



# Visayas State University

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Office of the President

13 September 2013

MEMORANDUM NO. 218  
Series of 2013

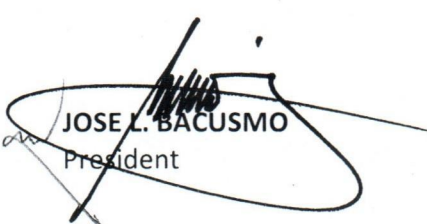
**T O: Dr. Roberta D. Lauzon**

**R E: Implementation of the Audit and Assessment Findings**

Attached is the report of the Audit and Assessment conducted in VSU-Tolosa Campus as per OP Memorandum No. 173, Series of 2012.

You are hereby directed to implement immediately the recommendations made by the committee in order to correct whatever deficiencies/weaknesses of the system. Should there be a need to clarify matters about the report, kindly contact Dr. Lourdes B. Cano, Chairperson of the committee.

Please be guided accordingly.

  
**JOSE L. BACUSMO**  
President

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7/9/13

**VISAYAS STATE UNIVERSITY**  
Visca, Baybay City, Leyte

**OFFICE OF THE DIRECTOR FOR ADMINISTRATION & HUMAN RESOURCE MANAGEMENT**

September 25, 2012

Dr. Jose L. Bacusmo  
President  
Visayas State University  
Visca, Baybay City, Leyte.

Sir:

In compliance with your directive per Memorandum 173, series of 2012 creating a committee to conduct audit and assessment of the external campuses and that of Tolosa for the purpose of identifying weaknesses and submitting recommendations for improvement of operations, the committee actually went to Tolosa campus on June 20, 2012 and conducted the investigation and assessment. The committee initially had a courtesy call with the Officer-in-Charge at that time, Mr. Hilario Daya since the dean, Dr. Roberta D. Lauzon was attending an equally important activity at the main campus. The committee invited persons to provide the committee with the information it needed to comply the order of the University President.

The following findings were gathered by the committee on June 20, 2012 and are hereunder given together with the specific recommendations per findings:

**I. Financial Matters:**

1. Internal control at the Tolosa campus especially in the disbursement of funds and financial management is very weak as shown in the following findings of Ms. Louella C. Ampac to wit:
  - a. Management failed to install a sound internal control system in the IGP-Canteen operation of the university contrary to the provisions of Section 123 and 124 of PD 1445, resulting in the non-safeguard of its assets, non-adherence to prescribed policies and unreliability of financial information. (pages 4-8 of Exhibit A)

**Recommendations:**

Incompatible functions should be segregated such that the Canteen Manager should not perform the physical count of goods available for sale but it should be the Property Officer. Proper reports should be prepared by the IGP Manager and recording of such transactions, maintenance of subsidiary ledgers and results of operations should be summarized in the

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Pls. provide  
a copy. We will  
discuss this after my  
trip to Labo  
Thanks  
Dr. Lauzon



financial statements by the Accountant/Bookkeeper. Procurement of goods and supplies should be made by the School Buyer & daily collection of cash sales should be remitted daily and intact to the Cashier. The above practice can maintain check and balance.

- b. Disbursement of NAFES fund exceeded P191,716.95 due to lack of monitoring of work and financial plan and fund balance, improper booking up in the Special Trust Fund Account and weak internal control on the construction of buildings contrary to Section 4 of PD 1445 & Section 5 of MOA between VSU & CHED thereby depleting the Special Trust funds of the university. (pages 1-3 of Exhibit B)

**Recommendation:**

The management should open a separate bank account solely for trust fund projects to ensure reliable records and facilitate monitoring of funds. Subsidiary ledgers should also be maintained and updated. In implementing projects, the required Program of Work (POW) should be prepared and amount budgeted for the POW which should be used as guide in project implementation.

- c. Seven activities indicated in the Work & Financial Plan totaling P113,700.00 were not implemented and funds were diverted mostly to construction projects contrary to Section 2 of the MOA between CHED and VSU-Tolosa and Section 4 of PD 1445 thereby depriving the beneficiaries of the benefits that could be derived from the trust fund. (pages 4-6 of Exhibit B)

**Recommendation:**

The activities funded by CHED should be implemented by the university as the later is already mandated per MOA signed by the school with CHED. The person or persons responsible for the diversion of the funds should be made answerable for the offense committed. A written explanation or justification why they should not be charged for malversation of public funds. If such is not sufficient or acceptable, then, they should be charged administratively of the appropriate offense.

