



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

MANAGEMENT LETTER

on the audit of

TESDA
ISABELA SCHOOL OF ARTS AND TRADES
Calamagui 2nd, City of Ilagan, Isabela

For the Year-Ended December 31, 2024

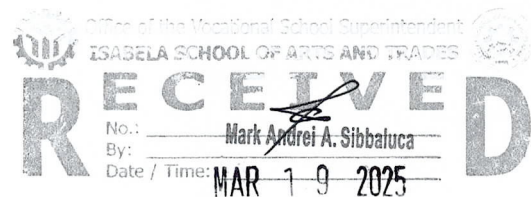


REPUBLIC OF THE PHILIPPINES
COMMISSION ON AUDIT
REGIONAL OFFICE NO. II
National Government Audit Sector – Cluster 5
Provincial Satellite Auditing Office
Brgy. Alibagu, City of Ilagan, Isabela

Office of the Auditor – Audit Team No. Team R2-14B

March 17, 2025

MR. EDWIN P. MADARANG
Vocational School Superintendent
Isabela School of Arts and Trades
City of Ilagan, Isabela



Dear Sir:

Management Letter on the Audit of the
Technical Education and Skills Development Authority (TESDA)
Isabela School of Arts and Trades (ISAT)
For the period January 1, 2024 to December 31, 2024

1. Pursuant to Section 2, Article IX-D of the Constitution of the Philippines and Section 43 of the Government Auditing Code of the Philippines (P.D.1445), we audited the accounts and operations of TESDA – Isabela School of Arts and Trades (ISAT), City of Ilagan, Isabela, for the year-ended December 31, 2024. The audit was conducted in accordance with the International Standards of Supreme Audit Institutions (ISSAIs). Those standards require that we comply with ethical requirements and plan and perform the audit to obtain a reasonable assurance about whether the financial statements are free from material misstatements.
2. The audit was conducted to (a) verify the level of assurance that may be placed on management's assertions on the financial statements; (b) evaluate the extent of compliance with laws, rules and regulations as well as propriety and validity of transactions; (c) recommend measures to improve the efficiency and effectiveness of agency's operations; and (d) determine the extent of implementation of prior years' audit recommendations.
3. The deficiencies noted in the course of the audit were earlier communicated through Audit Observation Memoranda (AOM) and discussed with concerned agency officials and employees in an exit conference held on March 14, 2025. Their comments were incorporated in this Management Letter, where appropriate. The significant audit observations and recommendations shall be incorporated in the Regional Consolidated Management Letter (RCML) of the TESDA Regional Office (RO) No. II for Calendar Year (CY) 2024.



A. Introduction

4. The TESDA was established through the enactment of Republic Act No. 7796 otherwise known as the "Technical Education and Skills Development Act of 1994", which was signed into law by President Fidel V. Ramos on August 25, 1994. This Act aims to encourage the full participation of and mobilize the industry, labor, local government units and technical-vocational institutions in the skills development of the country's human resources.
5. The merging of the National Manpower and Youth Council (NMYC) of the Department of Labor and Employment (DOLE). The Bureau of Technical and Vocational Education (BTVE) of the Department of Education, Culture and Sports (DECS), and The Apprenticeship Program of the Bureau of Local Employment (BLE) of the DOLE gave birth to TESDA.
6. The fusion of the above offices was one of the key recommendations of the 1991 Report of the Congressional Commission on Education, which undertook a national review of the state of Philippine education and manpower development. It was meant to reduce overlapping in skills development activities initiated by various public and private sector agencies, and to provide national directions for the country's technical-vocational education and training (TVET) system. Hence, a major thrust of TESDA is the formulation of a comprehensive development plan for middle-level manpower based on the National Technical Education and Skills Development Plan. This plan shall provide for a reformed industry-based training program that includes apprenticeship, dual training system and other similar schemes.
7. Joint DECS-TESDA Memo Circular No. 1 was issued in consonance with the Special Provision No. 19 of the 1997 General Appropriation Act (GAA) effecting the transfer of ISAT's administration to TESDA. Subsequently, TESDA allocated some of its buildings for the secondary programs to be administered by the Department of Education (DepEd ISAT). The school vigilantly piloted principles and procedures of Competency-Based Training Delivery.
8. TESDA is mandated to:
 - a. Integrate, coordinate and monitor skills development programs;
 - b. Restructure efforts to promote and develop middle-level manpower;
 - c. Approve skills standards and tests;
 - d. Develop an accreditation system for institutions involved in middle-level manpower development;
 - e. Fund programs and projects for technical education and skills development;
and
 - f. Assist trainers training programs.



