



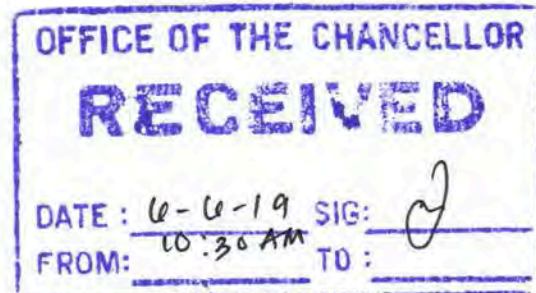
Republic of the Philippines
COMMISSION ON AUDIT
Bangsamoro Autonomous Region in Muslim Mindanao
OFFICE OF THE SUPERVISING AUDITOR
ARMM Team 4, Audit Group H – SUCs, WD & other SAA
MSU Main Campus, Marawi City



May 27, 2019

MARY JOYCE Z. GUINTO-SALI, Ph.D.
Chancellor
MSU - TCTO
Bongao, Tawi – Tawi

Dear Chancellor Sali;



We are pleased to transmit the Annual Audit Report on the audit of accounts and operations of the Mindanao State University – Tawi-Tawi College of Technology and Oceanography, Bongao, Tawi-Tawi for the year ended December 31, 2018, in compliance with Article IX-D of the Philippine Constitution and pertinent provisions of Presidential Decree No. 1445, otherwise known as the Government Auditing Code of the Philippines.

The audit was conducted in accordance with the Philippine Public Sector Standards on Auditing (PPSSA) to: (a) ascertain the level of assurance that may be placed on management's assertions on the financial statements; (b) determine the propriety of transactions as well as the extent of compliance with applicable laws, rules and regulations; (c) recommend agency improvement opportunities; and (d) determine the extent of implementation of prior years' audit recommendations. We believe that it provided reasonable basis for the results of the audit.

The attached Reports consists of the Independent Auditor's Report, the audited Financial Statements, the Observations and Recommendations, which were discussed with concerned officials and staff, and the Status of Implementation of Prior Years' Audit Recommendations.

We expressed an adverse opinion on the fairness of presentation of the financial statements of the University for the year ended December 31, 2018 in view of the exceptions noted in audit as stated in the Independent Auditor's Report in Part I of the report.

The significant findings that need immediate actions are as follows:

1. Delayed submission of transaction documents and required reports for audit

The Accountable Officers failed to submit on time the Report of Checks Issued together with the paid vouchers and the Report of Collections and Deposits together with the issued official receipts, Trial Balances, Bank Statements or Snapshots, Bank Reconciliation Statements, Journal Entry Vouchers and financial statements for the Calendar Year 2018 for post-audit purposes in violation of the provisions of Section 107 of Presidential Decree No. 1445.

2. Dormant Accounts

There was a laxity by the management in the enforcement of collections of receivables and payment of liabilities which resulted to the accumulation of uncollected balance of receivables amounting to P13,619,111.17 and P8,427,780.35 respectively

Inclusion of non-moving/dormant accounts in the Financial Statements is not a fair presentation of the latter, as it does not anymore qualify for recognition as asset or liability accounts and may mislead the users of information.

3. Uncertain Inventory and Property, Plant and Equipment Accounts

The correctness of valuation and existence of the recorded book balance of the Inventory and Property, Plant and Equipment amounting to P34,598,968.05 and P362,957,767.87 still remained uncertain due to the absence of sufficient documentary evidences and records maintained by the accounting office and supply property unit as well as the continued failure of the concerned officials to submit a comprehensive and properly prepared Report on Physical Count of Inventory (RPCI) and Report on Physical Count of PPE (RPCPPE).

4. Unremitted Inter-Agency Payable at the End of the Year

The reported year-end balance of Inter-Agency Payables Accounts such as due to BIR, GSIS, Pag-IBIG and PhilHealth showed an abnormal debit balance and unremitted/unreconciled prior years as of December 31, 2018 amounting to P3,676,883.20.

5. Non-submission of Statement of Comparison of budget and Actual Amounts

The agency submitted incomplete set of detailed (by fund cluster) Financial Statements, as it doesn't include Statement of Comparison of Budget and Actual Amounts contrary to Chapter 19 Financial Reporting, Section 5 of Government Accounting Manual (GAM) Volume 1.

Non-submission of Statement of Budget and Actual Amounts will deprive the Audit Team to analyze the difference of budgeted and actual amounts of each account and see to it if there is any misappropriation of funds made by the agency

6. Infrastructure Projects

a) Non-reporting of government programs, project and activities in manner prescribed in Section 2.1, 2.2.3, 2.2.4 and 3.1 of COA circular No. 2013-004, dated January 30, 2013, thus resulting to the delays in the reporting and validation of the project.

b) All 2018 for Contract documents for infrastructure projects with all of its supporting documents and purchase orders issued for supplies and materials were still not furnished the Auditor within five (5) working days from the date the contract was perfected and purchase orders were issued in violation of the provisions of Sections 3.1.1 and 3.2.1, respectively of COA Circular No. 2009-001, resulting to delay of the Auditor in conducting review and in informing management of defects/deficiencies, if any and delay in informing the Technical Audit Specialist (TAS) assigned in the auditing unit/cluster or to the Regional Technical Services Office(RTSO), as the case may be, for inspection so that 100% completed project could be turnover by the contractor and accepted by the management.

c) Delay in the implementation of the projects which deprived the end-users of the benefits due them on time.


d) Non-invitation of COA representative and two (2) other observers in other stages of bidding.

The other audit findings together with the recommended courses of action which were discussed by the Audit Team with concerned Management officials and staff during the exit conference on May 19, 2019 are discussed in detail in Part II of the report.

We request that the recommendations be promptly implemented and we would appreciate being informed of the actions taken thereon within sixty days (60) days from receipt hereof, using the prescribed format of the attached copy of the Agency Action Plan and Status of Implementation (AAPSI).

We express our appreciation for the support and cooperation extended to the Audit Team by the officials and employees of the University.

Very truly yours,


ATTY. ALEXANDER B. MITMUG, CPA
State Auditor IV
OIC- Supervising Auditor

- Cc:*
1. *The President, Republic of the Philippines*
 2. *The Vice-President, Republic of the Philippines*
 3. *The Senate President, Senate of the Philippines*
 4. *The Speaker, House of Representatives*
 5. *The Chairperson, Senate Finance Committee*
 6. *The Chairperson, Appropriations Committee*
 7. *The Secretary, Department of the Budget and Management*
 8. *Governance Commission for GOCC*
 9. *Presidential Management Staff, Office of the President*
 10. *National Library (soft copy)*
 11. *University of the Philippines (UP) Law Center (soft copy)*
 12. *COA Commission Central Library (soft copy)*

[Name of the Agency and Address]

**AGENCY ACTION PLAN and
STATUS of IMPLEMENTATION**
Audit Observations and Recommendations
For the Calendar Year 20XX
As of _____

Ref	Audit Observations	Audit Recommendations	Agency Action Plan				Status of Implementation	Reason for Partial/Delay/Non-Implementation, if applicable	Action Taken/Action to be Taken
			Action Plan	Person/Dept. Responsible	Target Implementation Date				
					From	To			

Agency sign-off:

Name and Position of Agency Officer

Date

Note: Status of Implementation may either be (a) Fully Implemented, (b) Ongoing, (c) Not Implemented, (d) Partially Implemented, or (e) Delayed



Republic of the Philippines
COMMISSION ON AUDIT
Bangsamoro Autonomous Region in Muslim Mindanao
OFFICE OF THE AUDIT TEAM LEADER
Audit Team 04, AG-H – SUCs, WDs and Other SAAs
MSU-TCTO, Bongao, Tawi-Tawi



May 20, 2019

ATTY. ALEXANDER B. MITMUG, CPA

State Auditor IV

OIC-Supervising Auditor

Audit Group H – SUCs, WDs and SAAs

MSU Main Campus, Marawi City

Sir;

In compliance with Section 2, Article IX-D of the Philippines Constitution and pertinent sections of Presidential Decree No. 1445, we conducted a financial and compliance audit on the accounts and operations of the Mindanao State University-Tawi-Tawi College of Technology and Oceanography, Bongao, Tawi-Tawi for the Calendar Year ended December 31, 2018.

The audit was conducted to ascertain the propriety of financial transactions and compliance of the agency with prescribed rules and regulations. It was also made to ascertain the accuracy of the financial records and reports, as well as the fairness of the presentation of the financial statements.

The audit was conducted in accordance with Philippine Public Sector Standards on Auditing and we believe that it provided reasonable basis for our audit opinion.

We rendered an adverse opinion on the fairness of presentation of financial statements as of December 31, 2018, for reasons as stated in the Independent Auditor's Report.

Very truly yours,

ARSAGGAF L. UMABONG, CPA

State Auditor I

OIC-Audit Team Leader



**Republic of the Philippines
COMMISSION ON AUDIT
Commonwealth Avenue, Quezon City**

ANNUAL AUDIT REPORT

ON THE

**MINDANAO STATE UNIVERSITY
Tawi-Tawi College of Technology and Oceanography
Bongao, Tawi-Tawi**

For the Year Ended December 31, 2018

EXECUTIVE SUMMARY

1) INTRODUCTION

a. Audited Agency

The Mindanao State University- Tawi-Tawi College of Technology and Oceanography (MSU-TCTO) was formally established under Republic Act No. 6060, as amended, on August 4, 1969 in southern Sulu and it was known as the MSU-Sulu College of Technology and Oceanography and started its operation as an integral unit of the Mindanao State University. With the creation of the Province of Tawi-Tawi, the name was changed to MSU-Tawi-Tawi College of Technology and Oceanography on March 16, 1982, under Batas Pambansa Blg. 197.

Its primary mandate is to extend to the Muslims and other cultural minority groups the opportunities of college education and develop such other programs as well promote Muslim welfare and hasten the economic development of the southernmost region of the Philippines.

MSU-TCTO is comprised of the following academic units: the Graduate School, College of Fisheries, Institute of Environmental and Oceanography Studies, Institute of Information and Communications Technology, College of Islamic and Arabic Studies, College of Education, College of Arts and Sciences, Eastern Extension (Ungus Matata), Western Extension (Sibutu), Northern Extension (Mapun), Senior High School, Preparatory High School, Science High School, Secondary Education Department (Community High Schools), Child Development Center-Laboratory Elementary School (CDC-LES) and Childhood Integrated Learning Development School (CHILDS).

The governance of the MSU-TCTO is vested upon the Board of Regents, which exercises policy-making functions to carry out the mission and programs of the College by Virtue of RA 8292, the Higher Education Modernization Act of 1997.

The College is administered by Chancellor Mary Joyce Z. Guinto-Sali, Ph.D. She is assisted by four Vice Chancellors namely: Prof. Benecito L. Maratas (Academic Affairs), Mr. Sawadjaan U. Jaji (Administration and Finance), Prof. Aida J. Hadji (Research and Extension) and Prof. Abdurizal A. Eldani (Planning and Development).

b. Audit Methodology

The audit was conducted in accordance with applicable legal and regulatory requirements, and the Philippine Public Sector Standards on Auditing. Those standards require that we plan and perform the audit to obtain a reasonable basis for our conclusions.

c. Scope of Audit

The audit covered the accounts and operations of the MSU-TCTO for the Calendar Year 2018. It was aimed at ascertaining the propriety of financial transactions, Management's compliance to prescribed rules and regulations and the fairness of presentation of the financial statements.

2.a) FINANCIAL HIGHLIGHTS

Comparative Financial Position and Financial Performance

Particulars	CY 2018	CY 2017	Increase/(Decrease)	% Increase (Decrease)
Assets	535,294,687.41	531,567,035.04	3,727,652.37	0.70
Liabilities	64,112,302.14	66,926,498.48	(2,814,196.34)	(4.20)
Equity	471,182,385.27	464,640,536.56	6,541,848.71	1.41
Income	11,456,990.59	15,638,370.87	(4,181,380.28)	(36.50)
Subsidies	549,919,342.03	645,977,526.82	(96,058,184.79)	(14.87)
Expenses	526,854,053.45	486,347,920.99	40,506,132.46	8.34

2.b) OPERATIONAL HIGHLIGHTS

Performance in Licensure Examinations (passing rate in percentage)

Name of Licensure Examination	2019	2018		
	March	March	September	October
LET – Elementary Education	27.28%	15.38%	21.37%	-
LET – Secondary Education	25.95%	28.85%	32.17%	-
Fisheries Technology	-	-	-	18.18%

Graduate and Enrolment Profile

Academic Program Level	Graduates		Enrollment			
	AY 2017-2018	AY 2018-2019	2 ND Sem 2016-2017	1 st Sem 2017-2018	2 nd Sem 2017-2018	1 st Sem 2018-2019
Masteral	24	32	122	212	147	133
Baccalaureate	409	502	2007	1722	1401	1678
Senior High School	307	233	337	575	559	752
Secondary	1240	1285	5958	5944		5929
Primary	102	105	656	557		607
Kindergarten	75	103	88	100		111

3) AUDIT OPINION ON THE FINANCIAL STATEMENTS

The Auditor rendered an adverse opinion on the fairness of presentation of the financial statements due to the material effects of the noted deficiencies on some of the accounts, as discussed in detail in Part II of the report.

4) SUMMARY OF SIGNIFICANT OBSERVATIONS AND RECOMMENDATIONS

1. Delayed submission of transaction documents and required reports for audit

The Accountable Officers failed to submit on time the Report of Checks Issued together with the paid vouchers and the Report of Collections and Deposits together with the issued official receipts, Trial Balances, Bank Statements or Snapshots, Bank Reconciliation Statements, Journal Entry Vouchers and financial statements for the Calendar Year 2018 for post-audit purposes in violation of the provisions of Section 107 of Presidential Decree No. 1445.

We reiterate our recommendations that the Office of the Director of Finance:

- a) Conduct planning, target setting and prepare commitment reports particularly on the timelines on the submission of transaction documents/reports and financial statements provided in Section 7.2.1 (a) of COA Circular 2009-006 and Sections 59 and 60, Chapter 19, of GAM for NGAs, Volume I and other reports required by COA, DBM and other regulatory bodies;
- b) Review and evaluate the performance of the accounting and cashiering personnel; and recommend replacement for those found undesirable with qualified personnel with the right work attitude; and
- c) Conduct periodic monitoring of submission of required reports to COA, DBM and other regulatory bodies and see to it that all the required reports are submitted on time.

2. Dormant Accounts

There was a laxity by the management in the enforcement of collections of receivables and payment of liabilities which resulted to the accumulation of uncollected balance of receivables amounting to P13,619,111.17 and P8,427,780.35 respectively.

We recommended that the management:

- a. Comply with the provisions of Section 111 of PD 1445 paragraphs 1 and 2 as regards to recording of accounts;

- b. Undertake more aggressive measures that will facilitate the collection of these long outstanding past due receivables such as sending letter reminders, conduct of house to house collection campaign among delinquent borrowers, and if warranted, avail of civil remedies for the collection of these accounts.
- c. Secure complete documents to support the claims against the agency as required under Section 4 Paragraph 6 of PD 1445 and intensify its efforts to pay all of the liabilities with complete documentations.
- d. Verify, review and analyze the dormant asset and liability accounts totaling P13,619,111.17 and P8,427,780.35, respectively, as required under COA Circular No. 97-001 and effect the necessary adjustment/s to arrive at the correct account balance at year-end; and
- e. Receivable Accounts totaling P13,619,111.17 which were dormant and which may be written-off, be guided by the procedures in the write-off of dormant accounts as set forth in the COA Circular No. 2016-005.

3. Uncertain Inventory and Property, Plant and Equipment Accounts

The correctness of valuation and existence of the recorded book balance of the Inventory and Property, Plant and Equipment amounting to P34,598,968.05 and P362,957,767.87 still remained uncertain due to the absence of sufficient documentary evidences and records maintained by the accounting office and supply property unit as well as the continued failure of the concerned officials to submit a comprehensive and properly prepared Report on Physical Count of Inventory (RPCI) and Report on Physical Count of PPE (RPCPPE).

We recommend that management require:

- a. The Inventory Committee and invite the Auditor to conduct a thorough review of the Report of Physical Count of Inventory and PPE by conducting regular actual count, validation, verification and inspection of Inventory and PPE owned by the agency to establish their existence, completeness and status. Advised them to prepare the reports in accordance with the guidelines set by the Commission and distribute the report as follows:
 - Original – COA Auditor, through the Accounting Division/Unit
 - Copy 2 – Supply and/or Property Division/Unit
 - Copy 3 – Inventory Officer/Committee
 - Copy 4 – Accounting Division/Unit

- b. The Accounting Unit and Property or Supply Division, must maintained complete Inventory, PPE ledger cards and Stock and Property Cards, respectively. After receiving a copy of the RPCI and RPCPPE from the Inventory Committee they should reconcile their records and effect the necessary adjustments to fairly present the balances of the affected Inventory and PPE on the statement of financial position.
- c. The Accountable Officers to submit the RPCI and RPCPPE to the auditor concerned not later than July 31 and January 31 of each year for the first and second semesters, respectively for RPCI and not later than January 31 of each year for RPCPPE. For PPE, items that are beyond economic repair shall be properly disposed and dropped from the books.

4. Unremitted Inter-Agency Payable at the End of the Year

The reported year-end balance of Inter-Agency Payables Accounts such as due to BIR, GSIS, Pag-IBIG and PhilHealth showed an abnormal debit balance and unremitted/unreconciled prior years as of December 31, 2018 amounting to P2,672,08.15, broken down as follows:

Account Title	Amount
Due to BIR	73,442.66
Due to GSIS	139,913.29
Due to Pag-IBIG	29,710.01
Due to PHIC	920,919.66
Due to NGAs	1,508,622.53
Total Inter-Agency Payables	2,672,608.15

We recommend that Management:

- a. Require/request the responsible officials/employees to remit immediately the withheld funds to BIR, GSIS, Pag-IBIG and PhilHealth.
- b. Require the Accounting Unit to analyse the accounts and prepare the necessary adjusting entries to remove the accounts in the books as it represents amounts withheld from the agency's allotment by the DBM-NCR and does not qualify to be recognized as liabilities as it does not require out flow of agency's future economic benefits.
- c. With regards to Due to NGAs account, strictly implement the projects as required by the agreement between the NGAs; liquidate the scholarship grants given and return any unliquidated amount after a reasonable period of time.

5. Non-submission of Statement of Comparison of budget and Actual Amounts

The agency submitted incomplete set of detailed (by fund cluster) Financial Statements, as it doesn't include Statement of Comparison of Budget and Actual Amounts contrary to Chapter 19 Financial Reporting, Section 5 of Government Accounting Manual (GAM) Volume 1.

We recommended that the management submit a complete set of financial statements condensed and by fund cluster including the Statement of Comparison of Budget and Actual Amounts as required under Chapter 19 Financial Reporting, Section 5 of GAM Volume I and Section 41 Paragraph 2 of PD 1445.

6. Infrastructure Projects

a) Non-reporting of government programs, project and activities in manner prescribed in Section 2.1, 2.2.3, 2.2.4 and 3.1 of COA circular No. 2013-004, dated January 30, 2013, thus resulting to the delays in the reporting and validation of the project.

We recommend that management should:

1. At the start of the year, Submit to the Auditor's Office a complete list of all on-going projects, programs and activities and those that are to be implemented during the year and should be updated every quarter following the format prescribed by COA Circular 2013-004, dated January 13, 2014;
2. Instruct the accountable officer/s concerned to reconcile their records to come up with the complete and accurate list of all programs, projects and activities and pinpoint a specific office to whom we should request such; and
3. Post signboard or tarpaulin containing the information needed for every project's site.

b) All 2018 for Contract documents for infrastructure projects with all of its supporting documents and purchase orders issued for supplies and materials were still not furnished the Auditor within five (5) working days from the date the contract was perfected and purchase orders were issued in violation of the provisions of Sections 3.1.1 and 3.2.1, respectively of COA Circular No. 2009-001, resulting to delay of the Auditor in conducting review and in informing management of defects/deficiencies, if any and delay in informing the Technical Audit Specialist (TAS) assigned in the auditing unit/cluster or to the Regional Technical Services Office(RTSO), as the case may be, for inspection so that 100% completed project could be turnover by the contractor and accepted by the management.

We recommend that management should:

1. Immediately submit all the 2018 and previous year's original contracts together with all the bidding documents; and

2. Regularly submit within five (5) working days from the execution of the contract the contract documents together with all of its supporting documents and purchase orders for supplies and materials for current and succeeding years.
3. After submitting the complete contract documents together with all of its supporting documents prepare and submit a request for inspection letter address to COA BARMM Technical Personnel thru the Resident Auditor who will then endorse the said request for inspection to COA BARMM Regional Office so that 100% completed project could be turnover by the contractor and accepted by the management.

c) Delay in the implementation of the projects which deprived the end-users of the benefits due them on time.

We recommend that management should:

1. Investigate the cause of the delay in the implementation of infrastructure projects, if the delay cannot be validly justified and if found out that fault is on the management personnel, such concerned personnel should be subjected to appropriate action, but if it is contractors' fault, then liquidated damages should be imposed upon the latter and consider it as a ground for disqualifying the contractor/s in participating in the future bidding activities of the University.
2. Exert more efforts to finish these projects. If necessary, prepare a catch up plan to address the delay to avoid unwanted repercussions.

d) Non-invitation of COA representative and two (2) other observers in other stages of bidding.

We recommend that management should invite the audit team or its representative not only during the pre-bid conference, opening of bids and bid evaluation but also during post-qualification stage.

7. Buildings and Other Structures not insured with GSIS

Buildings and other school properties of the College were not insured with the General Insurance Fund (GIF) of the Government Service Insurance System (GSIS) despite the mandatory requirement as provided in COA Circular No. 92-390 dated November 11, 1992 thus, exposing these properties to risk of not being indemnified for any damage or loss due to any fortuitous event such as fire, earthquake, typhoon and/or flood.

