002	1	1,650.00
Snare Drum 1/17/2002	223-04-GF-02-30-02-B	1/17/2002	1	1,650.00
Rice Cooker M-SK-90 2001	240-GF-05-30-01	2001	1	883.50
Water Tank Chassis 1974	282-GF-67-30-01	1974	1	2,144.00
TOTAL				293,188.50