Vision and Mission

Vision

9. *“The transformational leader in the technical education and skills development of the Filipino workforce.”*

Mission

10. *“TESDA sets direction, promulgates relevant standards, and implements programs geared towards a quality-assured and inclusive technical education and skills development and certification system.”*

Goals and Objectives

11. The TESDA’s goals and objectives is:

- To provide quality and relevant technical vocational education and training
- To conduct research and development to enhance technology/instruction
- To implement extension programs and services to uplift and support the economic growth of the community
- To develop, operate and manage income generating projects

Management

12. At present, the training institution is headed by Mr. Edwin P. Madarang, Vocational School Superintendent, 22 are in the Administrative Services Department and 44 are in the Instructional Services Department with 10 job orders.

Table 1. Manpower complement for CY 2024

Office/Division	Permanent	Job-orders	Total
Administrative/Finance	22	6	28
Academic	44	4	48
Total	66	10	76

Financial Highlights

13. For CY 2024 the Agency received a total appropriation of ₱44,227,765.10. The current year appropriation comprises of (a) regular appropriations of ₱37,328,855.79 (b) automatic appropriation of ₱3,203,956.40 and (c) Special Purpose Fund (SPF) of ₱3,694,952.91 During the year, the agency received total allotments of ₱44,227,765.10 with obligations incurred of ₱43,725,673.66 leaving an unobligated allotment of ₱502,091.44 which was reverted to the National Treasury, to wit:



Table 2. Schedule of Appropriations, Allotments, Obligations Incurred and Unobligated Balance

Source of Funds	Appropriations	Allotments	Obligations Incurred	Unobligated Balance	
				Total	Reverted
	(In PhP)				
Current Year					
1. Regular	37,328,855.79	37,328,855.79	36,908,988.23	502,091.44	502,091.44
2. Automatic Appropriations					
a. RLIP	3,203,956.40	3,203,956.40	3,203,956.40		
3. SPF					
a. MPBF	3,694,952.91	3,694,952.91	3,694,952.91		
b. PGF					
TOTAL	44,227,765.10	44,227,765.10	43,725,673.66	502,091.44	502,091.44

14. The financial position and financial performance for CY 2024, with comparative figures for CY 2023, are summarized below and presented in detail in Annexes A.2 and A.3.

Table 3. Financial Position and Financial Performance for CYs 2024 and 2023

Particular	2024	2023	Increase/ (Decrease)	%
Financial Condition				
Assets	39,170,477.53	33,679,755.21	5,490,722.32	16.30%
Liabilities	3,385,424.49	1,226,056.63	2,159,367.86	176.12%
Government Equity	35,785,053.04	32,453,698.58	3,331,354.46	10.26%
Revenue	29,991,112.40	22,415,132.53	7,575,979.87	33.80%
Current Operating Expenses	72,320,487.22	72,802,977.00	(482,489.78)	0.66%
Surplus/(Deficit) from Current Operations	(42,329,374.82)	(50,387,844.47)	8,058,469.65	15.99%
Net Financial Assistance/ Subsidy	41,998,525.90	40,930,986.20	1,067,539.70	2.61%
Surplus/(Deficit) for the period)	(330,848.92)	(9,456,858.27)	9,126,009.35	96.50%