We reiterated our recommendations that the College adhere to the provisions of COA Circular No. 92-390 dated November 17, 1992.

8. Audit of GAD Plan and Budget

No allocation for Gender and Development (GAD) activities was made, both GAD Plan and Budget and Accomplishment Reports on the implementation of GAD related programs/projects was not prepared and submitted, no GAD Focal Point System and has no sex disaggregated data on file contrary to PCW-NEDA-DBM Circular No. 2012-01.

We recommend that atleast five percent (5%) of the budget be allocated to GAD and management prepare and submit its GAD Plan and Budget and Accomplishment Reports, create and/or strengthen GAD Focal Point System, and submit sex disaggregated data to facilitate timely evaluation on the implementation of GAD related programs/projects and substantive audit of GAD related transactions.

5) SUMMARY OF SUSPENSIONS, DISALLOWANCES AND CHARGES

The balances as of January 03, 2019 are as follows:

Notice of Suspension	P	0.00
Notice of Disallowances		0.00
Notice of Charges		0.00

6) STATUS OF IMPLEMENTATION OF PRIOR YEAR'S AUDIT RECOMMENDATIONS

Of the twelve audit recommendations contained in Prior Years' Annual Audit Report five were fully implemented, another two were partially implemented and five remained unimplemented, six of which are reiterated in this Report.

TABLE OF CONTENTS

PART	PARTICULARS	PAGE
	AUDITED FINANCIAL STATEMENTS	
	Independent Auditor's Report	2
	Statement of Management Responsibility for Financial Statements	5
I	Statement of Financial Position	6
	Statement of Financial Performance	7
	Statement of Cash Flows	8
	Statement of Changes in Net Assets/Equity	9
	Notes to Financial Statements	10
II	Audit Observations and Recommendations	42
III	Status of Implementation of Prior Year's Unimplemented Audit Recommendations	61
	ANNEXES	
	A – Statement of Financial Position, By Fund	69
IV	B - Statement of Financial Performance, By Fund	74
	C – Statement of Cash Flows, By Fund	79
	D - Statement of Changes in Net Assets/Equity, By Fund	80

PART I

AUDITED FINANCIAL STATEMENTS



Republic of the Philippines
COMMISSION ON AUDIT
Commonwealth Avenue
Quezon City

INDEPENDENT AUDITOR'S REPORT

MARY JOYCE Z. GUINTO-SALI, Ph.D.

Chancellor

Mindanao State University-

Tawi-Tawi College of Technology and Oceanography

Bongao, Tawi-Tawi

Report on the Financial Statements

We have audited the accompanying financial statements of the Mindanao State University – Tawi-Tawi College of Technology and Oceanography which comprise the Statement of Position as at December 31, 2018, and the Statement of Financial Performance, Statement of Changes in Net Assets/Equity and Statement of Cash Flows for the year then ended, and a summary of significant accounting policies and other explanatory information.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with state accounting principles generally accepted in the Philippines, and for such internal control as management determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with Philippine Public Sector Auditing Standards. Those standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. An audit also includes evaluating the appropriateness of accounting

principles used and the reasonableness of accounting estimates made by management, as well as evaluating the overall presentation of the financial statement.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Bases for Adverse Opinion

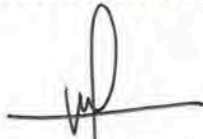
- **Report of Physical Count of Inventory (RPCI) and Report of Physical Count of Property, Plant and Equipment (RPCPPE) as of December 31, 2018 were not prepared in accordance with appendix 66 and 73 of Government Accounting Manual (GAM) Volume II.**
- **The Inventory accounts presented in the Statement of Financial Position (SFP) as of December 31, 2018 amounting to 34,598,968.05 was materially overstated.**
- **The status, accuracy, existence, completeness, composition and valuation of Property, Plant and Equipment presented in the RPCPPE and in the Statement of Financial Position as of December 31, 2018 cannot be ascertained.**
- **INFRASTRUCTURE PROJECTS**
 - a) **Non-reporting of government programs, project and activities in manner prescribed in Section 2.1, 2.2.3, 2.2.4 and 3.1 of COA circular No. 2013-004, dated January 30, 2013, thus resulting to the delays in the reporting and validation of the project.**
 - b) **All 2018 for Contract documents for infrastructure projects with all of its supporting documents and purchase orders issued for supplies and materials were still not furnished the Auditor within five (5) working days from the date the contract was perfected and purchase orders were issued in violation of the provisions of Sections 3.1.1 and 3.2.1, respectively of COA Circular No. 2009-001, resulting to delay of the Auditor in conducting review and in informing management of defects/deficiencies, if any and delay in informing the Technical Audit Specialist (TAS) assigned in the auditing unit/cluster or to the Regional Technical Services Office (RTSO), as the case may be, for inspection so that 100% completed project could be turnover by the contractor and accepted by the management.**
 - c) **Delay in the implementation of the projects which deprived the end-users of the benefits due them on time.**
 - d) **Non-invitation of COA representative and two (2) other observers in other stages of bidding.**

Adverse Opinion

In our opinion, due to the material effects of the deficiencies cited in the preceding paragraph, the financial statements referred to above do not present fairly the financial position of the Mindanao State University-Tawi-Tawi College of Technology and Oceanography as at December 31, 2018, and its financial performance and cash flows for the year then ended.

COMMISSION ON AUDIT

By:



ARSAGGAF L. UMABONG, CPA
State Auditor I
OIC-Audit Team Leader

April 30, 2018



Republic of the Philippines
Mindanao State University
TAWI-TAWI COLLEGE OF TECHNOLOGY AND OCEANOGRAPHY
Sanga-Sanga, Bongao, Tawi-Tawi

STATEMENT OF MANAGEMENT'S RESPONSIBILITY FOR FINANCIAL STATEMENTS

The management of MINDANAO STATE UNIVERSITY, TAWI-TAWI COLLEGE OF TECHNOLOGY AND OCEANOGRAPHY is responsible for all information and representations contained in the accompanying Statement of Financial Position as at December 31, 2018 and the related Statement of Financial Performance, Statement of Cash Flows, Statement of Changes in Net Assets/Equity and the Notes to Financial Statements for the year then ended. The Financial statements have been prepared in conformity with the Philippine Public Sector Accounting Standards and Generally Accepted State Accounting Principles and reflect amounts that are based on the best estimates and informed judgment of management with an appropriate consideration to materiality.

In this regard, management maintains a system of accounting and reporting which provides for the necessary internal controls to ensure that transactions are properly authorized and recorded, assets are safeguarded against unauthorized use or disposition and liabilities are recognized.


JADA A. ALSHARIF, CPA
Chief Accountant


MARY JOYCE Z. GUINTO-SALI, Ph.D
Chancellor

February 15, 2019
Date Signed

Feb. 15, 2019
Date Signed

MINDANAO STATE UNIVERSITY-TAWI-TAWI COLLEGE OF TECHNOLOGY AND OCEONOGRAPHY			
STATEMENT OF FINANCIAL POSITION			
As at Decmeber 31, 2018			
Condensed			
(All Funds)			
	Note	CY 2018	CY 2017
ASSETS			
Current Assets			
Cash and Cash Equivalent	6	81,061,256.99	100,295,413.95
Receivables	8	13,619,111.17	13,619,111.17
Inventories	9	34,598,968.05	30,657,794.93
Other Current Assets	10	42,721,483.33	54,098,681.33
Total Current Assets		172,000,819.54	198,671,001.38
Non-Current Assets			
Property, Plant and Equipment	11	362,957,767.87	332,559,933.66
Other Non-Current Assets		336,100.00	336,100.00
Total Non-Current Assets		363,293,867.87	332,896,033.66
TOTAL ASSETS		535,294,687.41	531,567,035.04
LIABILITIES AND EQUITY			
LIABILITIES			
Current Liabilities			
Financial Liabilities	15	57,031,218.29	58,141,218.29
Inter-Agency Payables	16	2,672,608.15	4,838,490.58
Total Current Liabilities		59,703,826.44	62,979,708.87
Non-Current Liabilities			
Deferred Credits		737,521.85	737,521.85
Other Payables		3,670,953.85	3,209,267.76
Total Non-Current Liabilities		4,408,475.70	3,946,789.61
TOTAL LIABILITIES		64,112,302.14	66,926,498.48
NET ASSETS/EQUITY			
Government Equity			
Government Equity		471,182,385.27	464,640,536.56
TOTAL LIABILITIES AND EQUITY		535,294,687.41	531,567,035.04
<i>This statement should be read in conjunction with the accompanying notes.</i>			

MINDANAO STATE UNIVERSITY-TAWI-TAWI COLLEGE OF TECHNOLOGY AND OCEANOGRAPHY				
STATEMENT OF FINANCIAL PERFORMANCE				
As at December 31, 2018				
Condensed				
(All Funds)				
REVENUE	Note	2018		2017
Service and Business Income				
	22	11,456,990.59		15,638,370.87
TOTAL REVENUE				
		11,456,990.59		15,638,370.87
LESS: CURRENT OPERATING EXPENSES				
Personal Services	24	447,661,533.41		413,992,993.73
Maintenance and Other Operating Expenses	25	51,400,072.36		60,830,797.44
Financial Expenses	26	30,731.43		9,305.89
Non-Cash Expenses	27	27,824,015.25		11,514,823.93
TOTAL CURRENT OPERATING EXPENSES		526,916,352.45		486,347,920.99
Deficit from Current Operations		(515,459,361.86)		(470,709,550.12)
Net Financial Assistance/Subsidy	28	549,981,641.03		645,977,526.82
SURPLUS FOR THE PERIOD		34,522,279.17		175,267,976.70
This statement should be read in conjunction with the accompanying notes.				

MINDANAO STATE UNIVERSITY-TAWI-TAWI COLLEGE OF TECHNOLOGY AND OCEANOGRAPHY					
STATEMENT OF CASH FLOWS					
For the Year ended December 31, 2018					
Condensed (All Funds)					
			CY 2018	CY 2017	
Cash Flows from Operating Activities:					
Cash Inflows:					
Receipt of NCA			549,943,940.03	604,985,221.75	
Collection of Income/Revenues			11,456,990.59	15,457,300.87	
Receipt of inter-agency cash transfers			0.00	8,665,000.00	
Total Cash Inflows			561,400,930.62	629,107,522.62	
Cash Outflows:					
Payment of personnel services			447,661,533.41	0.00	
Payment of maintenance and other operating expenses			51,337,773.36	187,467,560.13	
Payment of financial expenses			30,731.43	0.00	
Cash payment of payables incurred in operations			0.00	139,168,827.51	
Cash purchase of inventories			3,841,173.12	21,246,383.50	
Granting of cash advances/petty cash fund			0.00	20,000.00	
Remittance of GSIS/PAG-IBIG/PHILHEALTH Payable			0.00	66,947,342.85	
Grant of Cash Advances			0.00	90,304,022.19	
Reversion of Unused NCA			0.00	934.08	
Release of funds as interagency transfer			17,118,350.30	0.00	
Total Cash Outflows			519,989,561.62	505,155,070.26	
Cash Provided by Operating Activities			41,411,369.00	123,952,452.36	
Cash Flows from Investing Activities:					
Cash Inflows:			0.00	0.00	
Cash Outflows:					
Purchase/Construction of PPE			60,645,525.96	125,803,686.48	
Total Cash Outflows			60,645,525.96	125,803,686.48	
Cash Provided by Investing Activities			(60,645,525.96)	(125,803,686.48)	
Cash Flows from Financing Activities:					
Cash Inflows:			0.00	0.00	
Cash Outflows:			0.00	0.00	
Cash Provided by Financing Activities			0.00	0.00	
Increase (Decrease) in Cash and Cash Equivalents			(19,234,156.96)	(1,851,234.12)	
Effects of Exchange Rates Changes on Cash and Cash Equivalents			0.00	0.00	
Add: Beginning Balance, January 1			100,295,413.95	102,146,648.07	
Cash End, December 31			81,061,256.99	100,295,413.95	

MINDANAO STATE UNIVERSITY-TAWI-TAWI COLLEGE OF TECHNOLOGY AND OCEANOGRAPHY					
STATEMENT OF CHANGES IN NET ASSETS/EQUITY					
For the Year ended December 31, 2018					
Condensed					
(All Funds)					
			2018	2017	
Balance at January 1			464,640,536.56	333,674,319.44	
Add/(Deduct):					
Changes in Accounting Policy			0.00	0.00	
Prior period errors			0.00	(6,000.00)	
Other adjustments			(13,235,141.59)	0.00	
Restated Balance			451,405,394.97	333,680,319.44	
Changes in Net Assets/Equity for the Calendar Year					
Surplus/(Deficit) for the period			34,522,279.17	175,267,976.70	
Adjustment of net revenue recognized directly in net asset/equity			(14,120,168.99)	0.00	
Others			(625,119.88)	(44,307,759.58)	
Balance at December 31			471,182,385.27	464,640,536.56	

MINDANAO STATE UNIVERSITY
TAWI-TAWI COLLEGE OF TECHNOLOGY AND OCEANOGRAPHY
Sanga-Sanga, Bongao, Tawi-Tawi

Pro-forma Notes to Financial Statements Reference

1. General Information/Agency Profile

The [consolidated] financial statements of **Mindanao State University – Tawi-Tawi College of Technology and Oceanography (MSU-TCTO)** were authorized for issue on **December 31, 2018** as shown in the Statement of Management Responsibility for Financial Statements signed by **Mary Joyce Z. Guinto-Sali, PhD, the University Chancellor**.

The Mindanao State University – Tawi-Tawi College of Technology and Oceanography (MSU-TCTO) was established in Southern Sulu under the Republic Act No. 6060 on August 4, 1969 as the Sulu College of Technology and Oceanography and as an integral unit of Mindanao State University. On March 16, 1982 under the Batas Pambansa blg 197, the name of Sulu College of Technology and Oceanography was changed into Tawi-Tawi College of Technology and Oceanography with the creation of the Province of Tawi-Tawi.

As mandated by the operation of Republic Act No 6060, the college shall extend to the Muslims and the other cultural minority groups the opportunities of college education and develop such other programs as will promote Muslim welfare and hasten the economic development of the southernmost region of the Philippines. In keeping with this mandate, the college shall develop academic programs for effective exploitation and conservation of the fisheries resources in the Sulu seas and nearby waters, undertake researches in fish processing and culture, and in oceanography for increased understanding of the country's territorial waters, and economic development of the people. As a leading institution of learning committed to community – centered sustainable development, the college shall develop distinctive competencies, organizational capacities and individual capabilities in order to become a center of excellence in Fisheries, Marine Sciences and Engineering, and Oceanography. It shall also help develop Tawi-Tawi into becoming a haven of peace and prosperity.

The financial statement being presented is a true and complete statement of all accounts as shown in the General Ledger, prepared in accordance with generally accepted accounting principles and standards.

2. Statement of Compliance and Basis of Preparation of Financial Statements

The [consolidated] financial statements have been prepared in accordance with and comply with the Philippine Public Sector Accounting Standards (PPSAS) issued by the Commission on Audit per COA Resolution No. 2017-003 dated January 24, 2017.

The [consolidated] financial statements have been prepared on the basis of historical cost, unless stated otherwise. The Statement of Cash Flows is prepared using the direct method.

3. Summary of Significant Accounting Policies

3.1 Basis of accounting

The [consolidated] financial statements are prepared on an accrual basis in accordance with the Philippine Public Sector Accounting Standards (PPSAS).

3.2 Consolidation

a. Consolidated Entities/Controlled Entities

Consolidated entities

The [consolidated] financial statements reflect the assets, liabilities, revenues, and expenses of the reporting entity and all controlled entities.

Controlled entities

The controlled entities are all those entities (including special purpose entities) over which the controlling entity has the power to govern the financial and operating policies. The controlled entities are fully consolidated from the date on which control is transferred to the controlling entity. They are de-consolidated from the date that control ceases.

Inter-group transactions, balances and unrealized gains and losses on transactions between members of the group are eliminated in full.

The accounting policies of the controlled entities are consistent with the policies adopted by the controlling entity.

The controlled entities are General Administration Services, Higher Education and Research and Extension Services.

All the entities are fully consolidated.

3.3 Financial instruments

a. Financial assets

Initial recognition and measurement

Financial assets within the scope of PPSAS 29-Financial Instruments: Recognition and Measurement are classified as financial assets at fair value through surplus or deficit, held-to-maturity investments, loans and receivables or available-for-sale financial assets, as appropriate. The Mindanao State University – Tawi-Tawi College of Technology and

Oceanography (MSU-TCTO) determines the classification of its financial assets at initial recognition.

Purchases or sales of financial assets that require delivery of assets within a time frame established by regulation or convention in the marketplace (regular way trades) are recognized on the trade date, i.e., the date that the Mindanao State University – Tawi-Tawi College of Technology and Oceanography (MSU-TCTO) commits to purchase or sell the asset.

The Mindanao State University – Tawi-Tawi College of Technology and Oceanography (MSU-TCTO)'s financial assets include: cash and short-term deposits; trade and other receivables; loans and other receivables; quoted and unquoted financial instruments; and derivative financial instruments.

Subsequent measurement

The subsequent measurement of financial assets depends on their classification.

Financial assets at fair value through surplus or deficit

Financial assets at fair value through surplus or deficit include financial assets held for trading and financial assets designated upon initial recognition at fair value through surplus and deficit. Financial assets are classified as held for trading if they are acquired for the purpose of selling or repurchasing in the near term.

Losses arising from impairment are recognized in the surplus or deficit.

Held-to-maturity

Non-derivative financial assets with fixed or determinable payments and fixed maturities are classified as held to maturity when the Mindanao State University – Tawi-Tawi College of Technology and Oceanography (MSU-TCTO) has the positive intention and ability to hold it to maturity.

After initial measurement, held-to-maturity investments are measured at amortized cost using the effective interest method, less impairment.

Amortized cost is calculated by taking into account any discount or premium on acquisition and fees or costs that are an integral part of the effective interest rate. The losses arising from impairment are recognized in surplus or deficit.

Derecognition

The Mindanao State University – Tawi-Tawi College of Technology and Oceanography (MSU-TCTO) derecognizes a financial asset or, where applicable, a part of a financial asset or part of a Mindanao State University – Tawi-Tawi College of Technology and

Oceanography (MSU-TCTO) of similar financial assets when: the rights to receive cash flows from the asset have expired or is waived

The Mindanao State University – Tawi-Tawi College of Technology and Oceanography (MSU-TCTO) has transferred its rights to receive cash flows from the asset or has assumed an obligation to pay the received cash flows in full without material delay to a third party; and either: (a) the Mindanao State University – Tawi-Tawi College of Technology and Oceanography (MSU-TCTO) has transferred substantially all the risks and rewards of the asset; or (b) the Mindanao State University – Tawi-Tawi College of Technology and Oceanography (MSU-TCTO) has neither transferred nor retained substantially all the risks and rewards of the asset, but has transferred control of the asset.

Impairment of financial assets

The Mindanao State University – Tawi-Tawi College of Technology and Oceanography (MSU-TCTO) assesses at each reporting date whether there is objective evidence that a financial asset or a group of financial assets is impaired. A financial asset or a group of financial assets is deemed to be impaired if, and only if, there is objective evidence of impairment as a result of one or more events that has occurred after the initial recognition of the asset (an incurred “loss event”) and that loss event has an impact on the estimated future cash flows of the financial asset or the group of financial assets that can be reliably estimated.

Evidence of impairment may include the following indicators:

- The debtors or a group of debtors are experiencing significant financial difficulty
- Default or delinquency in interest or principal payments
- The probability that debtors will enter bankruptcy or other financial reorganization
- Observable data indicates a measurable decrease in estimated future cash flows (e.g. changes in arrears or economic conditions that correlate with defaults)

Financial assets carried at amortized cost

For financial assets carried at amortized cost, the Mindanao State University – Tawi-Tawi College of Technology and Oceanography (MSU-TCTO) first assesses whether objective evidence of impairment exists individually for financial assets that are individually significant, or collectively for financial assets that are not individually significant. If the Mindanao State University – Tawi-Tawi College of Technology and Oceanography (MSU-TCTO) determines that no objective evidence of impairment exists for an individually assessed financial asset, whether significant or not, it includes the asset in a group of financial assets with similar credit risk characteristics and collectively assesses them for impairment. Assets that are individually assessed for impairment and for which an impairment loss is, or continues to be, recognized are not included in a collective assessment of impairment.

If there is objective evidence that an impairment loss has been incurred, the amount of the loss is measured as the difference between the assets carrying amount and the present value of estimated future cash flows (excluding future expected credit losses that have not yet been incurred). The present value of the estimated future cash flows is discounted at the financial asset's original effective interest rate. If a loan has a variable interest rate, the discount rate for measuring any impairment loss is the current effective interest rate.

The carrying amount of the asset is reduced through the use of an allowance account and the amount of the loss is recognized in surplus or deficit. Loans together with the associated allowance are written off when there is no realistic prospect of future recovery and all collateral has been realized or transferred to the MSU-TCTO. If, in a subsequent year, the amount of the estimated impairment loss increases or decreases because of an event occurring after the impairment was recognized, the previously recognized impairment loss is increased or reduced by adjusting the allowance account. If a future write-off is later recovered, the recovery is credited to finance costs in surplus or deficit.

b. Financial liabilities

Initial recognition and measurement

Financial liabilities within the scope of PPSAS 29 are classified as financial liabilities at fair value through surplus or deficit or loans and borrowings, as appropriate. The entity determines the classification of its financial liabilities at initial recognition.

All financial liabilities are recognized initially at fair value and, in the case of loans and borrowings, plus directly attributable transaction costs.

The Mindanao State University – Tawi-Tawi College of Technology and Oceanography's financial liabilities include trade and other payables, bank overdrafts, loans and borrowings, financial guarantee contracts.

Subsequent measurement

The measurement of financial liabilities depends on their classification.