- d. Accounting Office failed to maintain subsidiary ledgers and prepare required reports contrary to Section 121 of PD 1445 and COA Circular 92-125A (pages 9-10 of Exhibit B) specifically:
- Non-preparation of IGP-Canteen Financial Report
  - Non preparation of Bank Reconciliation Statement of five (5) bank accounts from January 2010to January 2012
  - No subsidiary ledger maintained for trust fund accounts specifically for CHED and BFAR

- The bank cashbook maintained by Disbursing Officer/Cashier has no information of funds received/deposits and bank balances at end of each month

**Recommendation:**

The Bookkeeper should prepare the required financial reports of the IGP Canteen, Bank Reconciliation Statements of their five bank accounts and maintain subsidiary ledgers for trust funds especially CHED and BFAR funds. Further, the cashier is required to update his Bank Cashbook for all funds to reflect accurate and reliable balances.

- e. Sampling of documents revealed that various accounting errors resulted in the overstatement or understatement of expenses and abnormal balances of trust liabilities accounts contrary to Section 121 of PD 1445 and COA Circular 92-125A (pages 11-12 of Exhibit B)

**Recommendation:**

The Bookkeeper/Accountant should review the other accounting entries with similar nature to come up with consolidated adjusting entry to correct the deficiency in the General Services account and to book up the appropriate Trust liability accounts. The necessary adjusting entries should be prepared immediately.

2. Several violations of COA rules and regulations in the disbursement of funds have been committed by the Tolosa campus as shown in the following findings of Ms. Ampac to wit:

- a. VSU Tolosa campus spent P14,366.00 and P1,199.50 as payment of travelling expenses and overtime, respectively, of a Job Order personnel for the period January to May 2012 which is contrary to Section 4 of EXNo.298 and DBM Circular No. 10 dated March 29, 1996 resulting to irregular disbursements. (page 1-2 of Exhibit A)

**Recommendation:**

The practice of paying travelling expenses and overtime pay of Job Order personnel should be immediately stopped as the same do not conform to prescribed government accounting and auditing rules and regulations since JO personnel are not considered as government employees.

- b. Eleven (11) out of sixteen (16) administrative employees had a net take home pay below P5,000.00 contrary to Sec. 37 of RA 10155 (page 3 of Exhibit A)

**Recommendation:**

Effective immediately, the payroll section should adhere to the required net take home pay for government employees in the amount of P5,000.00



per month and to deduct only those which can be accommodated but to strictly follow the priority of deductions. In case the employee has still other financial obligations which can no longer be accommodated, he/she may make personal payments for the said account.

- c. BFAR funds were used to purchase office equipment totaling P35,634.00 contrary to Section 3 of the MOA between VSU Tolosa and BFAR & Sec. 4 of PD 1445 (pages 6-7 of Exhibit B)

**Recommendation:**

VSU Tolosa should always adhere with the terms of every MOA it will execute for trust funds and the trust amount received should be expended in accordance with the prescribed expenses and to seek for realignment from the funding agencies and to implement any deviation only after receipt of approval of the requested realignment. Since the computer set have already been procured, VSU Tolosa is required to secure the necessary approval of the realignment in order correct the violations herein noted.

- d. The construction materials for hatchery building amounting to P311,861.75 were charged to Repairs and Maintenance account and the related labor totaling P6,862.92 were charged to General Services account contrary to Section 41 of NGAS Volume I and Section 111(2) of PD 1445 which resulted in the understatement of asset, overstatement of expenses and understatement of income by P381,724.67 (pages 7-8 of Exhibit B)

**Recommendation:**

The Accountant should prepare the necessary adjusting entries to appropriately account for the assets and not to overstate the expense and understate the income of the university. If the university has future on-going infrastructure projects, expenses for materials, labor and overhead should be booked up in construction in progress account and eventually transferred to the specific asset account after the completion of the project.

3. Other financial mismanagements as shown below:

- a. Disbursements totaling P87,556.72 were cancelled due to delay in processing of procurement documents resulted in added workload of personnel and incurrence of additional expenses since suppliers are in Tacloban City (pages 3-4 of Exhibit B)

**Recommendation:**

The Buyer/canvass should advise their suppliers to indicate price validity or the number of weeks in which the quoted prices remains valid in the Request for Quotation to prevent cancelled disbursements. The Procurement section as well as the Accounting and Cashier's Office

should expedite preparation of vouchers for payment to suppliers to ensure payment within the credit terms as indicated in the RFQ.

- b. The Accounting Office failed to remit P57,854.00 to IGP fund representing collection of Accounts Receivable of Canteen deducted from the payroll of Job Order personnel (page 10 of Exhibit B)

**Recommendation:**

The Accounting Office should immediately prepare the remittance voucher for collections of IGP canteen receivables from salary deductions to provide additional funds for canteen operations. Remittance of future collections from salary deductions should be processed every end of the month.