15. The total Notice of Cash Allocation (NCA) received for Fund Cluster 01 amounted to ₱39,939,402.77 (Annex C).



16. Operational Highlights

Table 4. Major Accomplishments for CY 2024

Key Performance Indicator (KPI)	CY 2024 Physical Targets	Accomplishment as of December 31, 2024	Percentage of Accomplishment
<i>MFO 1: TESD Policy Services</i>			
Number of research and studies conducted	2	2	100%
<i>MFO 2: Technical Education and Skills Development Regulatory Program</i>			
<i>Competency Assessment and Certification</i>			
Number of skilled workers assessed for certification	-	1368	98%
Number of persons certified	-	1329	103%
<i>Technical Education and Skills Development Programs</i>	-	-	-
No. of TTI Enrollees	3500	5147	147%
No. of TTI graduates	3150	9611	1416%
75% graduates from technical education and skills development scholarship programs that are employed	456	439	96%
<i>Training for Work Scholarship Program (TWSP)</i>			
No. of TWSP subsidized enrollees	-	-	-
No. of TWSP subsidized graduates	-	-	-
<i>Institution-based Training Program</i>			
No. of enrollees	1555	1674	108%
No. of graduates	1400	1141	82%
<i>Community-based Training Program</i>			
No. of enrollees	1945	3473	179%
No. of graduates	1750	3470	198%
<i>Trainers Development</i>			
No. of learning facilitators trained TM	-	-	-
<i>Special Clients</i>			
Drug Dependent	-	176	-
Rebel Returnees	-	-	-
Dependents of Killed –in-action (KIA) Wounded in Action	-	21	-
Indigenous Peoples and Cultural Communities	-	715	-
Overseas Filipinos (OFs)	-	157	-

B. Summary of Recommendations

17. The following is the summary of recommendations on the significant deficiencies observed in the course of audit. The details of which are discussed in the Detailed Observations and Recommendations of this report:

For the unrecorded receivables from Training and Assessment Fees and erroneous recording of receivables - ₱2,006,389.00



- (1) The Accounting Office make the necessary adjusting entry to correct the balance of the Other Receivables Account by ₱2,006,389.00.
- (2) The Assessment and Registrar Office inform the Accounting Office of any errors/corrections in the billings made to TESDA Isabela PO. Also, diligently monitor and issue billings to TESDA Isabela PO and punctually submit all billings to the Accounting Office to properly recognize the revenue earned during the period.

For the erroneous recording of issued office supplies inventory and semi-expendable properties - ₱1,503,624.80

- (3) The Accounting Office make the necessary adjusting entry to correct the overstated balance of the Inventory accounts by ₱1,503,624.80.
- (4) The Property Division to regularly prepare and submit the inventory reports, i.e. RSML, RPCI, ICS, RSPI, RegSPI and RPCSP to the Accounting Office, and to the Audit Team, as needed.

For the unrecorded receipt and distribution of starter toolkits - ₱962,701.88 and ₱193,515.37, respectively

- (5) The Accountant record the receipt and distribution of starter toolkits amounting to ₱962,701.88 and ₱193,515.37, respectively.
- (6) The Property Section promptly submit to the Accounting Section copies of RIS on the receipt of toolkits and Acknowledgement Receipts on the issuance thereof for proper recording and submit the updated report of monitoring of toolkits.

For the erroneous classification of expense accounts - ₱851,762.83

- (7) The Accountant make the necessary adjusting entry to correct the misstated balance of Traveling Expenses (Local), Textbooks and Instructional Materials Expenses and Consultancy Services Accounts totaling ₱851,762.83.

For the delayed completion of UAQTEA programs resulting in the expiration of GAA Fund - ₱2,385,897.40

- (8) The Management provide explanations/justifications on the extension of training duration beyond the validity of funds of the realigned UAQTEA Diploma Programs granted by TESDA Isa PO.



