



**VISAYAS**  
STATE UNIVERSITY

**OFFICE OF THE  
PRESIDENT**



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**Memorandum No. <sup>857</sup>**  
Series of 2024

**TO: Queen-ever Y. Atupan  
Valerie C. Valenzona**

**RE: Response to COA Audit Observation Memorandum No. 2024-013**

**FROM: DR. PROSE IVY G. YEPES**  
University President

**DATE: October 14, 2024**

This Office received an Audit Observation Memorandum (AOM) No. 2024-013 from the Commission on Audit (COA) dated October 4, 2024 regarding the following:

1. There were 3,426 pieces of Accountable Forms No. 51 that were not represented during the cash examination on the cash and accounts of the Collecting Officer conducted last July 9, 2024
2. Delegation of nine (9) collecting officers of various projects of the University to do collection without being covered by a fidelity bond.

In line with this, you are hereby directed to:

1. Present the lacking accountable forms to complete the cash examination;
2. Refrain from assigning or issuing several accountable forms to designate collecting officers to avoid possible loss or misplacement of the same;
3. Instigate the necessary action against the erring accountable officers in accordance with Articles 217 & 218 of the Revised Penal Code; and
4. Apply and assist all the designated collecting officers to apply for fidelity bond to Bureau of Treasury.

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

For your information and usual support.

**OFFICE OF THE PRESIDENT**

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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.: 2024-013 (2023-2024)  
Date: October 4, 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

**VALERIE C. VALENZONA**  
Collecting Officer  
VSU Main Campus

We have conducted an examination on the cash and accounts of the Collecting Officer of the Visayas State University (VSU) Main Campus, and noted the following deficiencies:

1) **A total of 3,426 pieces of Accountable Form (AF) No. 51 were not presented during the cash examination on the cash and accounts of the Collecting Officer of the VSU Main Campus conducted last July 9, 2024 contrary to Sections 104 & 105 of Presidential Decree (PD) No. 1445, and Articles 217 & 218 of the Revised Penal Code which renders unreliable the Report of Accountability for Accountable Forms (RAAF) resulting in the unreconciled balances of accountability and per count.**

Sections 104 and 105 of the Presidential Decree No. 1445 provides thus:

**Section 104. Records and reports required by primarily responsible officers.** The head of any agency or instrumentality of the national government or any government-owned or controlled corporation and any

other self-governing board or commission of the government shall exercise the diligence of a good father of a family in supervising accountable officers under his control to prevent the incurrence of loss of government funds or property, *otherwise he shall be jointly and solidarily liable with the person primarily accountable therefor*. The treasurer of the local government unit shall likewise exercise the same degree of supervision over accountable officers under his supervision, otherwise he shall be jointly and solidarily liable with them for the loss of government funds or property under their control.

#### **Section 105. Measure of liability of accountable officers.**

(1) Every officer accountable for government property shall be liable for its money value in case of improper or unauthorized use or misapplication thereof, by himself or any person for whose acts he may be responsible. We shall likewise be liable for all losses, damages, or deterioration occasioned by negligence in the keeping or use of the property, whether or not it be at the time in his actual custody.

(2) Every officer accountable for government funds shall be liable for all losses resulting from the unlawful deposit, use, or application thereof and for all losses attributable to negligence in the keeping of the funds.

Likewise, Articles 217 & 218 of the Revised Penal Code states that:

### **Chapter Four MALVERSION OF PUBLIC FUNDS OR PROPERTY**

**Article 217.** *Malversation of public funds or property; Presumption of malversation.* - Any public officer who, by reason of the duties of his office, is accountable for public funds or property, shall appropriate the same or shall take or misappropriate or shall consent, through abandonment or negligence, shall permit any other person to take such public funds, or property, wholly or partially, or shall otherwise be guilty of the misappropriation or malversation of such funds or property.

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The failure of a public officer to have duly forthcoming any public funds or property with which he is chargeable, *upon demand by any duly authorized officer*, shall be prima facie evidence that he has put such missing funds or property to personal use. (As amended by RA 1060).



**Article 218. Failure of accountable officer to render accounts.** - Any public officer, whether in the service or separated therefrom by resignation or any other cause, who is required by law or regulation to render account to the Insular Auditor, or to a provincial auditor and who fails to do so for a period of two months after such accounts should be rendered, shall be punished by prison correccional in its minimum period, or by a fine ranging from 200 to 6,000 pesos, or both.

In *Florencio B. Campomanes vs. People of the Philippines* (G.R. No. 161950 dated December 19, 2006), and *Lumauig vs. People of the Philippines* (G.R. No. 166680 dated July 7, 2014), the Supreme Court enumerated the four elements of the offense:

- “(1) That the offender is a public officer whether in the service or separated therefrom;
- (2) That he must be an accountable officer for public funds or property;
- (3) That he is required by law or regulation to render accounts to the COA or to a provincial auditor; and,
- (4) That he fails to do so for a period of two months after such account should be rendered.