**II. Personnel Matters**

**A. Findings on leave administration**

1. Travel to submit TRA only at BIR, Tacloban City took one day (page 1 of Ms. Bontuyan, Exhibit C-1);
2. Personnel go on official travel to follow up personal loans when it is not the concern of the university (page 1 & 2 of findings of Ms. Bontuyan, Exhibit C-1);
3. Various errors in the logging in and out by employees (pages 1-2 of Exhibit C-1);
4. Under times are not deducted in the leave card of employees (page 3 of Exhibit C-1). This is also supported by the personal findings of the chairman when she did random check of the leave cards. On the leave record of Mr. Erwin Dorego alone, 8 leave/undertimes were not deducted by Ms. Sabulao from the leave credits of Mr. Dorego (pages 3-4 of Exhibit D, Minutes of the Performance Evaluation Assessment conducted by the Ad hoc Committee at VSU Tolosa campus on June 20, 2012)

**Recommendations:**

1. VSU Tolosa should come with internal policy regarding travels to Tacloban City especially if the purpose is merely to submit documents in order to avoid wastage of government resources in the form man hours of employees.
2. Follow up of personal loans is a personal concern of the employees concerned. As such, when they do so, they should file instead a Pass Slip and their absence should be deducted from their leave credits. The Office of the President should order for a full blown audit of the leave records of the faculty and staff and the record of pass slips maintained by the Administrative Office and that of the Security Log



book in order to ascertain travels for personal purposes which have not been deducted from the leave credits of the employee concerned for immediate recording and deduction from the leave balance.

3. The Bundy clock, if still possible, should be reformatted so that entries of attendance should reflect the right column such as if the employee log in the afternoon should reflect his logging in the afternoon.
4. Undertimes should be deducted proportionately in the leave record of the faculty and staff concerned. A full blown audit of the leave records is also necessary to correct the lapses in the past. Furthermore, Ms. Sabulao should be made to explain in writing all the lapses she committed which is very serious and has put the government in a disadvantaged situation considering the amount involved in terms of terminal pay spent for those who already retired but the amount paid could have been lesser had the correct leave record been maintained by her.

**B. Workload of Job order workers**

- a. **Mr. Joemar R. Basas** – is underloaded with his main functions in the payroll preparation of regular, casual and JO staff (page 1 of Exhibit D). When interviewed by the committee, the output of Mr. Basas as presented in page 3 of Exhibit E for the period January to June 2012 is indeed very LOW. He is not also open to be given additional functions in order to justify his employment.

**Recommendation:**

His unwillingness to accept additional functions to assist the Accounting Office, even if he is underloaded do not reflect the proper attitude required of an employee. VSU Tolosa should look for an Accounting graduate who can assist the Accountant/Bookkeeper in implementing the recommendations of the committee especially in preparing financial statements for the Canteen, maintaining subsidiary ledgers and preparing bank reconciliation statements. If there are other units where Mr. Basas can be assigned, he may be transferred, otherwise, he should no longer be renewed in 2013.

- b. **Ms. Marichu Herrera** - Her load is just enough. This findings is also supported by the feedback given by Ms. Teresita Jocson (page 2 of Exhibit E) and SG Hermilina Malate (page 5 of Exhibit F). When interviewed, Ms. Herrera gave a details of her work at the Library including operating the photocopying machine which according to her, her 8 hours of work has been maximized (page 7 of Exhibit G)

**Recommendation:**

She should be given a detailed statement of her duties and responsibilities and the list of tasks which she should do in case when her routinary

functions are already completed. This is necessary in order to maximize her work hours.

- c. Imelda Palana - Her duties includes cleaning/sweeping the admin. Offices, lobby and CR. At 11:00 a.m, she proceeds to the Canteen to help wash dishes until 1:30 pm for free lunch (page 5 of Exhibit E). She used to plant flowering plants before but it was uprooted (page 1 of Exhibit D).

**Recommendation:**

Her reporting time should be clearly spelled out. A detailed list of her functions and routinary activities should also be prepared. A list of alternative functions should likewise be prepared for her to implement in case her routinary functions are already complied with.

- d. Joven N. Ocana together with three (3) other groundsman – Their 8 hours are not fully maximized (page 1 of Exhibit D and page 6 of Exhibit E)

**Recommendation:**

The Dean of VSU Tolosa campus should distribute equally the workload in maintaining the school ground, school building & classrooms, and cleaning of comfort rooms to the existing regular & JO utility workers. They should have a written schedule reflecting their frequency of cleaning and their specific area of assignment which will be used as basis of their work performance.