- (9) The Registrar Office strictly follow the implementation of the training duration within the validity period of the funds and in cases of revision of training period, formally request for the approval of TESDA Isa PO. Also, inform the financial analyst of TESDA Isa PO of any changes in the training period.

For the non-compliance with Program Registration of various TVET Programs

- (10) The UTPRAS Focal Person facilitate compliance with the minimum requirements on tools and equipment on registered TVET programs as provided under approved Training Regulations.
- (11) The Property and Supply Officer conduct an actual inventory count of all tools and equipment and immediately issue the corresponding ICS/PAR and submit to the Audit Team for verification. Also, account all unserviceable tools and equipment and disposed them accordingly.

Lost, damaged and deteriorated of starter toolkits

- (12) Provide a proper and secure storage area for unclaimed starter toolkits.
- (13) Locate the missing toolkits and immediately present to the Audit Team for verification, otherwise other audit action may be warranted.
- (14) Coordinate with TESDA RO for the strict compliance with TESDA Order No. 16 s. 2025.

For the unsupported payment of mobilization fee - ₱146,139.97

- (15) Discontinue granting advance payment of 15% mobilization cost on contracts entered into unless such requests are duly supported with an irrevocable standby letter of credit from a commercial bank, bank guarantee or a surety bond callable upon demand issued by a surety or an insurance company duly licensed by the Insurance Commission pursuant to Annex E of the Revised IIR of RA 9184.

On the deficiencies noted in the payments of professional fees- ₱48,000.00

- (16) The Management submit justifications on the lapses noted on the payment of professional fees totaling ₱48,000.00. Should the justification be not found reasonable, another audit action may be warranted.



- (17) The Accountant ensure that all disbursement of government funds is properly supported with complete supporting documents and check payments are only prepared after the rendition of service/delivery of goods by the contractor/supplier.

For the failure to conduct post learning and development activity - ₱338,800.05

- (18) Make representations to proper channels in the TESDA Regional/Central Office on the implementation of the TREAP; and.
- (19) Require the six (6) employees to submit TDOR and evidence/documentation on the conduct of the REAP immediately after the its implementation.

For the lapses in monitoring the attendance and DTRs of personnel

- (20) The HRMO update and reconcile the individual personnel Leave Cards and deduct from the leave/service credit balances the corresponding tardiness and undertime incurred. Further, monitor the tardiness and undertime of the employees and consider the provisions of CSC MC No. 16, s. 2010 to protect the interest of the government.
- (21) The Management require all officials and employees to always register their attendance in the biometric finger scanner provided in the office and in the attendance log-book to record manually their attendance for control purposes.
- (22) The HRMO require all officials and employees to submit the approved travel order/memorandum and pass slips to support in the non-entries in the DTRs.

For the disbursements with incomplete supporting documents- ₱2,588,699.84

- (23) The Management provide explanations/justifications on the disbursements with unsigned and/or incomplete supporting documents, otherwise other audit action is warranted.
- (24) The Accounting Office ensure that all disbursements of government funds are properly supported with signed and complete supporting documents and check payments are only prepared after ensuring that all supporting documents are proper and complete.



C. Detailed Observations and Recommendations

Financial Audit

Accounting Errors and Omissions

18. The Assets and Equity (including Income and Expenses) had misstatements understating the year-end balances of said accounts by ₱1,465,466.08 which represents 3.74 percent and 4.10 percent of its total assets and equity, respectively. These accounting errors and omissions significantly affected the reliability and fair presentation of the Financial Statements (FSs) as at December 31, 2024.