Financial liabilities at fair value through surplus or deficit

Financial liabilities at fair value through surplus or deficit include financial liabilities held for trading and financial liabilities designated upon initial recognition as at fair value through surplus or deficit.

Financial liabilities are classified as held for trading if they are acquired for the purpose of selling in the near term.

This category includes derivative financial instruments entered into by the Group that are not designated as hedging instruments in hedge relationships as defined by PPSAS 29.

Gains or losses on liabilities held for trading are recognized in surplus or deficit.

Loans and borrowing

After initial recognition, interest bearing loans and borrowings are subsequently measured at amortized cost using the effective interest method.

Gains and losses are recognized in surplus or deficit when the liabilities are derecognized as well as through the effective interest method amortization process.

Amortized cost is calculated by taking into account any discount or premium on acquisition and fees or costs that are an integral part of the effective interest rate.

Derecognition

A financial liability is derecognized when the obligation under the liability is discharged or cancelled or expires.

When an existing financial liability is replaced by another from the same lender on substantially different terms, or the terms of an existing liability are substantially modified, such an exchange or modification is treated as a derecognition of the original liability and the recognition of a new liability, and the difference in the respective carrying amounts is recognized in surplus or deficit.

c. Offsetting of financial instruments

Financial assets and financial liabilities are offset and the net amount reported in the consolidated statement of financial position if, and only if, there is a currently enforceable legal right to offset the recognized amounts and there is an intention to settle on a net basis, or to realize the assets and settle the liabilities simultaneously.

d. Fair value of financial instruments

The fair value of financial instruments that are traded in active markets at each reporting date is determined by reference to quoted market prices or dealer price quotations (bid price for long positions and ask price for short positions), without any deduction for transaction costs.

e. Derivative financial instruments

Initial recognition and subsequent measurement

The Mindanao State University – Tawi-Tawi College of Technology and Oceanography (MSU-TCTO) uses derivative financial instruments such as forward currency contracts and interest rate swaps to hedge its foreign currency risks and interest rate risks, respectively. Such derivative financial instruments are initially recognized at fair value on

the date on which a derivative contract is entered into and are subsequently remeasured at fair value. Derivatives are carried as financial assets when the fair value is positive and as financial liabilities when the fair value is negative.

Any gains or losses arising from changes in the fair value of derivatives are taken directly to surplus or deficit. The Mindanao State University – Tawi-Tawi College of Technology and Oceanography (MSU-TCTO) does not apply hedge accounting.

3.4 Cash and cash equivalents

Cash and cash equivalents comprise cash on hand and cash at bank, deposits on call and highly liquid investments with an original maturity of three months or less, which are readily convertible to known amounts of cash and are subject to insignificant risk of changes in value. For the purpose of the consolidated Statement of cash flows, cash and cash equivalents consist of cash and short-term deposits as defined above, net of outstanding bank overdrafts.

3.5 Inventories

Inventory is measured at cost upon initial recognition. To the extent that inventory was received through non-exchange transactions (for no cost or for a nominal cost), the cost of the inventory is its fair value at the date of acquisition.

Costs incurred in bringing each product to its present location and conditions are accounted for, as follows:

- Raw materials: purchase cost using the weighted average cost method
- Finished goods and work in progress: cost of direct materials and labor and a proportion of manufacturing overheads based on the normal operating capacity, but excluding borrowing costs

After initial recognition, inventory is measured at the lower of cost and net realizable value. However, to the extent that a class of inventory is distributed or deployed at no charge or for a nominal charge, that class of inventory is measured at the lower of cost and current replacement cost.

Net realizable value is the estimated selling price in the ordinary course of operations, less the estimated costs of completion and the estimated costs necessary to make the sale, exchange, or distribution.

Inventories are recognized as an expense when deployed for utilization or consumption in the ordinary course of operations of the Mindanao State University – Tawi-Tawi College of Technology and Oceanography.

For 2018, no inventory count was done, thus the lack of movement of the amounts therein.

3.6 Investment Property

3.7 Property, Plant and Equipment

Recognition

An item is recognized as property, plant, and equipment (PPE) if it meets the characteristics and recognition criteria as a PPE.

The characteristics of PPE are as follows:

- tangible items;
- are held for use in the production or supply of goods or services, for rental to others, or for administrative purposes; and
- are expected to be used during more than one reporting period.

An item of PPE is recognized as an asset if:

- It is probable that future economic benefits or service potential associated with the item will flow to the entity; and
- The cost or fair value of the item can be measured reliably.

Measurement at Recognition

An item recognized as property, plant, and equipment is measured at cost.

A PPE acquired through non-exchange transaction is measured at its fair value as at the date of acquisition.

The cost of the PPE is the cash price equivalent or, for PPE acquired through non-exchange transaction its cost is its fair value as at recognition date.

Cost includes the following:

- Its purchase price, including import duties and non-refundable purchase taxes, after deducting trade discounts and rebates;
- expenditure that is directly attributable to the acquisition of the items; and
- initial estimate of the costs of dismantling and removing the item and restoring the site on which it is located, the obligation for which an entity incurs either when the item is acquired, or as a consequence of having used the item during a particular period for purposes other than to produce inventories during that period.

Measurement after Recognition

After recognition, all property, plant and equipment are stated at cost less accumulated depreciation and impairment losses.

When significant parts of property, plant and equipment are required to be replaced at intervals, the Mindanao State University – Tawi-Tawi College of Technology and Oceanography recognizes such parts as individual assets with specific useful lives and depreciates them accordingly. Likewise, when a major repair/replacement is done, its cost is recognized in the carrying amount of the plant and equipment as a replacement if the recognition criteria are satisfied.

All other repair and maintenance costs are recognized as expense in surplus or deficit as incurred.

Depreciation

Each part of an item of property, plant, and equipment with a cost that is significant in relation to the total cost of the item is depreciated separately.

The depreciation charge for each period is recognized as expense unless it is included in the cost of another asset.

Initial Recognition of Depreciation

Depreciation of an asset begins when it is available for use such as when it is in the location and condition necessary for it to be capable of operating in the manner intended by management.

For simplicity and to avoid proportionate computation, the depreciation is for one month if the PPE is available for use on or before the 15th of the month.

However, if the PPE is available for use after the 15th of the month, depreciation is for the succeeding month.

Depreciation Method

The straight line method of depreciation is adopted unless another method is more appropriate for agency operation.

Estimated Useful Life

The Mindanao State University – Tawi-Tawi College of Technology and Oceanography uses the Schedule on the Estimated Useful Life of PPE by classification prepared by COA.

The Mindanao State University – Tawi-Tawi College of Technology and Oceanography uses a residual value equivalent to at least five percent (5%) of the cost of the PPE.

Impairment

An asset's carrying amount is written down to its recoverable amount, or recoverable service amount, if the asset's carrying amount is greater than its estimated recoverable service amount.

Derecognition

The Mindanao State University – Tawi-Tawi College of Technology and Oceanography derecognizes items of property, plant and equipment and/or any significant part of an asset upon disposal or when no future economic benefits or service potential is expected from its continuing use. Any gain or loss arising on derecognition of the asset (calculated as the difference between the net disposal proceeds and the carrying amount of the asset) is included in the surplus or deficit when the asset is derecognized.

3.8 Leases

Mindanao State University – Tawi-Tawi College of Technology and Oceanography as a lessee

Finance Lease

Finance leases are leases that transfer substantially all of the risks and benefits incidental to ownership of the leased item to the Mindanao State University – Tawi-Tawi College of Technology and Oceanography.

Assets held under a finance lease are capitalized at the commencement of the lease at the fair value of the leased property or, if lower, at the present value of the future minimum lease payments. The Mindanao State University – Tawi-Tawi College of Technology and Oceanography also recognizes the associated lease liability at the inception of the lease. The liability recognized is measured as the present value of the future minimum lease payments at initial recognition.

Subsequent to initial recognition, lease payments are apportioned between finance charges and reduction of the lease liability so as to achieve a constant rate of interest on the remaining balance of the liability. Finance charges are recognized as finance costs in surplus or deficit.

An asset held under a finance lease is depreciated over the useful life of the asset. However, if there is no reasonable certainty that the Mindanao State University – Tawi-Tawi College of Technology and Oceanography will obtain ownership of the asset by the end of the lease term, the asset is depreciated over the shorter of the estimated useful life of the asset and the lease term.

Operating lease

Operating leases are leases that do not transfer substantially all the risks and benefits incidental to ownership of the leased item to the Mindanao State University – Tawi-Tawi College of Technology and Oceanography.

Operating lease payments are recognized as an operating expense in surplus or deficit on a straight-line basis over the lease term.

Mindanao State University – Tawi-Tawi College of Technology and Oceanography as a lessor

Finance Lease

The Mindanao State University – Tawi-Tawi College of Technology and Oceanography recognizes lease payments receivable under a finance lease as assets in the statements of financial position. The assets are presented as receivable at an amount equal to the net investment in the lease.

The finance revenue are recognized based on a pattern reflecting a constant periodic rate of return on the net investment in the finance lease.

Operating Lease

Leases in which the Mindanao State University – Tawi-Tawi College of Technology and Oceanography does not transfer substantially all the risks and benefits of ownership of an asset are classified as operating leases.

Initial direct costs incurred in negotiating an operating lease are added to the carrying amount of the leased asset and recognized over the lease term.

Rent received from an operating lease is recognized as income on a straight-line basis over the lease term. Contingent rents are recognized as revenue in the period in which they are earned.

The depreciation policy for PPE are applied to similar assets leased by the entity.

3.9 Intangible Assets

Recognition and Measurement

Intangible assets are recognized when the items are identifiable non-monetary assets without physical substance; it is probable that the expected future economic benefits or service potential that are attributable to the assets will flow to the entity; and the cost or fair value of the assets can be measured reliably.

Intangible assets acquired separately are initially recognized at cost.

If payment for an intangible asset is deferred beyond normal credit terms, its cost is the cash price equivalent. The difference between this amount and the total payments is recognized as interest expense over the period of credit unless it is capitalized in accordance with the capitalization treatment permitted in PPSAS 5, Borrowing Costs

Subsequent Expenditure on an Acquired In-process Research and Development Project

Subsequent expenditure on an in-process research or development project acquired separately and recognized as an intangible asset is:

- Recognized as an expense when incurred if it is research expenditure;
- Recognized as an expense when incurred if it is development expenditure that does not satisfy the criteria for recognition as an intangible asset; and
- Added to the carrying amount of the acquired in-process research or development project if it is development expenditure that satisfies the recognition criteria for intangible assets.

Intangible Assets Acquired through Non-Exchange Transactions

The cost of intangible assets acquired in a non-exchange transaction is their fair value at the date these were acquired.

Internally Generated Intangible Assets

Internally generated intangible assets, excluding capitalized development costs, are not capitalized and expenditure is reflected in surplus or deficit in the period in which the expenditure is incurred.

Recognition of an Expense

Expenditure on an intangible item were recognized as an expense when it is incurred unless it forms part of the cost of an intangible asset that meets the recognition criteria of an intangible asset.

Subsequent Measurement

The useful life of the intangible assets is assessed as either finite or indefinite. Intangible assets with a finite life is amortized over its useful life:

The straight line method is adopted in the amortization of the expected pattern of consumption of the expected future economic benefits or service potential.

An intangible asset with indefinite useful lives was not be amortized.

Intangible assets with an indefinite useful life or an intangible asset not yet available for use were assessed for impairment whenever there is an indication that the asset may be impaired.

The amortization period and the amortization method, for an intangible asset with a finite useful life, were reviewed at the end of each reporting period.

Changes in the expected useful life or the expected pattern of consumption of future economic benefits embodied in the asset were considered to modify the amortization period or method, as appropriate, and were treated as changes in accounting estimates. The amortization expense on an intangible asset with a finite life is recognized in surplus or deficit as the expense category that is consistent with the nature of the intangible asset.

Gains or losses arising from derecognition of an intangible asset were measured as the difference between the net disposal proceeds and the carrying amount of the asset and were recognized in the surplus or deficit when the asset is derecognized.

Research and development costs

The Mindanao State University – Tawi-Tawi College of Technology and Oceanography expenses research costs as incurred. Development costs on an individual project were recognized as intangible assets when the Mindanao State University – Tawi-Tawi College of Technology and Oceanography can demonstrate:

- The technical feasibility of completing the asset so that the asset will be available for use or sale
- Its intention to complete and its ability to use or sell the asset
- How the asset will generate future economic benefits or service potential
- The availability of resources to complete the asset
- The ability to measure reliably the expenditure during development

Following initial recognition, intangible assets were carried at cost less any accumulated amortization and accumulated impairment losses.

Amortization of the asset begins when development is complete and the asset is available for use.

It is amortized over the period of expected future benefit.

During the period of development, the asset is tested for impairment annually with any impairment losses recognized immediately in surplus or deficit.

3.10 Provisions

Provisions were recognized when the Mindanao State University – Tawi-Tawi College of Technology and Oceanography has a present obligation (legal or constructive) as a result

of a past event, it is probable that an outflow of resources embodying economic benefits or service potential will be required to settle the obligation and a reliable estimate can be made of the amount of the obligation.

Where the Mindanao State University – Tawi-Tawi College of Technology and Oceanography expects some or all of a provision to be reimbursed, for example, under an insurance contract, the reimbursement is recognized as a separate asset only when the reimbursement is virtually certain.

The expense relating to any provision is presented in the statement of financial performance net of any reimbursement.

Provisions were reviewed at each reporting date, and adjusted to reflect the current best estimate. If it is no longer probable that an outflow of resources embodying economic benefits or service potential will be required to settle the obligation, the provisions were reversed.

Contingent liabilities

The Mindanao State University – Tawi-Tawi College of Technology and Oceanography does not recognize a contingent liability, but discloses details of any contingencies in the notes to the financial statements, unless the possibility of an outflow of resources embodying economic benefits or service potential is remote.

Contingent assets

The Mindanao State University – Tawi-Tawi College of Technology and Oceanography does not recognize a contingent asset, but discloses details of a possible asset whose existence is contingent on the occurrence or non-occurrence of one or more uncertain future events not wholly within the control of the Mindanao State University – Tawi-Tawi College of Technology and Oceanography in the notes to the financial statements.

Contingent assets were assessed continually to ensure that developments were appropriately reflected in the financial statements. If it has become virtually certain that an inflow of economic benefits or service potential will arise and the asset's value can be measured reliably, the asset and the related revenue are recognized in the financial statements of the period in which the change occurs.

3.11 Changes in accounting policies and estimates

The Mindanao State University – Tawi-Tawi College of Technology and Oceanography recognizes the effects of changes in accounting policy retrospectively. The effects of changes in accounting policy were applied prospectively if retrospective application is impractical.

The Mindanao State University – Tawi-Tawi College of Technology and Oceanography recognizes the effects of changes in accounting estimates prospectively by including in surplus or deficit.

The Mindanao State University – Tawi-Tawi College of Technology and Oceanography correct material prior period errors retrospectively in the first set of financial statements authorized for issue after their discovery by:

- Restating the comparative amounts for prior period(s) presented in which the error occurred; or
- If the error occurred before the earliest prior period presented, restating the opening balances of assets, liabilities and net assets/equity for the earliest prior period presented.

3.12 Foreign currency transactions

Transactions in foreign currencies were initially recognized by applying the spot exchange rate between the function currency and the foreign currency at the transaction.

At each reporting date:

- Foreign currency monetary items were translated using the closing rate;
- Nonmonetary items that were measured in terms of historical cost in a foreign currency were translated using the exchange rate at the date of the transaction; and
- Nonmonetary items that were measured at fair value in a foreign currency were translated using the exchange rates at the date when the fair value was determined.

Exchange differences arising (a) on the settlement of monetary items, or (b) on translating monetary items at rates different from those at which they were translated on initial recognition during the period or in previous financial statements, were recognized in surplus or deficit in the period in which they arise, except as those arising on a monetary item that forms part of a reporting entity's net investment in a foreign operation.

3.13 Revenue from non-exchange transactions

Recognition and Measurement of Assets from Non-Exchange Transactions

An inflow of resources from a non-exchange transaction, other than services in-kind, that meets the definition of an asset were recognized as an asset if the following criteria were met:

- It is probable that the future economic benefits or service potential associated with the asset will flow to the entity; and
- The fair value of the asset can be measured reliably.

An asset acquired through a non-exchange transaction is initially measured at its fair value as at the date of acquisition.

Recognition Revenue from Non-Exchange Transactions

An inflow of resources from a non-exchange transaction recognized as an asset is recognized as revenue, except to the extent that a liability is also recognized in respect of the same inflow.

As Mindanao State University – Tawi-Tawi College of Technology and Oceanography (MSU-TCTO) satisfies a present obligation recognized as a liability in respect of an inflow of resources from a non-exchange transaction recognized as an asset, it reduces the carrying amount of the liability recognized and recognize an amount of revenue equal to that reduction.

Measurement of Revenue from Non-Exchange Transactions

Revenue from non-exchange transactions is measured at the amount of the increase in net assets recognized by the entity, unless a corresponding liability is recognized.

Measurement of Liabilities on Initial Recognition from Non-Exchange Transactions

The amount recognized as a liability in a non-exchange transaction is the best estimate of the amount required to settle the present obligation at the reporting date.

Taxes

Taxes and the related fines and penalties were recognized when collected or when these were measurable and legally collectible. The related refunds, including those that were measurable and legally collectible, were deducted from the recognized tax revenue.

Fees and fines not related to taxes

The Mindanao State University – Tawi-Tawi College of Technology and Oceanography (MSU-TCTO) recognizes revenues from fees and fines, except those related to taxes, when earned and the asset recognition criteria were met.

Deferred income is recognized instead of revenue if there is a related condition attached that would give rise to a liability to repay the amount.

Other non-exchange revenues were recognized when it is probable that the future economic benefits or service potential associated with the asset will flow to the entity and the fair value of the asset can be measured reliably.

Gifts and Donations

The Mindanao State University – Tawi-Tawi College of Technology and Oceanography (MSU-TCTO) recognizes assets and revenue from gifts and donations when it is probable that the future economic benefits or service potential will flow to the entity and the fair value of the assets can be measured reliably.

Goods in-kind were recognized as assets when the goods were received, or there is a binding arrangement to receive the goods. If goods in-kind were received without conditions attached, revenue is recognized immediately. If conditions were attached, a liability is recognized, which is reduced and revenue recognized as the conditions were satisfied.

On initial recognition, gifts and donations including goods in-kind were measured at their fair value as at the date of acquisition, which were ascertained by reference to an active market, or by appraisal. An appraisal of the value of an asset is normally undertaken by a member of the valuation profession who holds a recognized and relevant professional qualification. For many assets, the fair value were ascertained by reference to quoted prices in an active and liquid market.

Transfers

The Mindanao State University – Tawi-Tawi College of Technology and Oceanography (MSU-TCTO) recognizes an asset in respect of transfers when the transferred resources meet the definition of an asset and satisfy the criteria for recognition as an asset, except those arising from services in-kind.

Services in-Kind

Services in-kind were not recognized as asset and revenue considering the complexity of the determination of and recognition of asset and revenue and the eventual recognition of expenses.

Transfers from other government entities

Revenues from non-exchange transactions with other government entities and the related assets were measured at fair value and recognized on obtaining control of the asset (cash, goods, services and property) if the transfer is free from conditions and it is probable that the economic benefits or service potential related to the asset will flow to the Mindanao State University – Tawi-Tawi College of Technology and Oceanography (MSU-TCTO) and can be measured reliably.

3.14 Revenue from Exchange transactions

Measurement of Revenue

Revenue was measured at the fair value of the consideration received or receivable.

Rendering of Services

The Mindanao State University – Tawi-Tawi College of Technology and Oceanography (MSU-TCTO) recognizes revenue from rendering of services by reference to the stage of completion when the outcome of the transaction can be estimated reliably. The stage of completion is measured by reference to labor hours incurred to date as a percentage of total estimated labor hours. Where the contract outcome cannot be measured reliably, revenue is recognized only to the extent that the expenses incurred were recoverable.

Sale of Goods

Revenue from the sale of goods is recognized when the significant risks and rewards of ownership have been transferred to the buyer, usually on delivery of the goods and when the amount of revenue can be measured reliably and it is probable that the economic benefits or service potential associated with the transaction will flow to the [Name of Entity].

Interest income

Interest income is accrued using the effective yield method. The effective yield discounts estimated future cash receipts through the expected life of the financial asset to that asset's net carrying amount. The method applies this yield to the principal outstanding to determine interest income each period.

Dividends

Dividends or similar distributions were recognized when the [Name of Entity]'s right to receive payments is established.

Rental income

Rental income arising from operating leases on investment properties is accounted for on a straight-line basis over the lease terms and included in revenue.

Royalties

Royalties were recognized as they were earned in accordance with the substance of the relevant agreement.

3.15 Budget information

The annual budget is prepared on a cash basis and is published in the government website.

A separate Statement of Comparison of Budget and Actual Amounts (SCBAA) was prepared since the budget and the financial statements were not prepared on comparable basis. The SCBAA was presented showing the original and final budget and the actual amounts on comparable basis to the budget. Explanatory comments are provided in the notes to the annual financial statements.

The annual budget figures included in the financial statements were for the controlling entity Mindanao State University – Tawi-Tawi College of Technology and Oceanography and therefore exclude the budget for its [Name of controlled entities excluded]. The budgets of the [Name of controlled entities excluded] were not made publicly available. These budget figures were those approved by the governing body both at the beginning and during the year following a period of consultation with the public.

3.16 Impairment of Non-Financial Assets

Impairment of cash-generating assets

At each reporting date, the Mindanao State University – Tawi-Tawi College of Technology and Oceanography assesses whether there is an indication that an asset may be impaired. If any indication exists, or when annual impairment testing for an asset is required, the Mindanao State University – Tawi-Tawi College of Technology and Oceanography estimates the asset's recoverable amount. An asset's recoverable amount is the higher of an asset's or cash-generating unit's fair value less costs to sell and its value in use and is determined for an individual asset, unless the asset does not generate cash inflows that were largely independent of those from other assets or groups of assets.