During the cash examination conducted last July 9, 2024 covering the period September 28, 2023 to July 9, 2024, Ms. Valerie C. Valenzona, the Collecting Officer of the VSU Main was not able to present 3,426 pieces of Accountable Form No. 51 as listed in Table 1 below:

**Table 1: List of AF 51 Not Presented during the Cash Examination**

No.	Name of Funds	AF 51 (Serial No.)			Remarks
		From	To	Quantity	
1	Fund 161 (Plain)	7770001	7771000	1,000	Placed in the locked safety vault
		7782001	7783000	1,000	
2	Fund 101 (Trust)	7783002	7784000	999	
3	AREC	1920959	1921000	42	
4	ATR	4357648	4357650	3	
5	PPP	90456	90500	45	
6	KR2 - Jackfruit (SHS) - 164	50217	50250	34	
7	KR2 - White cheese/ NEDA	1249373	1249500	128	
8	DBBAB	97125	97150	26	
		97161	97250	90	
9	Gasoline Station	1244593	1244593	1	
		1244596	1244599	4	
10	101T Dollar Account	6548253	6548300	48	
11	IGP 6.3 Copra Sales	8212145	8212150	6	Misplaced

<b>Total</b>	<b>3,426</b>	
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As presented in the above table, Item Nos. 1-10 are official receipts which were placed in a safety vault as disclosed by the Collecting Officer. However, the vault could not be unlocked due to the incorrect number combination used. The Collecting Officer attempted to unlock the vault but was unsuccessful. She also mentioned that efforts were made to unlock it.

Further inquiry with regards to the misplaced official receipts assigned to Copra Sales (IGP), the Collecting Officer explained that she instructed the project manager to report to the University President the said official receipts. In case the receipts would eventually were not found, the Notice of loss would be issued. To date, no request for relief from property accountability was filed by any of these accountable officers.

The failure of the Collecting Officer to present completely the accountable forms renders the Report of Accountability for Accountable Forms unreliable which resulted in an unreconciled balance between her accountability and on-hand per count as reported in the Statement of Accountability of Accountable Forms (SAAF) as of cash examination date.

The practice also indicates very lax internal control measures over the safekeeping of **government property** contrary to Section 105 of the Presidential Decree No. 1445, and Articles 217 & 218 of the Revised Penal Code.

**We recommend that the University President require the Collecting Officer:**

- a) present the lacking accountable forms (AF No. 51) to complete the cash examination;**
- b) refrain from assigning or issuing several accountable forms to designated collecting officers to avoid possible loss or misplacement of the same; and**
- c) instigate the necessary action against the erring accountable officers in accordance with Articles 217 & 218 of the Revised Penal Code;**

**We further recommend that the Head, Cash Office submit an explanation on why there was no prompt action undertaken to access or unlock the safety vault.**



2) Nine (9) designated collecting officers for various projects of the University were allowed to collect various collections without being covered by a fidelity bond contrary to Sections 101 and 102 of Presidential Decree (PD) No. 1445, and Treasury Order No. 7160, so that 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 the 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.

The cash examination revealed that nine (9) employees of the University were allowed to receive or collect payments, and issue official receipts (AF No. 51) even if they were not bonded in accordance with law. These accountable officers are listed in Table 2 below:

**Table 2: List of Designated Collecting Officers Not Bonded**

<b>No.</b>	<b>Name of Designated Collecting Officers (Department Head/ Project Leader/Immediate Supervisor)</b>	<b>Name of Project/s</b>
1	Alexander L. Cabral, Jr.	Garden Beach Resort
2	Crislin C. Cortez	IGP Dorm Market (E/W/G) Market- Pili Nut Market Rental Other Business- EWG (IGP) Spring Water Refilling Station
3	Dario P. Lina	IGP 6.2 Buko & Coco Seedlings IGP 6.3 Copra Sales
4	Elwin Jay V. Yu (For Renewal)	VSU Hospital Income
5	James A. Patindol	CASL Philrootcrops
6	Ginas Aurea A. Villagonzalo	Pavilion
7	Gloria E. Bancale	IGP 31-Fruit/Plant Nursery
8	Jovannemar P. Anire	NCRC-Makapuno
9	Shalom Grace S. Vega	VSUIHS VSUIHS-Canteen VSUIHS-Nursery VSU-SHSVP

The above list presents the designated collecting officers with their corresponding assigned projects. The collections received by these collecting officers were derived from the revenues of various income-generating projects of the University, and are remitted to the Collecting Officer of VSU Main. These are then recorded under the Business-Related Fund (BRF) and Internally Generated Funds (IGF).

In view of the foregoing, collections of the above listed designated collecting officers not covered with fidelity bond were not safeguarded against the risk of theft, misappropriation, or shortages, thus consequently resulting in the danger of incurring indemnifiable losses to the disadvantage of the government.


**We recommend that the University President direct:**

**a) all designated collecting officers to apply for fidelity bond to the Bureau of Treasury; and**

b) the Head, Cash Office to assist the designated collecting officers in applying for the fidelity bond and monitor the same.

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		
Valerie C. Valenzona	Collecting Officer		