19. Paragraph 15 of the IPSAS 1, Presentation of FS, describes FS as a structured representation of the financial position and financial performance of an entity. The standard further provides that the objectives of general-purpose FS are to provide information about the financial position, financial performance and cash flows of an entity that is useful to a wide range of users in making and evaluating decisions about the allocation of resources. Specifically, the objectives of general-purpose financial reporting in the public sector should be to provide information useful for decision-making, and to demonstrate the accountability of the entity for the resources entrusted to it by:

- a) Providing information about the sources, allocation, and uses of financial resources;
- b) Providing information about how the entity financed its activities and met its cash requirements;
- c) Providing information that is useful in evaluating the entity's ability to finance its activities and to meet its liabilities and commitments;
- d) Providing information about the financial condition of the entity and changes in it; and
- e) Providing aggregate information useful in evaluating the entity's performance in terms of service costs, efficiency and accomplishments.

20. Paragraph 27 of IPSAS 1 further states that the FS shall present fairly the financial position, financial performance and cash flows of an entity. Fair presentation requires the faithful representation of the effects of transactions, other events and conditions in accordance with the definitions and recognition criteria for assets, liabilities, revenue and expenses set out in IPSASs. The application of IPSASs, with additional disclosures when necessary, is presumed to result in financial statements that achieve a fair presentation.



21. Our audit of the consolidated FSs disclosed misstatements in several of its accounts, as shown below:

Table 5. Summary of Uncorrected Misstatements in the FSs

Errors/Findings	Amount of (Over) Understatement in Pesos				Equity (E)	ML Reference
	Assets (A)					
	Accounts Receivable	Office Supplies	Semi-Expendable Equipment	Other Supplies & Materials for Dist.		
Unrecorded receivables from Training and Assessment Fees and erroneous recording of receivables	2,006,389.00				2,006,389.00	Table 6
Erroneous recording of issued office supplies inventory and semi-expendable properties		(35,274.80)	(1,468,350.00)		(1,503,624.80)	Table 7
Unrecorded receipt and distribution of toolkits				962,701.88	962,701.88	Table 8
Total Net (Over) Understatements						
Assets-Liabilities = Equity	2,006,389.00	(35,274.80)	(1,468,350.00)	962,701.88	1,465,466.08	
Financial Statement Balances	39,170,477.53				35,785,053.04	
Percent of Total Errors per Accounts Affected (Absolute Amount)	3.74%				4.10%	

Details of Accounting Errors and Omissions

Accounts Receivable

Unrecorded receivables and erroneous recording of collections and assessment fees - ₱2,006,389.00

22. The Other Receivables Account is understated by ₱2,006,389.00 due to: a) unbilled training cost, entrepreneurship fees and assessment fees, b) incorrect recording of collections, c) recording of receivables for assessment fees not yet finished and conducted and d) incorrect billings made to TESDA Isabela PO which is not in keeping with Chapters 2 and 5 of the GAM Volume I, thus, affecting the fair presentation of its financial statements as at December 31, 2024.

23. Chapter 5, Section 7a of GAM Volume I provides for the *Recognition and Measurement of Revenue from Exchange Transaction*:



“Revenue shall be recognized when it is probable that future economic benefits or service potential will flow to the entity and these benefits can be measured reliably. X x x . . .”

24. Further, Sections 2a and 33a, Chapter 2 of GAM Volume I provide that,

“Accrual basis – means a basis of accounting under which transactions and other events are recognized when they occur (and not only when cash or its equivalent is received or paid). Therefore, the transactions and events are recognized in the accounting records and recognized in the financial statements of the periods to which they relate. The elements recognized under accrual accounting are assets, liabilities, net assets/equity, revenue, and expenses.