Where the carrying amount of an asset or the cash-generating unit (CGU) exceeds its recoverable amount, the asset is considered impaired and is written down to its recoverable amount.

In assessing value in use, the estimated future cash flows were discounted to their present value using a discount rate that reflects current market assessments of the time value of money and the risks specific to the asset. In determining fair value less costs to sell, recent market transactions were taken into account, if available. If no such transactions can be identified, an appropriate valuation model is used.

For assets, an assessment is made at each reporting date as to whether there is any indication that previously recognized impairment losses may no longer exist or may have decreased. If such indication exists, the Mindanao State University – Tawi-Tawi College of Technology and Oceanography estimates the asset's or cash-generating unit's recoverable amount.

A previously recognized impairment loss is reversed only if there has been a change in the assumptions used to determine the asset's recoverable amount since the last impairment loss was recognized. The reversal is limited so that the carrying amount of the asset does not exceed its recoverable amount, nor exceed the carrying amount that would have been determined, net of depreciation, had no impairment loss been recognized for the asset in prior years. Such reversal is recognized in surplus or deficit.

Impairment of non-cash-generating assets

The Mindanao State University – Tawi-Tawi College of Technology and Oceanography assesses at each reporting date whether there is an indication that a non-cash generating asset may be impaired. If any indication exists, or when annual impairment testing for an asset is required, the Mindanao State University – Tawi-Tawi College of Technology and Oceanography estimates the asset's recoverable service amount. An asset's recoverable service amount is the higher of the non-cash generating asset's fair value less costs to sell and its value in use.

Where the carrying amount of an asset exceeds its recoverable service amount, the asset is considered impaired and is written down to its recoverable service amount. The Mindanao State University – Tawi-Tawi College of Technology and Oceanography classifies assets as cash-generating assets when those assets were held with the primary objective generating a commercial return. Therefore, non-cash generating assets would be those assets from which the Mindanao State University – Tawi-Tawi College of Technology and Oceanography does not intend (as its primary objective) to realize a commercial return.

3.17 Related parties

The Mindanao State University – Tawi-Tawi College of Technology and Oceanography regards a related party as a person or an entity with the ability to exert control individually or jointly, or to exercise significant influence over the Mindanao State University – Tawi-Tawi College of Technology and Oceanography, or vice versa.

Members of key management were regarded as related parties and comprise the members of the Planning and Management Committee of the Mindanao State University – Tawi-Tawi College of Technology and Oceanography such as: [position and designation of Planning and Management Committee] of the Mindanao State University – Tawi-Tawi College of Technology and Oceanography and its controlled entities.

3.18 Service concession arrangements

The Mindanao State University – Tawi-Tawi College of Technology and Oceanography analyses all aspects of service concession arrangements that it enters into in determining the appropriate accounting treatment and disclosure requirements. In particular, where a private party contributes an asset to the arrangement, the Mindanao State University – Tawi-Tawi College of Technology and Oceanography recognizes that asset when, and

only when, it controls or regulates the services the operator must provide together with the asset, to whom it must provide them, and at what price.

In the case of assets other than 'whole-of-life' assets, it controls, through ownership, beneficial entitlement or otherwise – any significant residual interest in the asset at the end of the arrangement. Any assets so recognized were measured at their fair value. To the extent that an asset has been recognized, the Mindanao State University – Tawi-Tawi College of Technology and Oceanography also recognizes a corresponding liability, adjusted by a cash consideration paid or received.

3.19 Borrowing costs

The benchmark treatment is used by the Mindanao State University – Tawi-Tawi College of Technology and Oceanography in the recognition of borrowing costs pertaining to loans borrowed by the National Government (NG) which were recorded in the Bureau of the Treasury.

Under the benchmark treatment, borrowings costs were recognized as expense in the period in which they were incurred, regardless of how the borrowings were applied.

3.20 Employee benefits

The employees of Mindanao State University – Tawi-Tawi College of Technology and Oceanography (MSU-TCTO) are member of the Government Service Insurance System (GSIS), which provides life and retirement insurance coverage.

The Mindanao State University – Tawi-Tawi College of Technology and Oceanography (MSU-TCTO) recognizes the undiscounted amount of short term employee benefits, like salaries, wages, bonuses, allowance, etc., as expense unless capitalized, and as a liability after deducting the amount paid.

The Mindanao State University – Tawi-Tawi College of Technology and Oceanography (MSU-TCTO) recognizes expenses for accumulating compensated absences when these were paid (commuted or paid as terminal leave benefits).

Unused entitlements that has accumulated at the reporting date were not recognized as expense. Non-accumulating compensated absences, like special leave privileges, were not recognized.

3.21 Measurement uncertainty

The preparation of [consolidated] financial statements in conformity with PPSAS, requires management to make estimates and assumptions that affect the reporting amounts of assets and liabilities, and disclosure of contingent assets and liabilities, at the date of the [consolidated] financial statements and the reported amounts of the revenues and expenses during the period. Items requiring the use of significant estimates include

[enter significant estimates here, e.g. the useful life of capital assets, estimated employee benefits, rates for amortization, impairment of assets, liability for contaminated sites, etc.].

Estimates were based on the best information available at the time of preparation of the [consolidated] financial statements and were reviewed annually to reflect new information as it becomes available. Measurement uncertainty exists in these [consolidated] financial statements. Actual results could differ from these estimates.

4. Changes in Accounting Policies

Mindanao State University – Tawi-Tawi College of Technology and Oceanography (MSU-TCTO) has not adopted any new accounting policies for 2018

5. Prior Period Adjustments

The Mindanao State University – Tawi-Tawi College of Technology and Oceanography (MSU-TCTO) returned Php 13,297,083.33 to the Bureau of Treasury in 2018. Such amount was transferred from MDS account in the previous administration to the fiduciary account.

As a result, Cash in Bank – LCCA – LBP has decreased by a significant amount under the fiduciary account.

6. Cash and Cash Equivalents

Account Title	2018	2017
Cash on Hand	25,000.00	25,000.00
Cash in Bank-Local Currency	81,036,256.99	100,270,413.95
Total Cash and Cash Equivalents	81,061,256.99	100,295,413.95

7. Investments

8. Receivables

8.1 Loans and Receivables

Account Title	2018	2017
Accounts Receivable	636,874.80	636,874.80
Due from National Government Agencies	2,176,500.00	2,176,500.00
Other Receivables	10,805,736.37	10,805,736.37
Total Receivables	13,619,111.17	13,619,111.17

9. Inventories

Account Title	2018	2017
Office Supplies Inventory	9,135,517.63	9,135,517.63
Office Supplies and Materials Inventory	483,572.94	
Accountable Forms, Plates and Stickers Inventory	150,000.00	150,000.00
Textbook and Instructional Materials Inventory	3,541,733.00	95,428.00
Semi-expendable - Office Equipment	24,245.18	12,950.00
Semi-expendable - Furniture and Fixtures	7,499,500.00	7,499,500.00
Semi-expendable - Books	13,764,399.30	13,764,399.30
Total Inventory	34,598,968.05	30,657,794.93

10. Other Current Assets

Account Title	2018	2017
Advances for Operating Expenses	5,910,457.99	6,792,218.27
Advances for Payroll	5,422,121.10	7,827,499.42
Advances to Special Disbursing Officers	8,352,197.18	14,270,160.62
Advances to Officers and Employees	7,861,067.57	10,917,428.23
Advances to Contractors	15,175,639.49	14,291,374.79
Total Other Current Assets	42,721,483.33	54,098,681.33

11. Property, Plant and Equipment as of December 31, 2018

Account Title	Acquisition Cost	Accumulated Depreciation	Accumulated Impairment Loss	Net Book Value
Land	16,994,835.50	0.00	0.00	16,994,835.50
Power Supply System	1,439,328.78	0.00	0.00	1,439,328.78
Buildings and Other Structures				
School Buildings	232,868,969.19	(75,356,091.10)	0.00	157,512,878.09
Other Structures	5,752,077.11	(595,915.08)	0.00	5,156,162.03
Total Buildings and Other Structures	238,621,046.30	(75,952,006.18)	0.00	162,669,040.12
Machinery and Equipment				
Machinery	7,181,494.30	(2,230,221.55)	0.00	4,951,272.75
Office Equipment	23,062,430.14	(5,083,829.12)	0.00	17,978,601.02
Information and Communication Technology Equipment	28,496,629.94	(4,781,333.16)	0.00	23,715,296.78
Marine and Fishery Equipment	4,234,706.43	(2,426,666.13)	0.00	1,808,040.30

Communication Equipment	356,421.05	(255,490.68)	0.00	100,930.37
Fire fighting Equipment and Accessories	856,458.50	(702,000.00)	0.00	154,458.50
Military, Police and Security Equipment	57,100.00	(53,864.33)	0.00	3,235.67
Medical Equipment	333,465.00	(36,681.15)	0.00	296,783.85
Sports Equipment	1,762,919.50	(870,013.33)	0.00	892,906.17
Technical and Scientific Equipment	32,527,473.71	(7,192,821.94)	0.00	25,334,651.77
Other Machinery and Equipment	4,032,221.64	(2,245,413.86)	0.00	1,786,807.78
Total Machinery and Equipment	102,901,320.21	(25,878,335.25)	0.00	77,022,984.96
Transportation Equipment				
Motor Vehicles	15,067,357.55	(6,751,642.81)	0.00	8,315,714.74
Watercrafts	5,714,741.90	(5,425,689.11)	0.00	289,052.79
Other Transportation Equipment	672,419.00	(664,131.94)	0.00	8,287.06
Total Transportation Equipment	21,454,518.45	(12,841,463.86)	0.00	8,613,054.59
Furniture, Fixtures and Books				
Furniture and Fixtures	15,550,763.50	(7,440,335.86)	0.00	8,110,427.64
Books	9,054,541.44	(1,918,306.85)	0.00	7,136,234.59
Total Furniture, Fixtures and Books	24,605,304.94	(9,358,642.71)	0.00	15,246,662.23
Leased Asset				
Leased Assets - Machinery and Equipment	4,128,961.32	(1,135,464.36)	0.00	2,993,496.96
Total Leased Asset	4,128,961.32	(1,135,464.36)	0.00	2,993,496.96
Other Property, Plant and Equipment				
Other Property, Plant and Equipment	5,177,536.50	(5,129,312.77)	0.00	48,223.73
Total Other Property, Plant and Equipment	5,177,536.50	(5,129,312.77)	0.00	48,223.73
Construction in Progress - Buildings and Other Structures	77,930,141.00	0.00	0.00	77,930,141.00
Total Property, Plant and Equipment	493,252,993.00	(130,295,225.10)	0.00	362,957,767.87

12. Biological Assets

13. Intangible Assets

14. Other Assets

14.2 Contingent Assets

The Mindanao State University – Tawi-Tawi College of Technology and Oceanography (MSU-TCTO) has the following contingent assets where the estimated or known assets are, or exceed [amounts]. Collection of these assets is dependent on the [describe nature of future event that will confirm existence of asset]. Contingent assets are not recorded in the [consolidated] financial statements.

15. Financial Liabilities

15.1 Payables

Account Title	2018	2017
Accounts Payable	4,019,304.65	4,019,304.65
Due to Officers and Employees	53,011,913.64	54,121,913.64
Total Payables	57,031,218.29	58,141,218.29

15.2 Finance Lease Payable

15.3 Bills/Bonds/Loans Payable

16. Inter-Agency Payables

Account Title	2018	2017
Due to BIR	73,442.66	2,658,570.07
Due to GSIS	139,913.29	(42,499.39)
Due to Pag-IBIG	29,710.01	(184,729.23)
Due to PhilHealth	920,919.66	898,526.59
Due to NGAs	1,508,622.54	1,508,622.54
Total Inter-Agency Payables	2,672,608.16	4,838,490.58

17. Trust Liabilities

18. Deferred Credits/Unearned Income

19. Provisions

20. Other Payables

21. Tax Revenue

MSU TCTO is not mandated to collect taxes on behalf of the government.

22. Service and Business Income

Particulars	2018	2017
Service Income		
Permit Fees	28,570.00	39,005.00
Registration Fees	2,130.00	142,065.00
Clearance and Certification Fees	87,010.00	
Business Income		
School/Tuition Fees	5,006,032.30	4,913,202.00
Other School Fees	4,387,644.29	792,507.00
Examination Fees	593,308.00	2,011,661.00
Income Collected from Students		7,739,930.87
Rent/Lease Income	1,322,296.00	
Other Business Income	30,000.00	
Total Service and Business Income	11,456,990.59	15,638,370.87

23. Shares, Grants and Donations

24. Personnel Services

24.1 Salaries and Wages

Particulars	2018	2017
Salaries and Wages-Regular	242,579,827.46	224,332,186.25
Salaries and Wages-Casual/Contractual	39,391,541.05	29,948,810.89
Total Salaries and Wages	281,971,368.51	254,280,997.14

24.2 Other Compensation

Particulars	2018	2017
Personal Economic Relief Allowance (PERA)	19,263,126.11	18,598,000.00
Representation Allowance (RA)	3,285,919.10	4,192,727.25
Transportation Allowance (TA)	3,444,580.00	4,231,875.63
Clothing/Uniform Allowance	4,950,000.00	3,782,187.00
Subsistence Allowance		101,366.18
Laundry Allowance	110,212.07	35,310.00
Honoraria	6,134,913.32	6,035,366.88
Hazard Pay		
Longevity Pay		
Overtime and Night Pay	1,311,680.10	2,303,898.72

Year End Bonus	41,021,336.10	19,911,516.75
Cash Gift	3,923,500.00	3,907,000.00
Productivity Enhancement Incentive- Civilian	4,085,500.00	
Total Other Compensation	87,530,766.80	63,099,248.41

24.3 Employees Future Benefits

The Mindanao State University – Tawi-Tawi College of Technology and Oceanography (MSU-TCTO) and its employees contribute to the [e.g., GSIS] in accordance with the [name of the applicable Act/s]. The [Name of the entity responsible, e.g. GSIS] administers the plan, including payment of pension benefits to employees to whom the act applies. [Name of the benefit plan] is a defined contribution plan [name of other plans].

The contribution to the defined contribution plan amounted to [amount of retirement premiums paid, etc.]

24.4 Personnel Benefit Contributions

Particulars	2018	2017
Retirement and Life Insurance Premium	29,906,749.52	27,676,487.85
Pag-Ibig Contributions	933,400.00	850,400.00
PhilHealth Contributions	2,909,905.69	2,588,151.30
Employment Compensation Insurance Premium	704,198.10	306,785.31
Terminal Leave Benefits	43,705,144.79	59,113,923.72
Other Personnel Benefits		6,077,000.00
Total Personnel Benefit Contribution	78,159,398.10	96,612,748.18

25. Maintenance and Other Operating Expenses

25.1 Traveling Expenses

Particulars	2018	2017
Traveling Expenses-Local	12,136,422.83	9,076,037.10
Traveling Expenses-Foreign	581,776.18	808,325.34
Total Traveling Expenses	12,718,199.01	9,884,362.44

25.2 Training and Scholarship Expenses

Particulars	2018	2017
Training Expenses	1,065,398.99	6,196,911.15
Scholarship Grants/Expenses	13,459,194.20	19,756,938.28
Total Training and Scholarship Expenses	14,524,593.19	25,953,849.43

25.3 Supplies and Materials Expenses

Particulars	2018	2017
Office Supplies Expenses	2,253,842.05	976,578.25
Accountable Forms Expenses		
Non-Accountable Forms Expenses		
Animal/Zoological Supplies Expenses		
Food Supplies Expenses	2,151,994.44	1,635,295.28
Welfare Goods Expenses		
Drugs and Medicines Expenses	79,216.00	72,410.00
Medical, Dental and Laboratory Supplies Expenses		
Fuel, Oil and Lubricants Expenses	652,739.49	923,454.93
Agricultural and Marine Supplies Expenses	28,785.00	310,563.65
Textbooks and Instructional Materials Expenses		
Military, Police and Traffic Supplies Expenses		
Chemical and Filtering Supplies Expenses		
Other Supplies and Materials Expenses	3,697,590.02	2,378,633.48
Total Supplies and Materials Expenses	8,952,065.00	6,296,935.59

25.4 Utility Expenses

Particulars	2018	2017
Water Expenses	1,993,658.12	1,977,409.53
Electricity Expenses	3,677,023.43	3,346,536.01
Gas/Heating Expenses	2,225.00	6,525.00
Total Utility Expenses	5,672,906.55	5,330,470.54

25.5 Communication Expenses

Particulars	2018	2017
Postage and Courier Services	102,911.62	9,715.00
Telephone Expenses	218,226.09	64,886.63
Internet Subscription Expenses	382,204.42	792,394.99
Cable, Satellite, Telegraph and Radio Expenses	1,000.00	22,650.00
Total Communication Expenses	704,342.13	889,646.62

25.6 Awards/Rewards and Prizes

Particulars	2018	2017
Awards/Rewards Expenses	273,995.00	1,259,387.00
Indeminities		3,000.00
Total Awards/Rewards and Indemnities	273,995.00	1,262,387.00

25.7 Survey, Research, Exploration and Development Expenses**25.8 Demolition/Relocation and Desilting/Dredging Expenses****25.9 Generation, Transmission and Distribution Expenses****25.10 Confidential, Intelligence and Extraordinary Expenses**

Particulars	2018	2017
Confidential Expenses		
Intelligence Expenses		
Extraordinary and Miscellaneous Expenses	661,458.38	375,029.28
Total Confidential, Intelligence and Extraordinary Expenses	661,458.38	375,029.28

25.11 Professional Services

Particulars	2018	2017
Legal Services	29,619.50	1,200.00
Auditing Services		
Consultancy Services	35,000.00	220,800.00
Other Professional Services	198,944.16	79,000.00
Total Professional Services	263,563.66	301,000.00

25.12 Repairs and Maintenance

Particulars	2018	2017
Repairs and Maintenance-Buildings and Other Structures	2,316,643.13	4,560,608.25
Repairs and Maintenance-Machinery and Equipment	56,700.00	137,062.00
Repairs and Maintenance-Transportation Equipment		
Repairs and Maintenance- Motor Vehicles	161,376.52	8,460.00
Repairs and Maintenance- Watercrafts		71,042.00
Repairs and Maintenance-Furniture and Fixtures	12,000.00	51,500.00
Repairs and Maintenance-Other Property, Plant and Equipment		6,795.00
Total Repairs and Maintenance Expenses	2,547,319.65	4,835,467.25

25.13 Taxes, Insurance Premiums and Other Fees

Particulars	2018	2017
Taxes, Duties and Licenses	15,978.20	4,774.06
Fidelity Bond Premiums	135,000.00	157,500.00
Insurance Expenses		4,133.11

Total Taxes, Insurance Premiums and Other Fees	150,978.20	166,407.17
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25.14 Labor and Wages

25.15 Other Maintenance and Operating Expenses

Particulars	2018	2017
Advertising Expenses	7,500.00	5,000.00
Printing and Publication Expenses	178,780.00	
Representation Expenses		
Transportation and Delivery Expenses	718,931.04	195,760.62
Rent/Lease Expenses	236,894.42	369,191.00
Membership Dues and Contributions to Organizations	67,800.00	90,000.00
Subscription Expenses	224,521.05	346,984.90
Donations		
Litigation/Acquired Assets Expenses		
Website Maintenance	7,630.00	6,420.00
Other Maintenance and Operating Expenses	2,956,006.08	4,476,885.60
Total Other Maintenance and Operating Expenses	4,398,062.59	5,490,242.12

26. Financial Expenses

Particulars	2018	2017
Interest Expenses	1,781.43	5,539.39
Bank Charges	28,950.00	3,766.50
Total Financial Expenses	30,731.43	9,305.89

27. Non-Cash Expenses

27.1. Depreciation

Particulars	2018	2017
Depreciation-Buildings and Other Structures	7,989,440.68	4,665,982.94
Depreciation-Machinery and Equipment	4,731,118.54	1,025,563.13
Depreciation-Transportation Equipment	52,241.90	6,724.19
Depreciation- ICT Equipment	3,737,101.93	210,195.89
Depreciation- Marine and Fishery Equipment	372,301.17	87,160.56
Depreciation- Military, Police and Security Equipment	-	571.00
Depreciation- Medical Equipment	33,346.50	3,334.65
Depreciation- Sports Equipment	157,456.83	20,424.35
Depreciation- Technical and Scientific Equipment	3,158,603.24	4,014,350.36
Depreciation- Other Machinery and Equipment	403,222.16	258,067.37
Depreciation- Motor Vehicles	1,793,551.08	323,551.73

Depreciation- Watercrafts	571,474.19	57,147.42
Depreciation-Furniture, Fixtures and Books	3,229,126.67	459,950.16
Depreciation- Leased Machinery and Equipment	1,079,683.99	55,780.37
Depreciation-Leased Assets		
Depreciation-Leased Assets Improvements		
Depreciation-Heritage Assets		
Depreciation-Service Concession Assets		
Depreciation-Other Property, Plant and Equipment	480,704.24	316,572.10
Total Depreciation	27,824,015.25	11,514,823.93

27.2. Amortization

27.3. Impairment Loss

27.4. Losses

28. Net Financial Assistance/Subsidy

Financial Assistance/Subsidy from NGAs, LGUs, GOCCs

Particulars	2018	2017
Subsidy from National Government	549,943,940.03	646,166,793.90
Subsidy from other NGAs		
Assistance from Local Government Units		
Assistance from Government-Owned or Controlled Corporations		
Total Financial Assistance/Subsidy from NGAs, LGUs, GOCCs	549,943,940.03	646,166,793.90

Less: Financial Assistance/Subsidy to NGAs, LGUs, GOCCs, NGOs/POs

Particulars	2018	2017
Financial Assistance to NGAs		
Subsidy to NGAs (for BTr only)		
Financial Assistance to Local Government Units		
Budgetary Support to GOCCs		
Financial Assistance to NGOs/POs		
Subsidies-Others	62,299.00	188,333.00
Total Financial Assistance/Subsidy to NGAs, LGUs, GOCCs	62,299.00	188,333.00

Net Financial Assistance/Subsidy	549,981,641.03	646,165,859.82
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29. Non-Operating Income, Gain or Losses

29.1. Non-Operating Income/Gain

29.2. Non-Operating Losses

30. Reconciliation of Net Cash Flows from Operating Activities to Surplus/(Deficit)

31. Related party transactions

31.1 Key Management's interest:

31.2 Terms and Conditions of transactions with related parties

31.3 Key Management Personnel

The key management personnel of the Mindanao State University – Tawi-Tawi College of Technology and Oceanography are the [Head of the Entity/Agency], the members of the governing body, and the members of the senior management group. The governing body consists of members appointed by . The senior management group consists of the [agency's chief executive officer, the chief financial officer and the head of departments].