- e. Eugenio D. Doblón – His load is just enough (page 2 of Exhibit D and page 7 of Exhibit E)

**Recommendation:**

He should be given a detailed list of his functions and list of alternative functions when he has spare time.

- f. Adrian Carbo – His load is just enough (page 2 of Exhibit D and page 8 of Exhibit E)

**Recommendation:**

He should be given a detailed list of his functions and list of alternative functions when he has spare time.

- C. Information from Ms. Hermilina Malate, Security Guard to the effect that there are some academic staff who time-in very early in the afternoon (just after 12:00 NN or after timing out in the morning) but go home and report to work late. Some teachers dismiss their class 30 minutes before the time. Some staff who lives nearby usually time out at noontime and immediately



time in for the afternoon comes back 30 minutes to one hour late (page 4 of Exhibit E).

**Recommendation:**

A thorough investigation of this information should be conducted to ascertain its truthfulness and if there are probable causes, to impose disciplinary actions to those faculty and staff concerned. It is further recommended that the Legal Officer of the university be assigned to conduct this investigation.

**A. Academic Related findings (by Ms. Lorna Abamo)**

- a. Checklist/prospectus has limited copies
- b. Copy of Actual teaching load not furnished to Registrar, Dean & OVPI
- c. Results of students' evaluation not relayed back to faculty member concerned for his/her improvement
- d. There are lots of missed classes as students are always tapped by LGU for their activities like fiesta, etc.
- e. Course outline not updated.
- f. Faculty are not using TOS
- g. Additional classrooms are needed due to increase in enrolment.
- h. Many classrooms and many chairs need repair and all classrooms do not have electric fans, thus, very hot

**Recommendation:**

**The Dean of VSU Tolosa immediately effect corrective actions on the deficiencies as mentioned above.**

**B. Class observation results (by Lourdes B. Cano & Ms. Lorna Abamo together with Mr. Hilario Daya, OIC of VSU Tolosa campus on said date).**

- a. Not one of the teachers was using a multi-media facilities for teaching effectiveness;
- b. Most of the teachers observed do not use variety of teaching strategy to make their teaching more effective;
- c. One teacher who was observed "in cognito" and was not aware that he/she was being observed, just kept on sitting during the entire duration of her classes;

- d. Almost all the teachers who were aware having been observed appears to be very conscious and their teaching style was affected except for one newbie Instructor in a Math subject wherein he continued as if nobody was observing him. On the contrary, he was able to show his teaching effectiveness even his method was traditional through pure lecture. Even without multi-media facilities, he made sure his students understood his lecture before proceeding to the next topic.
- e. There are classrooms which are already dilapidated and in fact, one plywood in a portion of the ceiling was partially detached, putting the students to risk.

**Recommendations:**

- 1. VSU Tolosa should initiate training on teaching strategies for improvement of their teaching effectiveness and also, another training in the preparation of TOS;
- 2. VSU Tolosa should procure netbooks and LCD projectors to be used by faculty members in the conduct of their classes for improved teaching effectiveness;
- 3. In order to motivate faculty members to improve their teaching styles, a regular class observation should be conducted by the OVPI in the external campuses at least once every semester.

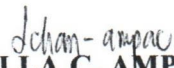
In addition, to ensure check and balance at the VSU Tolosa campus, the committee is recommending the following reorganization of the administrative offices to wit:

- 1.1. VSU Tolosa should hire a competent Bookkeeper/Accountant who is knowledgeable of COA rules and regulations and has a skill in effective financial management. Said Bookkeeper/Accountant should take charge of not only keeping and maintaining the books of the Tolosa campus but should also maintain the required subsidiary ledgers and prepare the bank reconciliation statements as required by the Commission on Audit. She should also prepare the financial statements of the Canteen and other IGPs of the campus;
- 1.2. The Administrative Officer should concentrate more in ensuring good governance through quality service to the public from all employees by monitoring performance of all personnel and in performing other personnel administration functions. She should concentrate in personnel administration because imposing control and discipline to employees and implementing a strategic performance evaluation system in the campus is already a heavy load to the Administrative Officer;



- 1.3. Approval of financial documents such as payrolls, vouchers, purchase requests, and personnel matters such as leave, pass slips, travel orders, etc. should be done only by the College Dean or his/her Officer-in-Charge in his/her absence. This is to strengthen internal control in the campus, Visayas State University, Baybay, Leyte, Philippines.

Prepared by:


  
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Member

  
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Member

  
**VELMA P. BONTUYAN**  
Member

  
**ASTERIA P. SEVILLA**  
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Member

  
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