Revenue includes only the gross inflows of economic benefits or service potential received and receivable by the entity in its own account. (PPSAS 9)”

25. Review of the FSs of December 31, 2024 showed that the Other Receivables Account had a balance of ₱2,272,527.40 as of year-end. Verification of records revealed that these pertain to receivables from TESDA – Isabela PO for training cost, entrepreneurship fees and assessment fees on various scholarship programs offered by TESDA Isabela PO and implemented by TESDA – ISAT. Based on our confirmations with TESDA – Isabela PO and verifications of records, it was revealed that the account is understated by ₱2,006,389.00. Details is shown below:

Table 6. Details of Unrecorded Receivables and Errors in Recording Receivables

Observations	Over (Under)	Particulars
a. unbilled training cost, entrepreneurship fees and assessment fees	(1,369,131.00)	Assessment from various qualifications were conducted as of year-end but not yet billed with the TESDA Isa PO
	(636,750.00)	Various training cost ended as of year-end but not yet billed with the TESDA Isa PO
	(17,600.00)	Entrepreneurship fee for training that ended on September 02, 2024 but unrecorded
b. incorrect recording of collections	21,714.00	Already received payment from TESDA Isa PO on 1/30/2024 per OR No. 4181391
	16,758.00	Already received payment from TESDA Isa PO on 11/6/2024 per OR No. 4184546
	8,000.00	Already received payment from TESDA Isa PO on 12/13/2024 per OR No. 4184937
c. recording of receivables for assessment fees not yet finished and conducted	18,000.00	Scholars were not yet assessed as of December 31, 2024
d. incorrect billings made to TESDA Isabela PO	(68,373.00)	Actual billed amount is ₱553,984 .00 on October 17, 2024; difference is due to 2pax drop out.



Observations	Over (Under)	Particulars
	18,000.00	No Technical Drafting NCII Assessment Resultant as per approved exit points
	3,500.00	20 pax were already assessed with per capita cost of ₱350.00.
	3,459.00	Based on TESDA PO's record, no CACW Masonry NCII has been given to ISAT
	1,034.00	Inclusion of absent scholar in assessment billing
e. unbilled share of TESDA Isa PO on expenses incurred during TESDA Anniversary Celebration (Sayawit/Street Dance Competition)	(5,000.00)	
Total Understatement	(2,006,389.00)	

26. Interview with the Accountant revealed that the errors were due to the following reasons: a) late issuance of billings from the Registrar and Assessment Office, b) collections were directly credited to other revenue account instead of the receivable account, c) recorded receivables were only based on the billings forwarded to the Accounting Office from Assessment and Registrar Office and any errors in billings made by the latter were not communicated to the Accounting Office.

27. These errors in recording and non-recognition resulted in the understatement of the said account affecting the fair presentation of the financial statement as at December 31, 2024.

28. **We recommended that:**

- a. **The Accounting Office make the necessary adjusting entry to correct the balance of the Other Receivables Account by ₱2,006,389.00; and**
- b. **The Assessment and Registrar Office inform the Accounting Office of any errors/corrections in the billings made to TESDA Isabela PO. Also, diligently monitor and issue billings to TESDA Isabela PO and punctually submit all billings to the Accounting Office to properly recognize the revenue earned during the period.**

29. The Management instructed the Accountant to prepare the necessary adjusting entry to correct the balance of the Other Receivables Account and reminded the accountant to have a monthly reconciliation to TESDA Isabela PO. Moreover, the Management instructed the Assessment and Registrar Office to punctually submit all billings to the Accounting Office to properly recognized the revenue earned during the period and to inform the Accounting Office of any errors/corrections in the billings made to TESDA Isabela PO.

Erroneous recording of issued office supplies inventory and semi-expendable properties - ₱1,503,624.80



30. Inventory Accounts totaling ₱1,503,624.80 which were already issued to end-users were not reclassified to the proper expense accounts due to non-preparation and non-submission by the Property Office of Report of Supplies and Material Issued (RSMI), Inventory Custodian Slip (ICS), Report of Semi-Expendable Property Issued (RSPI), resulting in the overstatement of Inventory accounts. Furthermore, the required Report on the Physical Count of Inventories (RPCI), Registry of Semi-Expendable Property Issued (RegSPI) and Report on the Physical Count of Semi-Expendable Property (RPCSP) were not prepared and submitted which are not in keeping with Chapter 8 of GAM for NGAS Volume I and COA Circular No. 2022-004 dated May 31, 2022.