31.4 Key Management Personnel Compensation

31.5 Remuneration and Compensation Provided to Close Family Members of Key Management Personnel

During the reporting period, total remuneration and compensation of [amount] was provided by the Agency to employees who are close family members of key management personnel.

32. Service concession arrangement

NOTE TO USERS:

Although efforts were exerted to provide this basic model, this cannot be expected to address every type of transactions or disclosure requirements and it is not comprehensive enough in all respects to meet the needs of every user. Further, this model is not intended to cover all aspects of standards with regard to disclosures. Applying the PPSASs requires professional judgment.

PART II

AUDIT OBSERVATIONS AND RECOMMENDATIONS

DETAILED AUDIT OBSERVATIONS AND RECOMMENDATIONS

Financial and Compliance

1. Delayed submission of transaction documents and required reports for audit

The Accountable Officers failed to submit on time the Report of Checks Issued together with the paid vouchers and the Report of Collections and Deposits together with the issued official receipts, Trial Balances, Bank Statements or Snapshots, Bank Reconciliation Statements, Journal Entry Vouchers and financial statements for the Calendar Year 2018 for post-audit purposes in violation of the provisions of Section 107 of Presidential Decree No. 1445.

The inability of the agency officials like the designated Disbursing Officer to comply with such existing COA rules and regulations in the timely submission documents together with the accountability reports such as the report of check issued and/or disbursements to the Audit Team/Auditor for timely examination and post-audit causes the delay in the preparations and submission of audit reports.

If there is an undue delay in the reporting of information, it may lose its relevance. To provide information on a timely basis, it may often be necessary to report before all aspects of a transaction are known, thus impairing reliability. Conversely, if reporting is delayed until all aspects are known, the information may be highly reliable but of little use to users who have had to make decisions in the interim. In achieving a balance between relevance and reliability, the overriding consideration is how best to satisfy the decision-making needs of users. (*Appendix A, PPSAS I*)

We reiterate our recommendations that the Office of the Director of Finance:

- a) Conduct planning, target setting and prepare commitment reports particularly on the timelines on the submission of transaction documents/reports and financial statements provided in Section 7.2.1 (a) of COA Circular 2009-006 and Sections 59 and 60, Chapter 19, of GAM for NGAs, Volume I and other reports required by COA, DBM and other regulatory bodies;**
- b) Review and evaluate the performance of the accounting and cashiering personnel; and recommend replacement for those found undesirable with qualified personnel with the right work attitude; and**
- c) Conduct periodic monitoring of submission of required reports to COA, DBM and other regulatory bodies and see to it that all the required reports are submitted on time.**

2. Dormant Accounts

There was a laxity by the management in the enforcement of collections of receivables and payment of liabilities which resulted to the accumulation of uncollected balance of receivables amounting to P13,619,111.17 and P8,427,780.35 respectively, broken down as follows:

Account Title	Amount	Age of Receivables	Probability of Collection
Accounts Receivable	636,874.80	More than 5 years	Nil/Zero
Due from National Government Agencies	2,176,500.00	More than 5 years	Nil/Zero
Other Receivables	10,805,736.37	More than 5 years	Nil/Zero
Total Receivables	13,619,111.17		

- Accounts Receivable consists of uncollected tuition and other fees from the students.
- Due from NGAs consists of the unliquidated inter-agency cash transfers.
- Other receivables represents amounts erroneously booked up as due from various employees resulting from audit suspension in 1985 for lack of some supporting requirements.

The above receivables are not arising from disallowances/charges, cash shortages and are not subject of a pending case in court or before investigative authorities.

Account Title	Amount	Age of Payables	Probability of Payment
Accounts Payable	4,019,304.65	More than 5 years	Uncertain
Other Deferred Credits	737,521.85	More than 5 years	Nil/Zero
Other Payables	3,670,953.85	More than 5 years	Uncertain
Total Payables	8,427,780.35		

As a result the accuracy and validity of year-end balances of Receivables and Liabilities cannot be ascertained due to lack of supporting documents and the accounts have been dormant for more than five years.

Our audit was anchored on the following rules and regulations:

Section 4 Paragraph 6 of the PD 1445 provides that Claims against government funds shall be supported with complete documentation.

Section 111 of the PD 1445 states that:

- (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 standards of honesty, objectivity and consistency shall be observed in the keeping of accounts to safeguard against inaccurate or misleading information.

Also, COA Circular No. 97-001 defines Dormant Accounts as an individual account or group of accounts which balances remained non-moving for more than five (5) years. Section III (B) of the Circular also provides the guidelines on these accounts, as follows:

- a. Dormant accounts in on active fund shall be reviewed, analyzed and reconciled together with the other related accounts in the trial balance.
- b. After the review and validation of accounts, the following procedures shall be followed:
 1. Effect the adjusting journal entries and prepare the preliminary trial balance;
 2. Determine proper disposition of reconciled and validated accounts;
 3. If the analysis/review of the accounts/funds is not possible due to absence of records and documents, the agency head concerned should request for write-off and/or adjustment of account balances from COA, supported by:
 - a. List of available records and extent of validation made on the accounts; and
 - b. Certifications and reasons why the books of accounts/records, financial statements/schedules and supporting vouchers/documents cannot be located.

COA Circular No. 2016-005 dated December 19, 2016 further defines Dormant Receivable Accounts as accounts which balances remained inactive or non-moving in the books of accounts for 10 years or more and where settlement/collectability could no longer be ascertained.

On the procedures to write-off dormant accounts, Section 8 of the same COA Circular provides that:

- (1) The head of the government entity shall file the request for authority to write-off dormant receivable accounts, unliquidated cash advances, and fund transfers to COA Audit Team Leader and/or Supervising Auditor. No filing fee is required.
- (2) The request shall be supported by the following documents;

- a. Schedule of dormant accounts by accountable officer/debtor/government entity and by account, certified by the accountant and approved by the head of the government entity;
- b. Certified relevant documents validating the existence of the conditions, as applicable, such as:
 1. Proof of exhaustion of all remedies to collect the receivables and demand to liquidate the cash advances and fund transfers, such as but not limited to copies of served or returned demand letters;
 2. Certification by the responsible officials of the entity to the effect that there are no records/documents available to validate claim; and
 3. Other justifications, like in the case of request for write-off due to loss of documents, the circumstances of the loss shall be stated in the letter-request.

Inclusion of non-moving/dormant accounts in the Financial Statements is not a fair presentation of the latter, as it does not anymore qualify for recognition as asset or liability accounts and may mislead the users of information.

We recommended that the management:

- a. **Comply with the provisions of Section 111 of PD 1445 paragraphs 1 and 2 as regards to recording of accounts;**
- b. **Undertake more aggressive measures that will facilitate the collection of these long outstanding past due receivables such as sending letter reminders, conduct of house to house collection campaign among delinquent borrowers, and if warranted, avail of civil remedies for the collection of these accounts.**
- c. **Secure complete documents to support the claims against the agency as required under Section 4 Paragraph 6 of PD 1445 and intensify its efforts to pay all of the liabilities with complete documentations.**
- d. **Verify, review and analyze the dormant asset and liability accounts totaling P13,619,111.17 and P8,427,780.35, respectively, as required under COA Circular No. 97-001 and effect the necessary adjustment/s to arrive at the correct account balance at year-end; and**
- e. **Receivable Accounts totaling P13,619,111.17 which were dormant and which may be written-off, be guided by the procedures in the write-off of dormant accounts as set forth in the COA Circular No. 2016-005.**

3. Uncertain Inventory and Property, Plant and Equipment Accounts

The correctness of valuation and existence of the recorded book balance of the Inventory and Property, Plant and Equipment amounting to P34,598,968.05 and P362,957,767.87 still remained uncertain due to the absence of sufficient documentary

evidences and records maintained by the accounting office and supply property unit as well as the continued failure of the concerned officials to submit a comprehensive and properly prepared Report on Physical Count of Inventory (RPCI) and Report on Physical Count of PPE (RPCPPE).

The Report on the Physical Count of Inventories (RPCI) and Report on the Physical Count of Property, Plant and Equipment (RPCPPE) submitted by the University is incomplete and not in accordance with the guidelines stated in Government Accounting Manual (GAM) for NGAs Volume II Appendix 66 and 73.

Under the GAM for NGAs Volume II Appendix 66 and Appendix 73, the management shall submit to the Auditor concerned through the accounting unit RPCI not later than July 31 and January 31 of each year for the first and second semesters, respectively, and RPCPPE not later than January 31 of each year. The reports shall be completely filled out and properly recorded and shall be certified correct by the Inventory Committee Chair and Members, approved by the Head of Agency/Entity or his/her Authorized Representative, and verified by the COA Representative. Both reports are reconciled with the Accounting and Supply Department at the end of the period.

Furthermore, COA Circular No. 80-124 dated January 18, 1980 requires “that Physical Inventory-taking being an indispensable procedure for checking the integrity of property custodianship has to be regularly enforced.”

Non-preparation of RPCI and RPCPPE in accordance with the guidelines set by the Commission cast doubts on the reliability, accuracy, existence, completeness, valuation and status of Inventory and PPE accounts of the agency, it also may or had result to loss of government properties and it also affect the operations of the agency since the unserviceable properties are not replaced because they are not properly identified.

We recommend that management require:

- a. The Inventory Committee and invite the Auditor to conduct a thorough review of the Report of Physical Count of Inventory and PPE by conducting regular actual count, validation, verification and inspection of Inventory and PPE owned by the agency to establish their existence, completeness and status. Advised them to prepare the reports in accordance with the guidelines set by the Commission and distribute the report as follows:**

Original	–	COA Auditor, through the Accounting Division/Unit
Copy 2	–	Supply and/or Property Division/Unit
Copy 3	–	Inventory Officer/Committee
Copy 4	–	Accounting Division/Unit

- b. The Accounting Unit and Property or Supply Division, must maintained complete Inventory, PPE ledger cards and Stock and Property Cards, respectively. After receiving a copy of the RPCI and RPCPPE from the Inventory Committee they should reconcile their records and effect the necessary adjustments to fairly present the balances of the affected Inventory and PPE on the statement of financial position.
- c. The Accountable Officers to submit the RPCI and RPCPPE to the auditor concerned not later than July 31 and January 31 of each year for the first and second semesters, respectively for RPCI and not later than January 31 of each year for RPCPPE. For PPE, items that are beyond economic repair shall be properly disposed and dropped from the books.

4. Unremitted Inter-Agency Payable at the End of the Year

The reported year-end balance of Inter-Agency Payables Accounts such as due to BIR, GSIS, Pag-IBIG and PhilHealth showed an abnormal debit balance and unremitted/unreconciled prior years as of December 31, 2018 amounting to P3,676,883.20, broken down as follows:

Account Title	Amount
Due to BIR	73,442.66
Due to GSIS	139,913.29
Due to Pag-IBIG	29,710.01
Due to PHIC	920,919.66
Due to NGAs	1,508,622.53
Total Inter-Agency Payables	2,672,608.15

Due to BIR, Due to GSIS, Due to Pag-IBIG, and Due to PhilHealth represent the government shares and personal contributions of employees due from DBM-NCR as a result of adjustment from amount withheld from the agency's allotment.

Due to NGAs pertains to the balance of fund transfers made by various national government agencies to the College for implementation of project on research and other special projects and scholarship grants.

Inter-Agency Payables are funds withheld from employees' salaries and include accrual of government share at the end of the year that will be immediately remitted on the following month.

We invited the attention of the Management to the following:

- a. Section 251 of the NIRC provides that any person required to withhold, account for and remit any tax imposed by this Code or who wilfully fails to withhold such tax, or account for and remit such tax, or aids or abets in any manner to evade any

such tax or the payment thereof, shall, in addition to other penalties provided under this Chapter, be liable upon conviction to a penalty equal to the total amount of the tax not withheld, or not accounted for and remitted.

- b. Section 6 paragraph b of Republic Act No. 8291 (GSIS Act) states that each employer shall remit directly to the GSIS the employee's and employer's contributions within the first ten (10) days of the calendar month following the month to which the contributions apply. The remittance by the employer of the contribution to GSIS shall take priority over and above the payment of any and all obligations, except salaries and wages of its employees.
- c. Section 20 paragraph b of Title III of the Revised Implementing Rules and Regulations of the National Health Insurance Act of 1995 (Republic Act 7875 as amended by Republic Act 9241) states the monthly premium contributions of employed members shall be remitted by the employer on or before the tenth (10th) calendar day of the month following the applicable month for which payment is due and applicable.
- d. Under Republic Act 7742, an Act amending PD 1752, known as the Pag-IBIG Fund Law, the schedule of remittances for Company-members is provided as follows:

1st Letter of Company Name	Remittance Schedule
A to D	10 th to 14 th day of the month
E to L	15 th to 19 th day of the month
M to Q	20 th to 24 th day of the month
R to Z	25 th to the end of the month

As a result of non-remittance of Inter-Agency Payables by the responsible officials/employees, aside from the penalties imposed by different collecting agencies, the benefits that should have been received by the employees if the agency had remitted all the required contributions will be suspended and/or forfeited. Also the inclusion of the Inter-Agency Payables in the SFP may be an unfaithful or inaccurate because the accounts may not qualify to be recognized and recorded as liabilities.

We recommend that Management:

- a. **Require/request the responsible officials/employees to remit immediately the withheld funds to BIR, GSIS, Pag-IBIG and PhilHealth.**
- b. **Require the Accounting Unit to analyse the accounts and prepare the necessary adjusting entries to remove the accounts in the books as it represents amounts withheld from the agency's allotment by the DBM-NCR**

and does not qualify to be recognized as liabilities as it does not require out flow of agency's future economic benefits.

- c. With regards to Due to NGAs account, strictly implement the projects as required by the agreement between the NGAs; liquidate the scholarship grants given and return any unliquidated amount after a reasonable period of time.**

5. Non-submission of Statement of Comparison of budget and Actual Amounts

The agency submitted incomplete set of detailed (by fund cluster) Financial Statements, as it doesn't include Statement of Comparison of Budget and Actual Amounts contrary to Chapter 19 Financial Reporting, Section 5 of Government Accounting Manual (GAM) Volume 1 page 283 which states that a complete set of financial statements (condensed and by fund cluster) to be submitted by an entity shall include the following:

- a. Statement of Financial Position (SFP) (*Annex A*);
- b. Statement of Financial Performance (SFPer) (*Annex B*);
- c. Statement of Changes in Net Assets/Equity (SCNA/E) (*Annex C*);
- d. Statement of Cash Flows (SCF) (*Annex D*);
- e. Statement of Comparison of Budget and Actual Amount (SCBAA) (*Annex E*); and
- f. Notes (*Annex F*), comprising a summary of significant accounting policies and other explanatory notes. (*Par. 21, PPSAS 1*)

Chapter 19 Financial Reporting, Section 6 Qualitative Characteristics of Financial Reporting states on the following paragraphs that:

- j. Completeness – the information in financial statements should be complete within the bounds of materiality and cost.
- k. Comparability – information in financial statements is comparable when users are able to identify similarities and differences between that information and information in other reports. Comparability applies to the comparison of financial statements of different entities and comparison of the financial statements of the same entity over periods of time. An important implication of the characteristic of comparability is that users need to be informed of the policies employed in the preparation of financial statements, changes to those policies, and the effects of those changes. Because users wish to compare the performance of an entity over time, it is important that financial statements show corresponding information for preceding periods. (PPSAS 1)

Furthermore, PD 1445 Section 41 Paragraph 2 provides that, to carry out the purposes of this section, the chief accountant or the official in charge of keeping the accounts of a government agency shall submit to the Commission year-end trial balances and such other supporting or subsidiary statements as may be required by the Commission not later than the fourteenth day of February. Trial balances returned by the

Commission for revision due to non-compliance with accounting rules and regulations, shall be resubmitted within three days after the date of receipt by the official concerned.

Non-submission of Statement of Budget and Actual Amounts will deprive the Audit Team to analyze the difference of budgeted and actual amounts of each account and see to it if there is any misappropriation of funds made by the agency.

We recommended that the management submit a complete set of financial statements condensed and by fund cluster including the Statement of Comparison of Budget and Actual Amounts as required under Chapter 19 Financial Reporting, Section 5 of GAM Volume I and Section 41 Paragraph 2 of PD 1445.

6. INFRASTRUCTURE PROJECTS

a) Non-reporting of government programs, project and activities in manner prescribed in Section 2.1, 2.2.3, 2.2.4 and 3.1 of COA circular No. 2013-004, dated January 30, 2013, thus resulting to the delays in the reporting and validation of the project.

COA Circular No. 2013-004, dated January 30, 2013 state under the ff. sections that:

2.0 General Guidelines

Consistent with the constitutional and legal mandate of the COA to promote good governance through transparency and accountability; to encourage public participation therein; and to serve the right of the people to information on matters of public concern at the least possible costs on public funds or most economically effective means, the following are hereby reinstated

2.1 At the beginning of the year, all government agencies shall provide their respective assigned supervising Auditor and Audit Team Leader with the list of on-going projects, programs or activities and those that are to be implemented during the year. The list shall include project name, implementing office, description, supplier or contractor, funding source or ABC and project duration.

2.2.3 For infrastructures, a tarpaulin of signboards must be suitably framed for outdoor display at the project location.

2.2.4 For non-infrastructures PPAs, such as but not limited to medical and dental mission, distribution of relief goods and services, sports and athletes, cultural and social events, office anniversary celebrations.

3.0 The Head of the agency shall inform its SA and ATL within ten (10) days after the award of the infrastructure or before the start of the programs/activities and the SA or ATL shall validate the same.

The MSU-TCTO did not give the Audit Team the list of all on-going projects, programs and activities and those that are to be implemented every start of the year as mandated by the above provision. It was only when we demanded that the same was submitted, but the quarterly PPA reports provided were incomplete and not easily understandable.

It was observed that the list given pertains only to the infrastructure projects and one social event such as Teaching of New General Education Core (GEC) Course. It did not include other projects such as deliveries of supply and equipment and other programs and activities that the agency are currently undertaking and those that are to be implemented during the year like sports and athletes, cultural and social events and office anniversary celebrations. Also, quarterly PPA reports for CY 2018 were not presented well, the order of the presentation of contracts were not chronological from the time it was started for year 2017 and 2018 and the presentation from one quarter to another was not consistent as some uncompleted projects from last quarter were not presented in the next quarter.

Also, after thorough review of 1st Quarter 2019 PPA reports and upon research following information was taken:

MSU-TCTO Project, Program and Activities for CY 2018		
Name of Projects	Budget Allocation for Projects to be Implemented in 2018	Project/Programs and Activities for CY 2018
	(Based on information posted in MSU-TCTO Online Page)	(Based on Quarterly PPA Report for CY 2019)
Construction of Boy's Dormitory	20,000,000.00	
Construction of Science Study Center (Phase 3)	10,000,000.00	9,697,711.95
Construction of 3-Storey, 30 Classroom Building (Phase 3)	20,000,000.00	14,553,674.86
Perimeter Fencing of Fisheries and Marine Science Research and Landing Station	5,000,000.00	
Construction of Fish Enclosure Demo Laboratory	2,000,000.00	
Quality Control Equipment	2,000,000.00	
Hatchery Equipment	2,187,000.00	
Repair of Academic Building	5,000,000.00	
Purchase of Various Equipment Outlay	5,000,000.00	

Teaching of New General Education Core (GEC) Course		519,435.20
Construction of Student Center - Phase I		4,580,142.41
Repair/Rehabilitation of Institute of Oceanography and Environmental Science		982,058.47
Renovation of Office of the OVCAA		679,645.25
Rehabilitation of Preparatory High School		3,123,877.50
Repair/rehabilitation of Academic Bldg. of College of Fisheries		3,436,667.06
Rehabilitation of Old Girls' Dormitory		2,172,313.49
TOTAL PPA for CY 2018	71,187,000.00	39,745,526.19

Observe the big difference of information regarding the 2018 Project, Program and Activities of MSU-TCTO for CY 2018. This information cast doubts on the reliability and accuracy of Quarterly PPA for CY 2018 submitted by the agency.

Moreover, ocular inspections also of all on-going projects around the campus revealed that none of these projects had complied with posting of relevant information on a signboard which deprived the public of the information pertaining to government projects.

We recommend that management should:

- 1. At the start of the year, Submit to the Auditor's Office a complete list of all on-going projects, programs and activities and those that are to be implemented during the year and should be updated every quarter following the format prescribed by COA Circular 2013-004, dated January 13, 2014;**
- 2. Instruct the accountable officer/s concerned to reconcile their records to come up with the complete and accurate list of all programs, projects and activities and pinpoint a specific office to whom we should request such; and**
- 3. Post signboard or tarpaulin containing the information needed for every project's site.**

b) All 2018 for Contract documents for infrastructure projects with all of its supporting documents and purchase orders issued for supplies and materials were still not furnished the Auditor within five (5) working days from the date the contract was perfected and purchase orders were issued in violation of the provisions of Sections 3.1.1 and 3.2.1, respectively of COA Circular No. 2009-001, resulting to delay of the Auditor in conducting review and in informing management of defects/deficiencies, if any and delay in informing the Technical Audit Specialist (TAS) assigned in the auditing unit/cluster or to the Regional Technical Services Office(RTSO), as the case may be, for inspection so that 100% completed project could be turnover by the contractor and accepted by the management.

