



VISAYAS
STATE UNIVERSITY


OFFICE OF THE
PRESIDENT



Memorandum No. 911
Series of 2024

TO: Quenstein D. Lauzon, *VSU Tolosa Chancellor*
Nelía N. Ecija, *VSU Tolosa Accountant*
Frecy V. Yepez, *VSU Tolosa Special Disbursing Officer*

RE: Response to COA Audit Observation Memorandum No. 2024-015

FROM: 
DR. PROSE IVY G. YEPES
University President

DATE: November 22, 2024

This Office received an Audit Observation Memorandum (AOM) No. 2024-015 from the Commission on Audit (COA) dated October 4, 2024 regarding the advances for payroll and advances to Ms. Yepez. The records of Ms. Ecija indicated an unreconciled variance of Php 889,850.32 for advances for payroll and Php 65, 069.00 for advances to Ms. Yepez's accounts. Additionally, there is a total variance of Php 1,040,806.65 between the records of VSU Tolosa and those of the VSU Main.

In line with this, Ms. Ecija and Ms. Yepez are directed to:

1. Present the balances of the Advances for Payroll and Advances to Special Disbursing Officer accounts between your respective records;
2. Make the necessary adjusting entries to correct the discrepancies in the account balances;
3. Submit the journal entry vouchers and supporting documents for these adjustments, and;
4. regularly reconcile your records to avoid erroneous account balances in accordance with Section 6.3 of COA Circular No. 97-002.

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

For your information and usual compliance.

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.: 2024-015 (2023-2024)

Date: November 8, 2024

AUDIT OBSERVATION MEMORANDUM (AOM)

For: **DR. PROSE IVY G. YEPES**

President, VSU
Visca, Baybay City

Attention: **QUENSTEIN D. LAUZON**
Chancellor, Tolosa Campus

NELIA N. ECIJA
Accountant, Tolosa Campus

FRECY V. YEPEZ
Special Disbursing Officer, Tolosa Campus

We have audited the Advances for Payroll and Advances to Special Disbursing Officer accounts relative to the cash examination of the Special Disbursing Officer of the VSU Tolosa Campus and noted the following deficiencies:

The records maintained by the Accounting and Accountable Officer of the Tolosa Campus indicate an unreconciled variance of ₱889,850.32 for Advances for Payroll and ₱65,069.00 for Advances to Special Disbursing Officer accounts. Additionally, there is a total variance of ₱1,040,806.65 between the records of the Tolosa Campus and those of the Main Campus, contrary to Section 111(2) of PD No. 1445 and Section 6.3 of COA Circular No. 97-002 dated February 10, 1997 thereby affecting the accuracy of the account balances reflected in the trial balances and subsidiary ledgers.

Section 111 of PD No. 1445, otherwise known as the State Audit Code of the Philippines provides:

SECTION 111. Keeping of accounts. – (1) The accounts of an agency shall be kept in such detail as is necessary to meet the needs of the agency and at the same time be adequate to furnish the information needed by fiscal or control agencies of the government.

(2) The highest standard of honesty, objectivity and consistency shall be observed in the keeping of accounts to safeguard against inaccurate or misleading information.

Section 6.3 of COA Circular No. 97-002 dated February 10, 1997 enumerates the rules and regulations on the granting, utilization and liquidation of cash advances stating thus:

6. HANDLING, CUSTODY AND DISPOSITION OF THE CASHBOOK

6.3 The AO shall reconcile the book balance with the cash on hand daily. He shall foot and close the books at the end of each month. **The AO and the Accountant shall reconcile their books of accounts at least quarterly.** (emphasis ours)

Our audit of the Advances for Payroll and Advances to Special Disbursing Officer accounts concerning the cash examination of the Special Disbursing Officer of the VSU Tolosa Campus for CY 2024 showed the following deficiencies:

A. Discrepancies in the AO and accounting records for Advances for Payroll and Advances to Special Disbursing Officer accounts by ₱889,850.32 and ₱65,069.00, respectively

Our reconciliation of the balances in the Cash Disbursement Record (CDRec) maintained by the Accountable Officer (AO) and the accounting records maintained by the Accountant of VSU Tolosa Campus for Advances for Payroll and Advances to Special Disbursing Officer accounts disclosed variances of ₱889,850.32 and ₱65,069.00, respectively, as of the date of cash examination on September 4, 2024. These discrepancies are detailed in Tables 1 and 2 below:

Table 1: Variances between the AO's Books and Subsidiary Ledger under Advances for Payroll Account

Particulars	Amount		Total
	RAF	IGP	
Advances for Payroll			
Subsidiary Ledger (SL) balance of the AO as of July 31, 2024	965,625.01	1,225.31	966,850.32
Add/(Less): Reconciling Items (Aug. 1 to Sept. 4, 2024)			
Unrecorded Cash Advances	506,467.64	129,349.63	635,817.27
Unrecorded Liquidation	(583,467.64)	(129,349.63)	(712,817.27)

