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Memorandum No. 898
Series of 2024

TO: **Queen-ever Y. Atupan, Cash Office Head**
Mary Ann D. Joya, VSU Manila Office Special Disbursing/Collecting Officer

RE: **Response to COA Audit Observation Memorandum No. 2024-014**

FROM: 
DR. PROSE IVY G. YEPES
University President

DATE: **November 4, 2024**

This Office received an Audit Observation Memorandum (AOM) No. 2024-014 from the Commission on Audit (COA) dated October 30, 2024 on allowing Ms. Mary Ann D. Joya, Special Disbursing/Collecting Officer of VSU Manila Office, to perform collection functions and obtain cash advances despite the expiration of her fidelity bond on September 24, 2024.

In line with this, Ms. Joya is directed to apply for the renewal of her fidelity bond with the Bureau of Treasury and ensure that the bond is renewed before its expiration. Moreover, Ms. Queen-ever Y. Atupan, Head of the Cash Office, must assist Ms. Joya in the renewal process and monitor the status of the fidelity bond.

COA expects your response to the aforementioned audit observations within fifteen (15) calendar days from receipt of their memorandum.

For your information and usual compliance.

cc: Director, ASO

OFFICE OF THE PRESIDENT

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Page 1 of 1
FM-OOP-01
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Republic of the Philippines
COMMISSION ON AUDIT
Regional Office No. VIII
Leyte Government Center, Candahug, Palo, Leyte

**NGS - State Universities and Colleges and
Other NGS Stand - Alone Agencies, Team R8-04**

AOM No.: 2024-014 (2023-2024)
Date: October 30, 2024

AUDIT OBSERVATION MEMORANDUM (AOM)

For: **DR. PROSE IVY G. YEPES**
President, VSU
Visca, Baybay City

Attention: **QUEEN-EVER Y. ATUPAN**
Head, Cash Office
VSU Main Campus

MARY-ANN D. JOYA
Special Disbursing/Collecting Officer
VSU Manila Office

We have conducted an examination on the cash and accounts of the Special Disbursing/ Collecting Officer of the Visayas State University (VSU) Manila Office, and noted the following deficiency:

The Special Disbursing/Collecting Officer of the VSU Manila Office was allowed to perform collection functions and obtain cash advances despite the expiration of her fidelity bond contrary to Sections 101 and 102 of Presidential Decree (PD) No. 1445, and Treasury Order No. 01-95, thus the government's interests are not protected in case of loss due to theft, misappropriation, or shortages.

Section 101 of PD No. 1445 states that:

1. Every officer of any government agency whose duties permit or require the possession or custody of government funds *or property shall be accountable therefor and for the safekeeping thereof in conformity with law.*
2. Every accountable officer shall be *properly bonded in accordance with law.*

Section 102. Primary and secondary responsibility.

(1) The head of any agency of the government is immediately and primarily responsible for all government funds and property pertaining to his agency.

(2) Persons entrusted with the possession or custody of the funds or property under the agency head shall be immediately responsible to him without prejudice to the liability of either party to the government.

Of relevance to the above provisions is Section 127 of Presidential Decree No. 1445 which states that the failure to comply with the requirements of PD No. 1445 is considered a neglect of duty, and shall be a ground for administrative disciplinary action against the said public officer who, upon being found guilty thereof after hearing, shall be meted out such penalty as is commensurate with the degree of his guilt in accordance with the Civil Service Law.

Anent to this, Section 1 of the Treasury Order No. 01-95 provides that, except as otherwise herein provided, all officials and employees of National Government Agencies (NGAs), Government-Owned and/or Controlled Corporations (GOCCs), Local Government Units (LGUs), Self-Governing Board and Commissions and all other concerned shall, *whenever the duties performed permit or require the custody of funds/property/accountable forms, be covered by a fidelity bond* with the Bureau of Treasury. (emphasis ours)

The mandatory requirement for every Accountable Officer (AO) to be bonded is a control procedure to safeguard the resources of the government in case of risk or loss through theft, in the event of misappropriation of funds and shortages.

Our cash examination revealed that Ms. Mary-Ann D. Joya, the Special Disbursing/ Collecting Officer of the VSU Manila Office, was allowed to receive and collect payments, issue official receipts (AF No. 51), and obtain cash advances and disburse funds despite the expiration of her fidelity bond.


It should be noted that Ms. Joya's fidelity bond expired on September 24, 2024. She stated that the Head of the VSU Main Cash Office has not yet required her to apply for the renewal of her bond.


In view of the foregoing, collections, and cash advances made by the accountable officer not covered with fidelity bond were not safeguarded against the risk of theft, misappropriation, or shortages. This condition poses a significant risk of incurring indemnifiable losses to the disadvantage of the government.

We recommend that the University President direct:

- a) the designated Special Disbursing/Collecting Officer of the VSU Manila Office to apply for the renewal of her fidelity bond with the Bureau of Treasury and ensure that the bond is renewed before its expiration; and**
- b) the Head, Cash Office to assist the accountable officer in the renewal process and to monitor the status of the fidelity bond.**

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


FLERIDA RUTH R. QUIMBO
State Auditor III
OIC, Audit Team Leader


ATTY. HELEN O. FABRA
State Auditor V
Supervising Auditor

Proof of Receipt of AOM:
(Pls. affix your respective signatures)

Name	Designation	Date Received	Signature
Prose Ivy G. Yepes	University President		
Queen-ever Y. Atupan	Head, Cash Office		
Mary-Ann D. Joya	Special Disbursing/ Collecting Officer		