COA Circular No. 2009-001, dated February 12, 2009 state under the ff. sections that:

3.1.1 Within five (5) working days from the execution of a contract by the government or any of its subdivisions, agencies or instrumentalities, including government-owned and controlled corporations and their subsidiaries, a copy of said contract and each of all the documents forming part thereof by reference or incorporation shall be furnished to the Auditor of the agency concerned. In case of agencies audited on an engagement basis, submission of a copy of the contract and its supporting documents shall be to the Auditor of the mother agency or parent company, as the case may be.

3.1.2. The copies of documents required to be submitted shall include but not limited to the following:

- a. Invitation to Apply for Eligibility and to Bid;
- b. Letter of Intent;
- c. Eligibility Documents and Eligibility Data Sheet;
- d. Eligibility Requirements;
- e. Results of Eligibility Check/Screening;
- f. Bidding Documents (Sec. 17.1, IRR-A, RA 9184);
- g. Minutes of Pre-bid Conference, if applicable;
- h. Agenda and/or Supplemental Bid Bulletins, if any;
- i. Bidders Technical and Financial Proposals;
- j. Minutes of Bid Opening;
- k. Abstract of Bids;
- l. Post Qualification Report of Technical Working Group;
- m. BAC Resolution declaring winning bidder;
- n. Notice of Post Qualification;
- o. BAC Resolution recommending approval;
- p. Notice of Award;
- q. Contract Agreement;
- r. Performance Security;
- s. Program of Work and Detailed Estimates;
- t. Certificate of Availability of Funds, Obligation Request;

u. Notice to Proceed

v. Such other documents peculiar to the contract and/or to the mode of procurement and considered necessary in the auditorial review and in the technical evaluation thereof.

3.1.3 For technical review purposes, submission of contracts and their supporting documents shall furthermore be guided by the specific documentary requirements outlined in the attached checklist marked as Annexes “A” to “T” of this circular.

3.2.1 A copy of any purchase order irrespective of amount, and each and every supporting document, shall, within five (5) working days from issuance thereof, be submitted to the Auditor concerned. Within the same period, the Auditor shall review and point out to management defects and/or deficiencies, if any, in the same manner provided in the second and third sentences of item 3.1.4 hereof.

3.2.2 In case of doubt as to the reasonableness of the price of the items purchased, the Auditor shall conduct a canvass thereof making use of price references provided, among others, by legitimate suppliers, the Procurement Service, the Technical Services Office, other government agencies with similar procurement and those posted in the internet.

4.0 PENALTY CLAUSE

4.1 Any unjustified failure of the officials and employees concerned to comply with the requirements herein imposed shall be subject to the administrative disciplinary action provided in (a) Section 127 of Presidential Decree No. 1445; (b) Section 55, Title I-B, Book V of the Revised Administrative Code of 1987; and (c) Section 11 of Republic Act No. 6713.

4.2 Upon receipt of information or discovery by the auditor of such failure by management to comply with the required submission, an Audit Observation Memorandum shall be issued by him calling the attention of the latter, and requesting compliance, else the transactions covered by the unsubmitted documents be suspended in audit and the penalty prescribed by law under 4.1 be enforced.

After reconciling the quarterly PPA reports in the year 2018 the following information was taken, the Mindanao State University has implemented the following infrastructure projects under 2018 GAA:

Name of Projects	Contract Price	Total Cost Incurred to date
1. Rehabilitation of Old Girls' Dormitory	2,172,313.49	325,847.02
2. Construction of Student Center – Phase I	4,580,142.41	2,724,726.72
3. Rehabilitation of Preparatory High School	3,123,877.50	1,578,269.45

4. Renovation of Office of the OVCA	679,645.25	339,794.35
5. Construction of 30-Classrooms 3-Storey Building – Phase III	14,553,674.86	10,001,285.36
6. Construction of Science Study Center – Phase III	9,697,711.95	1,454,656.79
7. Repair/ Rehabilitation of Institute of Oceanography and Environment Science	982,058.47	491,035.23
8. Repair/ Rehabilitation of Academic Building of College of Fisheries	3,436,667.06	515,500.06
TOTAL	39,226,090.99	17,431,114.98

These infrastructure projects with the total contract price of P 39,226,090.99 were already awarded, mobilizations and progress billings have been paid and yet, from the planning stages up to the implementation, information pertaining to these projects that required verification/validation by COA was not submitted. Not a single document also pertaining to these projects such as original copies of the contracts and other bidding documents has reached the Auditor's Office contrary to COA Circular No. 2009-001 which requires that those documents be submitted within 5 working days from execution of the contract to the Auditor of the agency concerned. This issue has been the habitual practice of management. Thus, verification/validation of the projects such as auditorial, legal and technical review was not conducted.

Based on the inquiry and observation of the Auditor the reason for non-submission is the lack of knowledge of the management of the requirements of COA Circular No. 2009-001 since focused only on the requirements provided for in Revised IRR of RA 9184 otherwise known as the Government Procurement Reform Act.

We recommend that management should:

- 1. Immediately submit all the 2018 and previous year's original contracts together with all the bidding documents; and**
- 2. Regularly submit within five (5) working days from the execution of the contract the contract documents together with all of its supporting documents and purchase orders for supplies and materials for current and succeeding years.**
- 3. After submitting the complete contract documents together with all of its supporting documents prepare and submit a request for inspection letter address to COA BARMM Technical Personnel thru the Resident Auditor who will then endorse the said request for inspection to COA BARMM Regional Office so that 100% completed project could be turnover by the contractor and accepted by the management.**

c) Delay in the implementation of the projects which deprived the end-users of the benefits due them on time.

Section 17.6 of the IRR of RA 9184 states that “No bidding and award of the contract for infrastructure projects shall be made unless the detailed engineering investigations, survey and designs, including the acquisition of the ROW, for the project have been sufficiently carried out and duly approved in accordance with the standards and specifications prescribed by the head of the Procuring Entity concerned or his duly authorized representative, and in accordance with the provisions of Annex “A” of the revised IRR.

Infrastructure project should be implemented and completed within the scheduled time frame so that the social and economic benefits may be enjoyed by the intended beneficiaries. The prime consideration of the government for entering into contract is the completion of the infrastructure project based on the plan provided and within the stipulated period.

After reconciling the quarterly PPA reports in the year 2018 evaluation of the PPA reports revealed that as of December 31, 2018 out of six (6) Infrastructure projects with the total amount of P32,062,434.67 which started in CY 2017, only two (2) projects amounting to P18,240,222.86 was completed but one of which project amounting to P17,097,779.88 was extended for one month, but no written justification for extension was provided to the Auditor, the other 4 uncompleted projects amounting to P13,822,193.81 were delayed as of December 31, 2018. Also out of nine (9) projects which started in 2018 with the total amount of P39,745,526.19, one (1) non-infrastructure project amounting to P519,435.20 was completed and two (2) infrastructure projects amounting to P19,133,817.27 were delayed and the remaining six (6) were still ongoing and scheduled to be complete in the year 2019.(See Annex A for details)

The delayed implementation of these projects deprived the end users to make use of these facilities.

We recommend that management should:

- 1. Investigate the cause of the delay in the implementation of infrastructure projects, if the delay cannot be validly justified and if found out that fault is on the management personnel, such concerned personnel should be subjected to appropriate action, but if it is contractors’ fault, then liquidated damages should be imposed upon the latter and consider it as a ground for disqualifying the contractor/s in participating in the future bidding activities of the University.**
- 2. Exert more efforts to finish these projects. If necessary, prepare a catch up plan to address the delay to avoid unwanted repercussions.**

d) Non-invitation of COA representative and two (2) other observers in other stages of bidding.

Section 13.1 of the revised IRR of RA 9184 provides that *“to enhance the transparency of the process, the BAC shall, during the eligibility checking, shortlisting, pre-bid conference, preliminary examination of bids, bid evaluation, and post qualification, invite, in addition to the representative of the COA, at least two (2) observers, who shall not have the right to vote, to sit in its proceedings.”*

Further, Section 13.3 provides that *“Observer shall be invited at least five (5) calendar days before the date of the procurement stage/activity. The absence of observers will not nullify the BAC proceedings: provided, that they have been duly invited in writing. The Procuring Entities should ensure that the invitation is received at least five (5) calendar days before each procurement activity. In the event that a procurement activity has to be postponed, the observer shall be notified immediately of the change in schedule.”*

Upon inquiry, we were told by the BAC secretariat that they had sent invitation to COA representative and two (2) other observers on pre-bid conference, opening of bids, bid evaluation and post qualification on the conference room of MSU-TCTO.

Furthermore, on February 15, 2019 the BAC Secretariat sent an invitation for the bid evaluation and pre-qualification conference on February 21, 2019, 9:00AM at the MSU-TCTO Conference Room for its 2019 goods and infrastructure projects.

Pre-qualification precedes the tendering for actual contract. Prequalification is used to identify contractors who would be allowed to tender for certain contract while according to Revised IRR of RA 9184 Rule X (Post qualification) Section 34 (Objective and Process of Post Qualification) paragraph 34.3 *“post-qualification shall verify, validate, and ascertain all statements made and documents submitted by the bidder with the Lowest Calculated Bid/Highest Rated Bid, using non-discretionary criteria, as stated in the Bidding Documents. These criteria shall consider legal, technical and financial requirements. It involves verification and validation of the bidder’s stated competence and experience, and the competence and experience of the bidder’s key personnel to be assigned to the project, Verification of availability and commitment, and/or inspection and testing for the required capacities and operating conditions, of equipment units to be owned/leased/under purchase by the bidder for use in the contract under bidding, as well as checking the performance of the bidder in its on-going government and private contracts.”*

Based on the above IRR Post Qualification is different from qualification and cannot be made inside the conference room. Thus, the invitation sent to observers for post qualification was not appropriate therefore invalid.

The non-invitation of the Audit Team during the post-qualification stage cast doubt as to the regularity and transparency of the biddings and may be a ground for the nullification of the said BAC proceedings.

We recommend that management should invite the audit team or its representative not only during the pre-bid conference, opening of bids and bid evaluation but also during post-qualification stage.

7. Buildings and Other Structures not insured with GSIS

Buildings and other school properties of the College were not insured with the General Insurance Fund (GIF) of the Government Service Insurance System (GSIS) despite the mandatory requirement as provided in COA Circular No. 92-390 dated November 11, 1992 thus, exposing these properties to risk of not being indemnified for any damage or loss due to any fortuitous event such as fire, earthquake, typhoon and/or flood.

Item 1.1.2 of COA Circular No. 92-390 dated November 17, 1992 provides that:

“xxx All insurable assets and properties of the government are adequately covered/insured with the General Insurance Fund of the GSIS xxx.”

Item 3.1 of the same Circular provides that:

“All heads of national agencies, local government units and Government-owned or controlled corporations shall be responsible for the preparation and submission of the inventory of all insurable physical assets. xxx”

All insurable properties of the Agency must be covered with the appropriate property insurance with the Government Service Insurance System (GSIS) in order to indemnify or compensate the Agency for any damage to, or loss of, its properties due to fire, earthquake, storm, or other casualty.

Verification of the Agency’s PPE disclosed that insurable assets particularly its buildings and other structures are at risk of loss without indemnification in case of fire or other fortuitous event because they were not insured with the property insurance with the General Insurance Fund of the GSIS.

We reiterated our recommendations that the College adhere to the provisions of COA Circular No. 92-390 dated November 17, 1992.

8. Audit of GAD Plan and Budget

No allocation for Gender and Development (GAD) activities was made, both GAD Plan and Budget and Accomplishment Reports on the implementation of GAD related programs/projects was not prepared and submitted, no GAD Focal Point System

and has no sex disaggregated data on file contrary to PCW-NEDA-DBM Circular No. 2012-01.

PCW-NEDA-DBM Circular No. 2012-01 state under the following sections that:

1.0PURPOSE

1.1To prescribed guidelines and procedures for the formulation, development, submission, implementation, monitoring and evaluation including accounting of results of agency annual GAD Plans and Budgets (GPBs) and GAD Accomplishment Reports (AR); and

1.2 To provide the mechanics for the development of programs, activities and projects (PAPs) to respect, protect and fulfill the rights of women at the socio-cultural, economic and political spheres.

4.0 ESSENTIAL ELEMENTS IN GAD PLANNING AND BUDGET

4.1 Creation and/or Strengthening of GAD Focal Point System

4.2 Capability Building on Gender and Development

4.3 Conduct of Gender Audit

4.4 Institutionalizing GAD Database/Sex Aggregated Data

6.0 COSTING AND ALLOCATION OF THE GAD BUDGET

6.1 At least five percent (5%) of the total agency budget appropriations authorized under the annual GAA shall correspond to activities supporting GAD plans and programs. The GAD budget shall be drawn from the agency's Maintenance and Other Operating Expenses (MOOE), Capital Outlay (CO), and Personal Services (PS). It is understood that the GAD budget does not constitute an additional budget over an agency's total budget appropriations.

COA Circular No. 2014-001 dated March 18, 2014, Section V RESPONSIBILITY OF THE AUDITED AGENCY states that the audited agency shall submit a copy of the Annual GAD Plan and Budget (GPB) to the COA Audit Team assigned to the agency within five (5) working days from the receipt of the approved plan from the PCW or their mother or central offices, as the case may be. Likewise, a copy of the corresponding Accomplishment Reports shall be furnished the said Audit Team within five (5) working days from the end of January of the preceding year.

We recommend that atleast five percent (5%) of the budget be allocated to GAD and management prepare and submit its GAD Plan and Budget and Accomplishment Reports, create and/or strengthen GAD Focal Point System, and submit sex disaggregated data to facilitate timely evaluation on the implementation of GAD related programs/projects and substantive audit of GAD related transactions.

PART III

STATUS OF IMPLEMENTATION OF PRIOR YEAR'S UNIMPLEMENTED AUDIT RECOMMENDATIONS

STATUS OF IMPLEMENTATION OF PRIOR YEAR'S UNIMPLEMENTED AUDIT RECOMMENDATIONS

Of the twelve audit recommendations contained in Prior Years' Annual Audit Report five were fully implemented, another two were partially implemented and five remained unimplemented, six of which are reiterated in this Report.

Audit Observation	Ref	Management Action	Status of Implementation/Reason for Partial/Non-Implementation
<p><i>1. Unutilized Notice of Cash Allocation (NCAs) for CY 2016 and prior years totaling ₱ 84,040,990.88 were not reverted to the Bureau of Treasury contrary to DBM Circular Letter No. 2013-12, DBM NBC No. 561 and Section 186 of GAAM, Volume 1, resulting in unreliable balances of Cash in Bank-Local Currency, Current Account (LCCA) as of year-end.</i></p> <p>We recommend that Management shall:</p> <ol style="list-style-type: none"> 1. Require the Accountant to determine the actual unutilized NCA balances as of December 31, 2016. 2. Direct the Accountant to remit the remaining unutilized NCA to the Bureau of Treasury. 3. Comply with the provisions of DBM CL No. 2013-12 and DBM NBC No. 561 to present a reliable Cash in Bank balance. 	<p>AAR CY 2016 Page 19- 20</p>	<ol style="list-style-type: none"> 1. The Accountant was required to determine the unutilized NCA balances. 2. The Accountant was made a reliable presentation of cash in Bank 3. The Management transfer funds from MSU TCTO to BTr on 2018 amounting to P13,297,083.33 evidence by OR Number 02-2018-11-T00111, DV Number 2018-11-0207 and Check Serial Numbers 668607, 668608, 668609. 	<p><i>Fully Implemented</i></p>
<p><i>2. Management's laxity in the enforcement of Section 16 of Executive Order No. 248, as amended, and its implementing rules and regulations provided in COA Circular No. 97-002 on cash advances granted for travel, resulted in the accumulation of un-liquidated cash advances of ₱ 10,917,428.23, thus sizeable amount of current operating</i></p>	<p>AAR CY 2016 Page 20- 21</p>	<p>Strict compliance on the Chancellor's approval of travel order & authority was sought from travelling</p>	<p><i>Fully Implemented. Remaining Unliquidated CA for Travel represents claims against persons not connected anymore to the University</i></p>

<p><i>expenses are unrecorded.</i></p> <p>We recommend the following measures:</p> <ul style="list-style-type: none"> • The Chancellor should refrain from approving Travel Order when notice is received from the Accountant that previous travel was not yet liquidated; • Enforce withholding of salary of non-compliant personnel; and • The Office of the Accountant should maintain up-to-date individual subsidiary ledgers for Due from Officers and Employees. This will facilitate monitoring of cash advances. 		<p>employees. In addition, the Chief Accountant certifies that employees were cleared from previous travels. With 1 unliquidated travel, the cash advance for travel will not be approved except for compulsory travels.</p> <p>The withholding of salary will be the last measure taken in 2019 for those remaining unliquidated cash advances.</p> <p>The accounting office maintains up-to-date individual subsidiary ledger of the Advances to Officers and Employees.</p>	<p><i>and whose cost of collections exceeds the benefit or whose probability of collections is nil or zero.</i></p>
<p><i>3. Cash advances granted to regular and special disbursing officers of ₱ 28,889,878.31 for the payment of other compensation and time-bound activities were allowed to remain not liquidated at the end of the year contrary to the provisions of Section 89 of PD 1445 and COA Circular No. 97-002 thus, expenses for personal services for the year were not recorded. And this resulted in the overstatement of the net income. Further, it exposed the funds to the risk of misuse and loss.</i></p> <p>Recommendation:</p>	<p>Pages 21-22 of AAR 2016</p>	<p>A letter of demand from the accounting office was given to concerned individuals with unliquidated cash advances. Furthermore, the Office of the Chancellor issued a memorandum to immediately liquidate their</p>	<p><i>Fully Implemented</i></p>

<ul style="list-style-type: none"> • Demand from the concerned accountable officers the immediate liquidation of the cash advances; and • Direct the College Cashier to withhold the salaries of the concerned accountable officers who failed to liquidate their obligations within thirty (30) upon receipt of the demand letter. 		<p>cash advances. Attached demand letter from the Accounting Office & Chancellor's Memo. The Cash Advance was fully liquidated as of May 20, 2019.</p>	
<p><i>4. The College failed to conduct physical inventory and to submit the inventory report in Calendar Year 2017 as required under Section 490 of Government Accounting and Auditing Manual, Volume I, thus the validity, existence and correctness of the Supplies Inventory and Property, Plant and Equipment accounts with book value of P 30,657,794.93 and P 332,559,933.66, respectively, could not be ascertained affecting the fair presentation of the accounts in the financial statements.</i></p> <p>We reiterate our recommendation for the Agency to conduct periodic physical inventory of its property, plant and equipment and supplies and a report thereon be immediately prepared and submitted to the Auditor not later than January 31 of each year.</p> <p>Items that are beyond economic repair shall be properly disposed and dropped from the books. The Property and Supplies Office/Unit should maintain Property Cards.</p>	<p>Pages 23-24 of AAR CY 2016</p>	<p>The University provided RPCI and RPCPPE for 2018.</p>	<p><i>Not implemented. Reiterated as Finding # 3. It is not in accordance with the guidelines provided in GAM Volume II, Appendix 66 and 73 and the reports are not reconciled with the records of Accounting and Supply Division.</i></p>
<p><i>5. Depreciation was not provided by the agency for its Property, Plant and Equipment with acquisition cost of P 270,345,395.32, hence, assets and net income for the year was overstated by about P 18,603,011.27.</i></p> <p>Direct the Accountant and the Property and Supply Officer to exert effort to secure the documents necessary to reconstruct the PPE accounts so that depreciation for the current and previous years maybe computed to arrive at the correct valuation of the</p>	<p>Pages 24-25 of AAR CY 2016</p>	<p>Depreciation was accounted properly and provided in the agency's Statement of Financial Position and Performance for CY 2018.</p>	<p><i>Fully Implemented.</i></p>

property, plant and equipment. In case the necessary data could no longer be secured after exhausting all possible means, we recommend that appraisal of the PPEs be considered in order to establish the correct book values.			
<p>6. <i>The accuracy of Cash in Bank account with an aggregate amount of ₱ 49,893,705.91 as of December 31, 2013 could not be ascertained due to delayed submission of Bank Reconciliation Statement, non-maintenance of the necessary subsidiary ledgers for the bank account and non-recording of reconciling items contrary to Section 74 of PD 1445.</i></p> <p>Management should require the Accounting personnel to prepare and submit regularly, within the prescribed period the BRS in compliance with Section 2.1.4 of COA Circular No. 92-125A Coordinate closely with the depository bank by requesting them to deliver promptly the monthly bank statements so that the accounting personnel can prepare the BRS on time.</p>	Pages 13-14 of AAR CY 2013	Submitted on time Bank Reconciliation Statement as of December 31, 2018 up to April 30, 2019.	<i>Fully implemented.</i>
<p>7. <i>Purchases of office and other supplies during the year were directly issued to end users and charged to the expense account without coursing through the inventory account. Stock Cards and Supplies Ledger Cards were not maintained. These are contrary to the provisions of Section 43, volume I of the NGAS Manual.</i></p> <p>The Agency should adopt the perpetual inventory method in recording purchase of supplies and materials. The Agency Head should direct the Accountant to maintain records as required by the NGAS Manual to ensure that the correct amount of inventory and expenses accounts are taken up in the books.</p>	Pages 18-19 of AAR CY 2013	The Agency will adopt the perpetual inventory method in recording the purchase of supplies and materials. Update stock cards & supplies Ledger cards.	<i>Partially implemented.</i>
<p>8. <i>The College failed to submit copies of the purchase orders to the Office of the Auditor within five (5) working days upon approval/perfection, in violation of the provisions of COA Circular No. 2009-001 dated February 12, 2009. This precluded the Auditor to conduct timely review of</i></p>	Page 19-20 of AAR 2013		<i>Not implemented. Reiterated as Finding # 6b.</i>