Adjusted balance, Accounting Record, Sept. 4, 2024	888,625.01	1,225.31	889,850.32
Balance per CDRec, Sept. 4, 2024	0.00	0.00	0.00
Add/(Less): Reconciling Items	0.00	0.00	0.00
Adjusted balance per CDRec, Sept. 4, 2024	0.00	0.00	0.00
Variances between the Accounting and AO's records	888,625.01	1,225.31	889,850.32

Table 2: Variances between the AO's Books and Subsidiary Ledger under Advances to SDO Account

Particulars	Amount		Total
	RAF	Trust Fund	
Advances to Special Disbursing Officer			
Subsidiary Ledger (SL) balance of the AO as of July 31, 2024	10,069.00	55,000.00	65,069.00
Add/(Less): Reconciling Items for the period covering Aug. 1 to Sept. 4, 2024	0.00	0.00	0.00
Adjusted balance, Accounting Record, Sept. 4, 2024	10,069.00	55,000.00	65,069.00
Balance per CDRec, Sept. 4, 2024	0.00	0.00	0.00
Add/(Less): Reconciling Items	0.00	0.00	0.00
Adjusted balance per CDRec Sept. 4, 2024	0.00	0.00	0.00
Variances between the Accounting and AO's records	10,069.00	55,000.00	65,069.00

The subsidiary ledgers available during the cash examination was as of July 31, 2024. It is also important to note that the balances in the accountable officer's Subsidiary Ledgers from the last cash examination in CY 2023 differed from the beginning balances presented during the cash examination for CY 2024 pertaining to the above funds.

The VSU Tolosa Campus Accountant stated that they have identified the details of the discrepancies in their financial records. These discrepancies in the Advances for Payroll account relate to transactions from CY 2019. There were unrecorded liquidations, errors, and instances of double recording of cash advances or liquidations made by the previous Accountant, which required adjustments.

In relation to the Advances to Special Disbursing Officer account, the unreconciled differences date back several years. The current Accountant stated that adjustments cannot be made until the accountable officer provides the necessary documentation. Furthermore, during the last cash examination in CY 2023, the balances that contributed to the variances were not included in the Accountable Officer's subsidiary ledger due to uncertainties regarding the officer's accountability for these balances.

B. Discrepancy of ₱1,040,806.65 between the records of Main Campus and Tolosa Campus

Moreover, a comparative analysis of the balances of the Advances for Payroll and Advances to Special Disbursing Officer accounts for all funds between the Tolosa Campus and the Main Campus trial balances as of July 31, 2024, revealed a total discrepancy of ₱1,040,806.65, as presented below.

Account	Balances Per Trial Balance (As of July 31, 2024)		Difference
	Main*	Tolosa	
Advances for Payroll	2,496,500.00	3,384,350.32	(887,850.32)
Advances to Special Disbursing Officer	512,620.56	359,664.23	152,956.33
Total	3,009,120.56	3,744,014.55	1,040,806.65
<i>Note: * This balance only pertains to the VSU Tolosa Campus.</i>			

The accountant of the Tolosa Campus mentioned that a reconciliation of their records with those of the VSU Main Campus has not been conducted for the specified accounts.

During our review of the quarterly schedules prepared by the VSU Main Accountant, we noted unliquidated balances in these accounts of Tolosa Campus labelled as "Prior Years.", with no details regarding the payees who received the cash advances, the dates of the cash advances, or the check numbers for these cash advances. Regularly reconciling accounts could have helped the accountants from both the Tolosa Campus and the Main Campus avoid discrepancies, and assist in identifying the details of the outstanding cash advance balances.


Due to the unreconciled discrepancies between the accountable officer and the accounting unit of the VSU Tolosa Campus, as well as differences between the records of the Tolosa Campus and the Main Campus, the reported balances for the Advances for Payroll and Advances to Special Disbursing Officer accounts in the trial balances and subsidiary ledgers are doubtful. This condition could lead to inaccurate and misleading information.


We recommend that the University President require the concerned Accountant and Accountable Officer to:

- a) Reconcile the balances of the Advances for Payroll and Advances to Special Disbursing Officer accounts between their respective records;**
- b) Make the necessary adjusting entries to correct the discrepancies in the account balances;**

- c) **Submit the journal entry vouchers and supporting documents for these adjustments, and**
- d) **Regularly reconcile their records to avoid erroneous account balances in accordance with Section 6.3 of COA Circular No. 97-002.**

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		
Quenstein D. Lauzon	Chancellor, VSU Tolosa		
Nelia N. Ecija	Accountant, VSU Tolosa		
Frecy V. Yopez	Special Disbursing Officer, VSU Tolosa		