<p><i>contracts, inspection of project and purchases, and communicate to management defects/deficiencies noted.</i></p> <p>The College should submit copies of contracts and inspection of project and purchases in compliance with COA Circular 2009-001.</p>			
<p><i>9. Account payables due to GOCC and BIR has unreconciled balances and remained unremitted as of December 31, 2013 with the total amount of ₱ 2,958,185.37.</i></p> <p>Management should create a committee to undertake the reconciliation of unremitted premiums due to GOCC and the BIR and to hasten the negotiation on interest due. Thereafter, they should come up with a commitment on how to remit the long outstanding premiums. However, those officials responsible for not remitting the mandatory contribution should be made answerable for their actions and appropriate charges should be filed.</p>	<p>Pages 20-21 of AAR CY 2013</p>		<p><i>Not implemented. Reiterated as Finding # 4.</i></p>
<p><i>10. Delayed submission of the paid Disbursement vouchers/payrolls/receipts for post audit contrary to the provisions of Sections 43, Par. 4, 100 and 107 of PD 1445, otherwise known as The government Auditing Code of the Philippines.</i></p> <p>Management should observe the timely submission of the required reports and documents, pursuant to existing laws, rules and regulations.</p>	<p>Pages 21-22 of AAR CY 2013</p>		<p><i>Not implemented. Reiterated as Finding# 1.</i></p>
<p><i>11. The required 5% specific allocation for Gender and Development (GAD) in the Annual Budget of the College was not implemented, however various activities were claimed GAD related programs.</i></p> <p>Strict compliance of the 5 % allocation for GAD programs in their Annual Budget as provided under existing laws, rules and regulations.</p>	<p>Page 22 of AAR CY 2013</p>	<p>The management has allocated 5% of the MOOE for Gender and Development in the annual budget.</p>	<p><i>Partially Implemented. Reiterated as Finding # 8.</i></p>
<p><i>12. Buildings and other school properties of the College were not insured with the General Insurance Fund (GIF) of the Government Service Insurance System (GSIS) despite the mandatory requirement as</i></p>	<p>Page 31 of AAR CY 2017</p>	<p>No action taken.</p>	<p><i>Not Implemented. Reiterated as Finding # 7.</i></p>

<p>provided in COA Circular No. 92-390 dated November 11, 1992 thus, exposing these properties to risk of not being indemnified for any damage or loss due to any fortuitous event such as fire, earthquake, typhoon and/or flood.</p> <p>We recommend that the College adhere to the provisions of COA Circular No. 92-390 dated November 17, 1992.</p>			
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PART IV – ANNEXES

MINDANAO STATE UNIVERSITY-TAWI-TAWI COLLEGE OF TECHNOLOGY AND OCEANOGRAPHY							
STATEMENT OF FINANCIAL POSITION							
As at December 31, 2018							
Detailed							
(All Funds)							
		2018			2017		
		Fund 01	Fund 05	TOTAL	Fund 01	Fund 05	TOTAL
ASSETS							
CURRENT ASSETS							
Cash							
Cash on Hand							
Cash Collecting Officers							
Petty Cash	10101020-00	20,000.00	5,000.00	25,000.00	20,000.00	5,000.00	25,000.00
Total Cash on Hand		20,000.00	5,000.00	25,000.00	20,000.00	5,000.00	25,000.00
Cash in Bank - LCCA - LBP	10102020-00	79,843,749.04	1,192,507.95	81,036,256.99	76,022,482.07	24,247,931.88	100,270,413.95
Total Cash in Bank-Local Currency		79,843,749.04	1,192,507.95	81,036,256.99	76,022,482.07	24,247,931.88	100,270,413.95
Total Cash and Cash Equivalents		79,863,749.04	1,197,507.95	81,061,256.99	76,042,482.07	24,252,931.88	100,295,413.95
Receivables							
Loans and Receivables							
Accounts Receivable	10301010-00	0.00	636,874.80	636,874.80	0.00	636,874.80	636,874.80
Total Loan and Receivable		0.00	636,874.80	636,874.80	0.00	636,874.80	636,874.80
Inter-Agency Accounts Receivables							
Due from National Government Agencies	10303010-00	0.00	2,176,500.00	2,176,500.00	0.00	2,176,500.00	2,176,500.00
Total Inter-Agency Accounts Receivable		0.00	2,176,500.00	2,176,500.00	0.00	2,176,500.00	2,176,500.00
Other Receivables							
Other Receivables	10305990-00	10,805,736.37	0.00	10,805,736.37	10,805,736.37	0.00	10,805,736.37
Total Other Receivables		10,805,736.37	0.00	10,805,736.37	10,805,736.37	0.00	10,805,736.37
Total Receivables		10,805,736.37	2,813,374.80	13,619,111.17	10,805,736.37	2,813,374.80	13,619,111.17
Inventory							
Inventory Held for Consumption							
Office Supplies Inventory	10404010-00	9,002,982.23	132,535.40	9,135,517.63	9,002,982.23	132,535.40	9,135,517.63
Office Supplies and Materials Inventory	10404990-00	483,572.94	0.00	483,572.94	0.00	0.00	0.00
Accountable Forms, Plates and Stickers Inventory	10404020-00	100,000.00	50,000.00	150,000.00	100,000.00	50,000.00	150,000.00
Textbook and Instructional Materials Inventory	10404100-00	45,000.00	3,496,733.00	3,541,733.00	45,000.00	50,428.00	95,428.00
Total Inventory Held for Consumption		9,631,555.17	3,679,268.40	13,310,823.57	9,147,982.23	232,963.40	9,380,945.63

Semi-Expendable Machinery and Equipment							
Semi-expendable - Office Equipment	10405020-00	24,245.18	0.00	24,245.18	12,950.00	0.00	12,950.00
Semi-expendable - Furniture and Fixtures	10406010-00	7,499,500.00	0.00	7,499,500.00	7,499,500.00	0.00	7,499,500.00
Semi-expendable - Books	10406020-00	13,734,581.00	29,818.30	13,764,399.30	13,734,581.00	29,818.30	13,764,399.30
Total Semi-Expendable Machinery and Equipment		21,258,326.18	29,818.30	21,288,144.48	21,247,031.00	29,818.30	21,276,849.30
Total Inventory							
		30,889,881.35	3,709,086.70	34,598,968.05	30,395,013.23	262,781.70	30,657,794.93
Other Current Assets							
Advances							
Advances for Operating Expenses	19901010-00	0.00	5,910,457.99	5,910,457.99	104,987.28	6,687,230.99	6,792,218.27
Advances for Payroll	19901020-00	4,410,817.68	1,011,303.42	5,422,121.10	5,727,858.93	2,099,640.49	7,827,499.42
Advances to Special Disbursing Officers	19901030-00	7,865,534.74	486,662.44	8,352,197.18	13,919,760.62	350,400.00	14,270,160.62
Advances to Officers and Employees	19901040-00	7,519,983.09	341,084.48	7,861,067.57	9,481,603.32	1,435,824.91	10,917,428.23
Advances to Contractors	19902010-00	14,357,960.85	817,678.64	15,175,639.49	14,268,124.79	23,250.00	14,291,374.79
Total Other Current Assets		34,154,296.36	8,567,186.97	42,721,483.33	43,502,334.94	10,596,346.39	54,098,681.33
Total Current Assets							
		155,713,663.12	16,287,156.42	172,000,819.54	160,745,566.61	37,925,434.77	198,671,001.38
NON-CURRENT ASSETS							
Property, Plant and Equipment							
Land							
Land	10601010-00	16,994,835.50	0.00	16,994,835.50	16,994,835.50	0.00	16,994,835.50
Total Land		16,994,835.50	0.00	16,994,835.50	16,994,835.50	0.00	16,994,835.50
Infrastructure Assets							
Power Supply System	10603050-00	1,439,328.78	0.00	1,439,328.78	1,416,955.78	0.00	1,416,955.78
Total Infrastructure Assets		1,439,328.78	0.00	1,439,328.78	1,416,955.78	0.00	1,416,955.78
Buildings and Other Structures							
School Buildings	10604020-00	214,457,845.24	18,411,123.95	232,868,969.19	209,081,361.63	18,411,123.95	227,492,485.58
Accumulated Depreciation - School Buildings	10604021-00	(73,317,487.07)	(2,038,604.03)	(75,356,091.10)	(66,230,354.37)	(1,424,929.90)	(67,655,284.27)
Net Value		141,140,358.17	16,372,519.92	157,512,878.09	142,851,007.26	16,986,194.05	159,837,201.31
Other Structures	10604990-00	3,496,669.11	2,255,408.00	5,752,077.11	3,496,669.11	2,255,408.00	5,752,077.11
Accumulated Depreciation - Other Structures	10604991-00	(332,784.15)	(263,130.93)	(595,915.08)	(157,950.70)	(150,360.53)	(308,311.23)
Net Value		3,163,884.96	1,992,277.07	5,156,162.03	3,338,718.41	2,105,047.47	5,443,765.88
Total Buildings and Other Structures		144,304,243.13	18,364,796.99	162,669,040.12	146,189,725.67	19,091,241.52	165,280,967.19
Machinery and Equipment							
Machinery	10605010-00	1,137,607.50	6,043,886.80	7,181,494.30	1,137,607.50	6,043,886.80	7,181,494.30
Accumulated Depreciation - Machinery	10605011-00	(1,021,504.19)	(1,208,717.36)	(2,230,221.55)	(907,743.44)	(604,388.68)	(1,512,132.12)
Net Value		116,103.31	4,835,169.44	4,951,272.75	229,864.06	5,439,498.12	5,669,362.18
Office Equipment	10605020-00	17,264,043.98	5,798,386.16	23,062,430.14	14,761,553.26	4,079,262.16	18,840,815.42
Accumulated Depreciation - Office Equipment	10605021-00	(3,771,919.27)	(1,311,909.85)	(5,083,829.12)	(660,758.79)	(410,101.22)	(1,070,860.01)
Net Value		13,492,124.71	4,486,476.31	17,978,601.02	14,100,794.47	3,669,160.94	17,769,955.41
Information and Communication Technology Equipment	10605030-00	23,886,532.55	4,610,097.39	28,496,629.94	14,132,428.80	716,249.39	14,848,678.19
Accumulated Depreciation - ICT Equipment	10605031-00	(4,371,765.94)	(409,567.22)	(4,781,333.16)	(972,606.29)	(71,624.94)	(1,044,231.23)
Net Value		19,514,766.61	4,200,530.17	23,715,296.78	13,159,822.51	644,624.45	13,804,446.96

Marine and Fishery Equipment	10605050-00	3,179,900.86	1,054,805.57	4,234,706.43	3,179,900.86	372,546.00	3,552,446.86
Accumulated Depreciation - Marine and Fishery Equipment	10605051-00	(2,305,010.44)	(121,655.69)	(2,426,666.13)	(1,987,020.36)	(67,254.60)	(2,054,274.96)
Net Value		874,890.42	933,149.88	1,808,040.30	1,192,880.50	305,291.40	1,498,171.90
Communication Equipment	10605070-00	356,421.05	0.00	356,421.05	356,421.05	0.00	356,421.05
Accumulated Depreciation - Communication Equipment	10605071-00	(255,490.68)	0.00	(255,490.68)	(219,848.55)	0.00	(219,848.55)
Net Value		100,930.37	0.00	100,930.37	136,572.50	0.00	136,572.50
Firefighting Equipment and Accessories	10605090-00	856,458.50	0.00	856,458.50	802,000.00	0.00	802,000.00
Accumulated Depreciation - Firefighting Equipmt and Accrs	10605091-00	(702,000.00)	0.00	(702,000.00)	(702,000.00)	0.00	(702,000.00)
Net Value		154,458.50	0.00	154,458.50	100,000.00	0.00	100,000.00
Military, Police and Security Equipment	10605100-00	57,100.00	0.00	57,100.00	57,100.00	0.00	57,100.00
Accumulated Depreciation - Military, Police and Sec Equipment	10605101-00	(53,864.33)	0.00	(53,864.33)	(51,961.00)	0.00	(51,961.00)
Net Value		3,235.67	0.00	3,235.67	5,139.00	0.00	5,139.00
Medical Equipment	10605110-00	333,465.00	0.00	333,465.00	333,465.00	0.00	333,465.00
Accumulated Depreciation - Medical Equipment	10605111-00	(36,681.15)	0.00	(36,681.15)	(3,334.65)	0.00	(3,334.65)
Net Value		296,783.85	0.00	296,783.85	330,130.35	0.00	330,130.35
Sports Equipment	10605130-00	1,408,169.00	354,750.50	1,762,919.50	1,408,169.00	103,615.50	1,511,784.50
Accumulated Depreciation - Sports Equipment	10605131-00	(843,011.85)	(27,001.48)	(870,013.33)	(702,194.95)	(10,361.55)	(712,556.50)
Net Value		565,157.15	327,749.02	892,906.17	705,974.05	93,253.95	799,228.00
Technical and Scientific Equipment	10605140-00	32,527,473.71	0.00	32,527,473.71	31,272,218.71	0.00	31,272,218.71
Accumulated Depreciation - Tech and Sci Equipment	10605141-00	(7,192,821.94)	0.00	(7,192,821.94)	(4,034,218.70)	0.00	(4,034,218.70)
Net Value		25,334,651.77	0.00	25,334,651.77	27,238,000.01	0.00	27,238,000.01
Other Machinery and Equipment	10605990-00	3,973,386.64	58,835.00	4,032,221.64	3,973,386.64	58,835.00	4,032,221.64
Accumulated Depreciation - Other Machinery and Equipment	10605991-00	(2,233,646.86)	(11,767.00)	(2,245,413.86)	(1,836,308.20)	(5,883.50)	(1,842,191.70)
Net Value		1,739,739.78	47,068.00	1,786,807.78	2,137,078.44	52,951.50	2,190,029.94
Total Machinery and Equipment		62,192,842.14	14,830,142.82	77,022,984.96	59,336,255.89	10,204,780.36	69,541,036.25
Transportation Equipment							
Motor Vehicles	10606010-00	11,709,822.55	3,357,535.00	15,067,357.55	11,709,822.55	7,535.00	11,717,357.55
Accumulated Depreciation - Motor Vehicles	10606011-00	(6,630,170.02)	(121,472.79)	(6,751,642.81)	(4,957,338.23)	(753.50)	(4,958,091.73)
Net Value		5,079,652.53	3,236,062.21	8,315,714.74	6,752,484.32	6,781.50	6,759,265.82
Watercrafts	10606040-00	5,714,741.90	0.00	5,714,741.90	5,714,741.90	0.00	5,714,741.90
Accumulated Depreciation - Watercrafts	10606041-00	(5,425,689.11)	0.00	(5,425,689.11)	(4,854,214.92)	0.00	(4,854,214.92)
Net Value		289,052.79	0.00	289,052.79	860,526.98	0.00	860,526.98
Other Transportation Equipment	10606990-00	672,419.00	0.00	672,419.00	672,419.00	0.00	672,419.00
Accumulated Depreciation - Other Transportation Equipment	10606991-00	(664,131.94)	0.00	(664,131.94)	(611,890.04)	0.00	(611,890.04)
Net Value		8,287.06	0.00	8,287.06	60,528.96	0.00	60,528.96
Total Transportation Equipment		5,376,992.38	3,236,062.21	8,613,054.59	7,673,540.26	6,781.50	7,680,321.76

Furniture, Fixtures and Books							
Furniture and Fixtures	10607010-00	14,252,372.63	1,298,390.87	15,550,763.50	13,212,833.63	1,174,390.87	14,387,224.50
Accumulated Depreciation - Furniture and Fixtures	10607011-00	(7,202,357.68)	(237,978.18)	(7,440,335.86)	(5,853,023.35)	(117,439.09)	(5,970,462.44)
Net Value		7,050,014.95	1,060,412.69	8,110,427.64	7,359,810.28	1,056,951.78	8,416,762.06
Books	10607020-00	8,669,279.44	385,262.00	9,054,541.44	8,355,612.44	47,662.00	8,403,274.44
Accumulated Depreciation - Books	10607021-00	(1,887,128.25)	(31,178.60)	(1,918,306.85)	(154,287.41)	(4,766.20)	(159,053.61)
Net Value		6,782,151.19	354,083.40	7,136,234.59	8,201,325.03	42,895.80	8,244,220.83
Total Furniture, Fixtures and Books		13,832,166.14	1,414,496.09	15,246,662.23	15,561,135.31	1,099,847.58	16,660,982.89
Leased Assets							
Leased Assets - Machinery and Equipment	10608030-00	4,128,961.32	0.00	4,128,961.32	4,128,961.32	0.00	4,128,961.32
Accumulated Depreciation - Leased Assets - Machinery and Equipment	10608031-00	(1,135,464.36)	0.00	(1,135,464.36)	(55,780.37)	0.00	(55,780.37)
Net Value		2,993,496.96	0.00	2,993,496.96	4,073,180.95	0.00	4,073,180.95
Total Leased Assets		2,993,496.96	0.00	2,993,496.96	4,073,180.95	0.00	4,073,180.95
Other Property, Plant and Equipment							
Other Property, Plant and Equipment	10699990-00	5,143,036.50	34,500.00	5,177,536.50	5,143,036.50	34,500.00	5,177,536.50
Accumulated Depreciation - Other PPE	10699991-00	(5,115,512.77)	(13,800.00)	(5,129,312.77)	(4,643,611.85)	(6,900.00)	(4,650,511.85)
Net Value		27,523.73	20,700.00	48,223.73	499,424.65	27,600.00	527,024.65
Total Other Property, Plant and Equipment		27,523.73	20,700.00	48,223.73	499,424.65	27,600.00	527,024.65
Construction in Progress - Buildings and Other Structures							
	10699030-00	70,259,512.85	7,670,628.15	77,930,141.00	42,714,000.54	7,670,628.15	50,384,628.69
Total Total Property, Plant and Equipment		317,420,941.61	45,536,826.26	362,957,767.87	294,459,054.55	38,100,879.11	332,559,933.66
Other Non-Current Assets							
Other Non-Current Assets	19999990-00	325,300.00	10,800.00	336,100.00	325,300.00	10,800.00	336,100.00
Total Other Non-Current Assets		325,300.00	10,800.00	336,100.00	325,300.00	10,800.00	336,100.00
Total Non-Current Assets		317,746,241.61	45,547,626.26	363,293,867.87	294,784,354.55	38,111,679.11	332,896,033.66
Total ASSETS		473,459,904.73	61,834,782.68	535,294,687.41	455,529,921.16	76,037,113.88	531,567,035.04
LIABILITIES AND GOVERNMENT EQUITY							
LIABILITIES							
Payables							
Accounts Payable	20101010-00	4,019,304.65	0.00	4,019,304.65	4,019,304.65	0.00	4,019,304.65
Due to Officers and Employees	20101020-00	53,011,913.64	0.00	53,011,913.64	54,121,913.64	0.00	54,121,913.64
Total Payables		57,031,218.29	0.00	57,031,218.29	58,141,218.29	0.00	58,141,218.29

Inter-Agency Payables							
Due to BIR	20201010-00	22,890.13	50,552.53	73,442.66	2,627,011.84	31,558.23	2,658,570.07
Due to GSIS	20201020-00	139,913.29	0.00	139,913.29	-42,499.39	0.00	-42,499.39
Due to Pag-Ibig	20201030-00	29,710.01	0.00	29,710.01	-184,729.23	0.00	-184,729.23
Due to PhilHealth	20201040-00	920,919.66	0.00	920,919.66	898,526.59	0.00	898,526.59
Due to NGAs	20201050-00	123,743.60	1,384,878.93	1,508,622.53	123,743.61	1,384,878.93	1,508,622.54
Total Inter-Agency Payables		1,237,176.69	1,435,431.46	2,672,608.15	3,422,053.42	1,416,437.16	4,838,490.58
Other Deferred Credits	20501990-00	0.00	737,521.85	737,521.85	0.00	737,521.85	737,521.85
Other Payables	29999990-00	3,651,431.00	19,522.85	3,670,953.85	3,190,102.17	19,165.59	3,209,267.76
Total Liabilities		61,919,825.98	2,192,476.16	64,112,302.14	64,753,373.88	2,173,124.60	66,926,498.48
GOVERNMENT EQUITY							
Balance at January 1		389,962,160.32	74,678,376.24	464,640,536.56	264,935,142.15	68,739,177.29	333,674,319.44
Add/(Deduct):							
Change in Accounting Policy		0.00	0.00	0.00	0.00	0.00	0.00
Prior Period Errors		0.00	0.00	0.00	6,000.00	0.00	6,000.00
Other Adjustments		0.00	(13,235,141.59)	(13,235,141.59)	0.00	0.00	0.00
Restated Balance	30101030-00	389,962,160.32	61,443,234.65	451,405,394.97	264,941,142.15	68,739,177.29	333,680,319.44
Changes in Net Assets/Equity for the Calendar Year							
Surplus/(Deficit) for the period	30101010-00	32,143,045.90	2,379,233.27	34,522,279.17	164,342,098.35	10,925,878.35	175,267,976.70
Adjustment of net revenue recognized directly in net asset/equity		(9,940,007.59)	(4,180,161.40)	(14,120,168.99)	0.00	0.00	0.00
Others		(625,119.88)	0.00	(625,119.88)	(38,506,693.22)	(5,801,066.36)	(44,307,759.58)
Balance at December 31		411,540,078.75	59,642,306.52	471,182,385.27	390,776,547.28	73,863,989.28	464,640,536.56
Total Liabilities and Equity		473,459,904.73	61,834,782.68	535,294,687.41	455,529,921.16	76,037,113.88	531,567,035.04

MINDANAO STATE UNIVERSITY-TAWI-TAWI COLLEGE OF TECHNOLOGY AND OCEANOGRAPHY							
STATEMENT OF FINANCIAL PERFORMANCE							
As at December 31, 2018							
Detailed							
(All Funds)							
		2018			2017		
		Fund 01	Fund 05	TOTAL	Fund 01	Fund 05	TOTAL
INCOME							
Service Income							
Permit Fees	40201010-00	0.00	28,570.00	28,570.00	0.00	39,005.00	39,005.00
Registration Fees	40201020-00	0.00	2,130.00	2,130.00	0.00	142,065.00	142,065.00
Clearance and Certification Fee	40201040-00	0.00	87,010.00	87,010.00	0.00		
Total Service Income		0.00	117,710.00	117,710.00	0.00	181,070.00	181,070.00
Business Income							
Tuition Fees	40202010-00	0.00	5,006,032.30	5,006,032.30	0.00	4,913,202.00	4,913,202.00
Examination Fees	40202030-00	0.00	593,308.00	593,308.00	0.00	2,011,661.00	2,011,661.00
Income Collected from Students	40202010-00	0.00	0.00	0.00	0.00	7,739,930.87	7,739,930.87
Other School Fees	40202010-00	0.00	4,387,644.29	4,387,644.29	0.00	792,507.00	792,507.00
Rent/Lease Income	40202130-00	0.00	1,322,296.00	1,322,296.00	0.00	0.00	0.00
Other Business Income	40202990-00	0.00	30,000.00	30,000.00	0.00	0.00	0.00
Total Business Income		0.00	11,339,280.59	11,339,280.59	0.00	15,457,300.87	15,457,300.87
Total Service and Business Income		0.00	11,456,990.59	11,456,990.59	0.00	15,638,370.87	15,638,370.87
TOTAL REVENUE		0.00	11,456,990.59	11,456,990.59	0.00	15,638,370.87	15,638,370.87
LESS: EXPENSES							
PERSONNEL SERVICES							
Salaries and Wages							
Salaries and Wages - Regular	50101010-00	242,507,565.46	72,262.00	242,579,827.46	224,332,186.25		224,332,186.25
Salaries and Wages - Casual/Contractual	50101020-00	39,107,202.25	284,338.80	39,391,541.05	29,649,259.44	299,551.45	29,948,810.89
Total Salaries and Wages		281,614,767.71	356,600.80	281,971,368.51	253,981,445.69	299,551.45	254,280,997.14
Other Compensation							
Personal Economic Relief Allowance	50102010-00	19,228,126.11	35,000.00	19,263,126.11	18,598,000.00	0.00	18,598,000.00
Representation Allowance (RA)	50102020-00	3,285,919.10	0.00	3,285,919.10	4,120,727.25	72,000.00	4,192,727.25
Transportation Allowance (TA)	50102030-00	3,444,580.00	0.00	3,444,580.00	4,201,875.63	30,000.00	4,231,875.63
Clothing/Uniform Allowance	50102040-00	4,950,000.00	0.00	4,950,000.00	3,782,187.00	0.00	3,782,187.00
Subsistence Allowance	50102050-00	0.00	0.00	0.00	101,366.18	0.00	101,366.18
Laundry Allowance - Public Health Workers	50102060-00	110,212.07	0.00	110,212.07	35,310.00	0.00	35,310.00
Honoraria	50102100-00	5,817,984.56	316,928.76	6,134,913.32	5,961,566.88	73,800.00	6,035,366.88
Overtime And Night Pay	50102130-00	1,112,379.80	199,300.30	1,311,680.10	2,303,898.72	0.00	2,303,898.72
Year-end Bonus	50102140-00	41,021,336.10	0.00	41,021,336.10	19,911,516.75	0.00	19,911,516.75
Cash Gift	50102150-00	3,923,500.00	0.00	3,923,500.00	3,907,000.00	0.00	3,907,000.00

Productivity Enhancement Incentive - Civilian	50102080-00	4,085,500.00	0.00	4,085,500.00	0.00	0.00	0.00
Other Bonuses and Allowances	50102990-00		0.00	0.00	0.00	0.00	0.00
Total Other Compensation		86,979,537.74	551,229.06	87,530,766.80	62,923,448.41	175,800.00	63,099,248.41
Personnel Benefit Contribution							
Retirement and Life Insurance Premium	50103010-00	29,906,749.52	0.00	29,906,749.52	27,676,487.85	0.00	27,676,487.85
Pag-Ibig Contributions	50103020-00	933,400.00	0.00	933,400.00	850,400.00	0.00	850,400.00
PhilHealth Contributions	50103030-00	2,909,905.69	0.00	2,909,905.69	2,588,151.30	0.00	2,588,151.30
Employment Compensation Insurance Premium	50103040-00	704,198.10	0.00	704,198.10	306,785.31	0.00	306,785.31
Total Personnel Benefit Contributions		34,454,253.31	0.00	34,454,253.31	31,421,824.46	0.00	31,421,824.46
Other Personnel Benefits							
Terminal Leave Benefits	50104030-00	43,705,144.79	0.00	43,705,144.79	59,113,923.72	0.00	59,113,923.72
Other Personnel Benefits	50104990-00	0.00	0.00	0.00	6,077,000.00	0.00	6,077,000.00
Total Other Personnel Benefits		43,705,144.79	0.00	43,705,144.79	65,190,923.72	0.00	65,190,923.72
Total Personnel Services		446,753,703.55	907,829.86	447,661,533.41	413,517,642.28	475,351.45	413,992,993.73
MAINTENANCE AND OPERATING EXPENSES							
Traveling Expenses							
Traveling Expenses - Local	50201010-00	9,964,652.59	2,171,770.24	12,136,422.83	8,825,235.22	250,801.88	9,076,037.10
Traveling Expenses - Foreign	50201020-00	581,776.18	0.00	581,776.18	808,325.34	0.00	808,325.34
Total Traveling Expenses		10,546,428.77	2,171,770.24	12,718,199.01	9,633,560.56	250,801.88	9,884,362.44
Training and Scholarship Expenses							
Training Expenses	50202010-00	814,298.99	251,100.00	1,065,398.99	6,196,911.15		6,196,911.15
Scholarship Grants/Expenses	50202020-00	11,575,854.20	1,883,340.00	13,459,194.20	19,751,728.28	5,210.00	19,756,938.28
Total Training and Scholarship Expenses		12,390,153.19	2,134,440.00	14,524,593.19	25,948,639.43	5,210.00	25,953,849.43
Supplies and Materials Expenses							
Office Supplies Expenses	50203010-00	2,239,410.05	14,432.00	2,253,842.05	970,469.75	6,108.50	976,578.25
Food Supplies Expenses	50203050-00	2,107,109.44	44,885.00	2,151,994.44	1,589,625.06	45,670.22	1,635,295.28
Drugs and Medicine Expenses	50203070-00	79,216.00	0.00	79,216.00	72,260.00	150.00	72,410.00
Fuel, Oil and Lubricants Expenses	50203090-00	652,739.49	0.00	652,739.49	509,829.97	413,624.96	923,454.93
Agricultural and Marine Supplies Expenses	50203100-00	28,785.00	0.00	28,785.00	306,665.65	3,898.00	310,563.65
Semi-expendible - Other Machinery and Equipment Expenses	50203210-00	82,938.00	4,960.00	87,898.00	0.00	0.00	0.00
Other Supplies and Materials Expenses	50203990-00	3,609,771.22	87,818.80	3,697,590.02	2,276,596.98	102,036.50	2,378,633.48
Total Supplies and Materials Expenses		8,799,969.20	152,095.80	8,952,065.00	5,725,447.41	571,488.18	6,296,935.59
Utility Expenses							
Water Expenses	50204010-00	1,993,658.12	0.00	1,993,658.12	1,977,409.53	0.00	1,977,409.53
Electricity Expenses	50204020-00	3,677,023.43	0.00	3,677,023.43	3,346,536.01	0.00	3,346,536.01
Gas/Heating Expenses	50204030-00	2,225.00	0.00	2,225.00	1,920.00	4,605.00	6,525.00
Total Utility Expenses		5,672,906.55	0.00	5,672,906.55	5,325,865.54	4,605.00	5,330,470.54

Communication Expenses							
Postage and Courier Expenses	50205010-00	15,215.62	87,696.00	102,911.62	8,695.00	1,020.00	9,715.00
Telephone Expenses - Mobile	50205020-00	216,316.09	1,910.00	218,226.09	54,686.63	10,200.00	64,886.63
Internet Subscription Expenses	50205030-00	206,812.42	175,392.00	382,204.42	529,306.89	263,088.10	792,394.99
Cable, Satellite, Telegraph and Radio Expenses	50205040-00	1,000.00	0.00	1,000.00	22,650.00	0.00	22,650.00
Total Communication Expenses		439,344.13	264,998.00	704,342.13	615,338.52	274,308.10	889,646.62
Awards/Rewards and Prizes							
Rewards and Incentives	50206010-00	273,995.00	0.00	273,995.00	1,259,387.00	0.00	1,259,387.00
Indemnities	50206030-00	0.00	0.00	0.00	3,000.00	0.00	3,000.00
Total Awards/Rewards and Prizes		273,995.00	0.00	273,995.00	1,262,387.00	0.00	1,262,387.00
Confidential, Intelligence and Extraordinary Expenses							
Extraordinary and Miscellaneous Expenses	50210030-00	650,458.38	11,000.00	661,458.38	375,029.28	0.00	375,029.28
Total Confidential, Intelligence and Extraordinary Expenses		650,458.38	11,000.00	661,458.38	375,029.28	0.00	375,029.28
Professional Fees							
Legal Services	50211010-00	2,600.00	27,019.50	29,619.50	1,200.00	0.00	1,200.00
Consultancy Services	50211030-00	35,000.00		35,000.00	220,800.00	0.00	220,800.00
Other Professional Services	50211990-00	168,944.16	30,000.00	198,944.16	68,500.00	10,500.00	79,000.00
Total Professional Services		206,544.16	57,019.50	263,563.66	290,500.00	10,500.00	301,000.00
General Services							
Environment/Sanitary Services	50212010-00	31,000.00	30,000.00	61,000.00	24,000.00	6,000.00	30,000.00
Security Services	50212030-00	0.00	0.00	0.00	15,000.00	0.00	15,000.00
Other General Services	50212990-00	409,290.00	0.00	409,290.00	0.00	0.00	0.00
Total General Services		440,290.00	30,000.00	470,290.00	39,000.00	6,000.00	45,000.00
Repairs and Maintenance							
Repairs and Maintenance - School Buildings	50213040-00	1,544,984.51	0.00	1,544,984.51	4,092,049.03	14,146.20	4,106,195.23
Repairs and Maintenance - Other Structures	50213040-00	771,658.62	0.00	771,658.62	454,413.02	0.00	454,413.02
Repairs and Maintenance - Machinery	50213050-00	0.00	0.00		15,990.00	0.00	15,990.00
Repairs and Maintenance - Office Equipment	50213050-00	56,700.00	0.00	56,700.00	121,072.00	0.00	121,072.00
Repairs and Maintenance - Motor Vehicles	50213060-00	161,376.52	0.00	161,376.52	8,460.00	0.00	8,460.00
Repairs and Maintenance - Watercrafts	50213060-00	0.00	0.00		71,042.00	0.00	71,042.00
Repairs & Maintenance- Furniture & Fixtures	50213070-00	12,600.00	0.00	12,600.00	51,500.00	0.00	51,500.00
Repairs and Maintenance - Other PPE	50213990-00	0.00	0.00		6,795.00	0.00	6,795.00
Total Repairs and Maintenance		2,547,319.65	0.00	2,547,319.65	4,821,321.05	14,146.20	4,835,467.25
Taxes, Insurance, Premiums and Other Fees							
Taxes, Duties and Licenses	50215010-00	15,978.20	0.00	15,978.20	4,774.06	0.00	4,774.06
Fidelity Bond Premium	50215020-00	135,000.00	0.00	135,000.00	157,500.00	0.00	157,500.00
Insurance Expenses	50215030-00	0.00	0.00	0.00	4,133.11	0.00	4,133.11
Total Taxes, Insurance Premiums and Other Fees		150,978.20	0.00	150,978.20	166,407.17	0.00	166,407.17

Other Maintenance and Operating Expenses							
Advertising Expenses	50299010-00	0.00	7,500.00	7,500.00	5,000.00	0.00	5,000.00
Printing and Publication Expenses	50299020-00	178,780.00	0.00	178,780.00	0.00	0.00	0.00
Representation Expenses	50299030-00	0.00	0.00	0.00	0.00	0.00	0.00
Transportation and Delivery Expenses	50299040-00	452,341.04	266,590.00	718,931.04	195,410.62	350.00	195,760.62
Rents - Buildings and Structures	50299050-00	236,894.42	0.00	236,894.42	366,191.00	3,000.00	369,191.00
Membership Dues and Contributions to Organizations	50299060-00	24,000.00	43,800.00	67,800.00	90,000.00	0.00	90,000.00
Subscription Expenses	50299070-00	224,521.05	0.00	224,521.05	346,984.90	0.00	346,984.90
Website Maintenance	50299990-00	7,630.00	0.00	7,630.00	6,420.00	0.00	6,420.00
Other Maintenance and Operating Expenses	50299990-00	2,761,111.58	194,894.50	2,956,006.08	4,380,250.60	96,635.00	4,476,885.60
Total Other Maintenance and Operating Expenses		3,885,278.09	512,784.50	4,398,062.59	5,390,257.12	99,985.00	5,490,242.12
Total Maintenance and Operating Expenses		46,003,665.32	5,334,108.04	51,337,773.36	59,593,753.08	1,237,044.36	60,830,797.44
FINANCIAL EXPENSES							
Interest Paid to Other Government Units	50301020-00	1,781.43	0.00	1,781.43	5,539.39	0.00	5,539.39
Bank Charges	50301040-00	15,150.00	13,800.00	28,950.00	3,766.50	0.00	3,766.50
Total Financial Expenses		16,931.43	13,800.00	30,731.43	9,305.89	0.00	9,305.89
NON-CASH EXPENSES							
Depreciation							
Depreciation - School Buildings	50501040-00	7,087,132.70	613,704.13	7,700,836.83	2,328,353.13	1,575,290.43	3,903,643.56
Depreciation - Other Structures	50501040-00	174,833.45	112,770.40	287,603.85	157,950.70	604,388.68	762,339.38
Depreciation - Machinery	50501050-00	113,760.75	604,388.68	718,149.43	19,156.58	410,101.22	429,257.80
Depreciation - Office Equipment	50501050-00	3,111,160.48	901,808.63	4,012,969.11	524,680.39	71,624.94	596,305.33
Depreciation - ICT Equipment	50501050-00	3,399,159.65	337,942.28	3,737,101.93	142,941.29	67,254.60	210,195.89
Depreciation - Marine and Fishery Equipment	50501050-00	317,990.08	54,311.09	372,301.17	76,799.01	10,361.55	87,160.56
Depreciation - Communication Equipment	50501050-00	35,642.13	0.00	35,642.13	3,564.21	5,883.50	9,447.71
Depreciation - Military, Police and Security Equipment	50501050-00	0.00	0.00	0.00	571.00	0.00	571.00
Depreciation - Medical Equipment	50501050-00	33,346.50	0.00	33,346.50	3,334.65	0.00	3,334.65
Depreciation - Sports Equipment	50501050-00	140,816.90	16,639.93	157,456.83	20,424.35	0.00	20,424.35
Depreciation - Technical and Scientific Equipment	50501050-00	3,158,603.24		3,158,603.24	4,014,350.36	0.00	4,014,350.36
Depreciation - Other Machinery and Equipment	50501050-00	397,338.66	5,883.50	403,222.16	258,067.37	0.00	258,067.37
Depreciation - Motor Vehicles	50501060-00	1,672,831.79	120,719.29	1,793,551.08	322,798.23	753.50	323,551.73
Depreciation - Watercrafts	50501060-00	571,474.19	0.00	571,474.19	57,147.42	0.00	57,147.42
Depreciation - Other Transportation Equipment	50501060-00	52,241.90	0.00	52,241.90	6,724.19	0.00	6,724.19
Depreciation - Furniture and Fixtures	50501070-00	1,349,334.34	120,539.09	1,469,873.43	183,457.46	117,439.09	300,896.55
Depreciation - Books	50501070-00	1,732,840.84	26,412.40	1,759,253.24	154,287.41	4,766.20	159,053.61
Depreciation - Leased Machinery and Equipment	50501080-00	1,079,683.99	0.00	1,079,683.99	55,780.37	0.00	55,780.37
Depreciation - Other Property, Plant and Equipment	50501990-00	473,804.24	6,900.00	480,704.24	309,672.10	6,900.00	316,572.10
Total Depreciation Expenses		24,901,995.83	2,922,019.42	27,824,015.25	8,640,060.22	2,874,763.71	11,514,823.93
Total Non-cash Expenses		24,901,995.83	2,922,019.42	27,824,015.25	8,640,060.22	2,874,763.71	11,514,823.93
CURRENT OPERATING EXPENSES							
		517,676,296.13	9,177,757.32	526,854,053.45	481,760,761.47	4,587,159.52	486,347,920.99
Deficit from Current Operations		(517,676,296.13)	2,279,233.27	(515,397,062.86)	(481,760,761.47)	11,051,211.35	(470,709,550.12)

Financial Assistance/Subsidy							
Financial Assistance/Subsidy from NGAs, LGUs, GOCCs							
Subsidy from National Government	40301010-00	549,881,641.03	100,000.00	549,981,641.03	646,165,859.82	0.00	646,165,859.82
Subsidies - Others	50214990-00	62,299.00	0.00	62,299.00	63,000.00	125,333.00	188,333.00
Total Financial Assistance/Subsidy to NGAs, LGUs, GOCCs							
Total Net Financial Assistance and Subsidy		549,819,342.03	100,000.00	549,919,342.03	646,102,859.82	- 125,333.00	645,977,526.82
SURPLUS FOR THE PERIOD		32,143,045.90	2,379,233.27	34,522,279.17	164,342,098.35	10,925,878.35	175,267,976.70

MINDANAO STATE UNIVERSITY-TAWI-TAWI COLLEGE OF TECHNOLOGY AND OCEANOGRAPHY						
STATEMENT OF CASH FLOWS (By Fund)						
For the Year ended December 31, 2018						
Detailed (All Funds)						
	2018			2017		
	Fund 01	Fund 05	TOTAL	Fund 01	Fund 05	TOTAL
Cash Flows from Operating Activities:						
Cash Inflows:						
Receipt of NCA	549,943,940.03	0.00	549,943,940.03	604,985,221.75	0.00	604,985,221.75
Collection of Income/Revenues	0.00	11,456,990.59	11,456,990.59	0.00	15,457,300.87	15,457,300.87
Receipt of Assistance and Subsidy from Other NGAs	0.00	0.00	0.00	0.00	8,665,000.00	8,665,000.00
Total Cash Inflows	549,943,940.03	11,456,990.59	561,400,930.62	604,985,221.75	24,122,300.87	629,107,522.62
Cash Outflows:						
Payment of personnel services	446,753,703.55	907,829.86	447,661,533.41	0.00	0.00	0.00
Payment of maintenance and other operating expenses	46,003,665.32	5,334,108.04	51,337,773.36	180,344,406.78	7,123,153.35	187,467,560.13
Payment of financial expenses	16,931.43	13,800.00	30,731.43	0.00	0.00	0.00
Cash payment of payables incurred in operations	0.00	0.00	0.00	139,168,827.51	0.00	139,168,827.51
Cash purchase of inventories	1,583,205.19	2,257,967.93	3,841,173.12	21,246,383.50	0.00	21,246,383.50
Remittance of GSIS/PAG-IBIG/PHILHEALTH Payable	0.00	0.00	0.00	66,947,342.85		66,947,342.85
Grant of Cash Advances	0.00	0.00	0.00	87,077,793.65	3,246,228.54	90,324,022.19
Reversion of Unused NCA	0.00	0.00	0.00	934.08		934.08
Release of funds as interagency transfer	3,821,266.97	13,297,083.33	17,118,350.30	0.00	0.00	0.00
Total Cash Outflows:	498,178,772.46	21,810,789.16	519,989,561.62	494,785,688.37	10,369,381.89	505,155,070.26
Cash Provided by operating Activities	51,765,167.57	(10,353,798.57)	41,411,369.00	110,199,533.38	13,752,918.98	123,952,452.36
Cash Flows from Investing Activities:						
Cash Inflows:	0.00	0.00	0.00	0.00	0.00	0.00
Cash Outflows:						
Purchase/Construction of PPE	47,943,900.60	12,701,625.36	60,645,525.96	118,218,042.19	7,585,644.29	125,803,686.48
Total Cash Outflows	47,943,900.60	12,701,625.36	60,645,525.96	118,218,042.19	7,585,644.29	125,803,686.48
Cash Provided by Investing Activities	(47,943,900.60)	(12,701,625.36)	(60,645,525.96)	(118,218,042.19)	(7,585,644.29)	(125,803,686.48)
Cash Flows from Financing Activities:						
Cash Inflows:	0.00	0.00	0.00	0.00	0.00	0.00
Cash Outflows:	0.00	0.00	0.00	0.00	0.00	0.00
Cash Provided by Financing Activities	0.00	0.00	0.00	0.00	0.00	0.00
Increase (Decrease) in Cash and Cash Equivalent	3,821,266.97	(23,055,423.93)	(19,234,156.96)	(8,018,508.81)	6,167,274.69	(1,851,234.12)
Effects of Exchange Rates Changes on Cash and Cash Equivalents	0.00	0.00	0.00	0.00	0.00	0.00
Add: Beginning Balance, January 1	76,042,482.07	24,252,931.88	100,295,413.95	84,060,990.88	18,085,657.19	102,146,648.07
Cash End, December 31	79,863,749.04	1,197,507.95	81,061,256.99	76,042,482.07	24,252,931.88	100,295,413.95

[illegible]