31. The pertinent rules and regulations relative to the recognition of inventory accounts and corresponding expense accounts and the preparation of various inventory reports are as follows:

Rules and Regulations	Specific Requirements/Provisions
Chapter 8 of GAM Volume I	<p>Sec. 7. Recognition as an Expense. When inventories are sold, exchanged, or distributed, their carrying amount shall be recognized as an expense in the period in which the related revenue is recognized. If there is no related revenue, the expense is recognized when the goods are distributed or the related service is rendered.</p> <p>Sec. 10. Semi-expendable property. Tangible items below the capitalization threshold of P15,000 (COA Circular No. 2022-004 dated May 31, 2022 increased the capitalization threshold from below P15,000.00 to below P50,000.00) shall be accounted as semi-expendable property.</p> <ul style="list-style-type: none"> a. Semi-expendable property which were recognized as PPE shall be reclassified to the affected accounts. b. These tangible items shall be recognized as expenses upon issue to the end-user <p>Sec. 11. Accountability over Semi-expendable Property. ICS (<i>Appendix 59</i>) shall be issued to end-user of Semi-expendable Property to establish accountability over them. Accountability shall be extinguished upon return of the item to the Property and Supply Division/Unit or in case of loss, upon approval of the relief from property accountability.</p> <p>Sec. 17. Records, Forms and Reports to be prepared and/or maintained. The following records, forms and reports are prescribed for use:</p> <ul style="list-style-type: none"> g. RSMI (<i>Appendix 64</i>) – shall be prepared by the Property and/or Supply Custodian based on the RIS and shall be used by the Accounting Division/Unit



Rules and Regulations	Specific Requirements/Provisions
	<p>as basis in preparing the JEV to record the supplies and materials issued.</p> <p>i. RPCI (<i>Appendix 66</i>) – shall be used to report the physical count of supplies by type of inventory as at a given date. It shows the balance of inventory items per card and per count and shortage/overage, if any. These include the semi-expendable property wherein the issue is covered by ICS.</p>
COA Circular No. 2022-004 dated May 31, 2022.	<p>Annex A.4 – RegSPI. This registry shall be maintained in the Property and/or Supply Division/Unit for each class of issued semi-expendable property. The property and/or Supply Custodian shall record promptly the issue, return, reissue, disposal, and other information about the property if returned and the description/information about the asset. It shall be maintained by fund. ICS shall be maintained continuously and recorded in sequential manner to keep track of any missing ICS.</p> <p>Annex A.7 – RSPI. This report shall be prepared by the Property and/or Supply Division/Unit to report/summarize all issued semi-expendable property (by semi-expendable property number) at least weekly. It shall be prepared by the Property and/or Supply Custodian based on the ICS and shall be used by the Accounting Division/ Unit as basis in preparing the journal entry voucher to recognize semi-expendable property issued.</p> <p>In this form, the ICS No. is indicated and the agency can check anytime if there are missing ICS at hand since ICS is the only accountability form for the issuance of semi-expendable property. Proper keeping and monitoring of the ICS by the Property/Supply Officer is recommended.</p> <p>Annex A.8 – RLSCSP. This form shall be used to report the physical count of semi-expendable property, which are owned by the agency/entity, by type of property still in the custody of the Property and/or Supply Division/Unit as at a given date. It shows the balance if semi-expendable items per card and per count and shortage/overage, if any. It shall be prepared annually and by fund by the Inventory Committee.</p>

32. Review of the FSs disclosed that Office Supplies Inventory and Semi-Expendable Equipment which were recorded in the Inventory accounts were not adjusted in the books of accounts after its issuance to the end-user during the year resulting in overstated inventory accounts of ₱1,503,624.80. Details is shown below:



Table 7. Details of Inventories Already Issued to End-Users

Overstated Inventory Accounts	Particulars	Amount	Understated Accounts
Office Supplies Inventory	Regular office supplies	35,274.80	Office Supplies Expense
Semi-Expendable Office Equipment	PO NO. 2023-02-090 for Registrar's Office replacement of Airconditioning Unit	48,900.00	Semi-Expendable Office Equipment Expense
	PO NO. 2024-07-235 for CSS Training	205,800.00	
	PO NO. 2024-07-233 for CSS Training	264,900.00	
	PO NO. 2024-07-227 for EIM NC III and DEET subject	36,900.00	
	PO NO. 2024-07-226 for Instructional and UTPRAS Registration	36,900.00	
	PO NO. 2024-07-234 for CSS Training	340,000.00	
	PO NO. 2024-09-303 for Finance Office	55,890.00	
	PO NO. 2024-11-374 for digitalization of documents	29,900.00	
	PO NO. 2024-10-332 for Assessment Center	16,500.00	
	PO NO. 2024-10-336 for Diploma learning	39,300.00	
	PO NO. 2024-11-369 for CGAP report	29,900.00	
	PO NO. 2024-10-343 for UTPRAS Compliance Audit	60,900.00	
	PO NO. 2024-09-311 for Diploma Monitoring of Attendance	26,000.00	
	PO NO. 2024-11-382 for TDC training	44,890.00	
	PO NO. 2024-10-368 for VSS Office	15,500.00	
	PO NO. 2024-10-352 for Training	15,500.00	
	PO NO. 2024-10-352 for printing of documents	15,500.00	
	PO NO. 2024-11-377 Air- conditioning Unit	36,170.00	
Semi-Expendable Furniture and Fixtures	PO NO. 2024-10-360 Window Blinds for Innovation Center	149,000.00	Semi-Expendable Furniture and Fixtures Expense
Total		1,503,624.80	

33. The audit team conducted an inquiry with the end users and it was revealed that all semi-expendable equipment was already issued to them at the end of the year. Also, based on our verification the issued semi-expendable equipment was not properly supported with ICS.



34. Likewise, further inquiry with the Accounting Office disclosed that the unadjusted inventory account is attributed to the failure of the property division to prepare and submit copies of RSMI, RPCI, RSPI, RegSPI and RPCSP to the Accounting Division which are vital reports in the preparation of Journal Entry Voucher (JEV) to recognize the issuance of inventories.

35. It is noted that the non-preparation and non-submission of various inventory reports by the Property Division has been a perennial issue. The Audit Team had previously issued AOMs relative to these lapses and made numerous demands from them to comply with the prescribed rules and regulations but was left unheeded. The property division is constantly reminded of the importance of these inventory reports to properly account all government properties.

36. **We recommended that:**

- a. **The Accounting Office make the necessary adjusting entry to correct the overstated balance of the Inventory accounts by ₱1,503,624.80; and**
- b. **The Property Division regularly prepare and submit the inventory reports, i.e. RSMI, RPCI, ICS, RSPI, RegSPI and RPCSP to the Accounting Office, and Audit Team, as needed.**

37. The Management instructed the Accountant to prepare the necessary adjusting entry to correct the overstated balance of the Inventory Account. The management also instructed the Property and Supply Office to prepare and submit the all inventory reports to the Accounting Office to avoid misstatements in the Financial Report.

Unrecorded receipt and distribution of starter toolkits - ₱962,701.88 and ₱ 193,515.37, respectively

38. **The receipt of 214 sets of starter toolkits and the distribution of 45 sets thereof amounting to ₱962,701.88 and ₱ 193,515.37, respectively, were not recorded in the books, resulting in misstatements in the asset, income and expense accounts of the FSs at year-end, contrary to GAM for NGAs, Volume I and TESDA Circular No. 004, s. 2024.**

39. Chapter 8 of the GAM for NGAs, Volume I, covers the definition, recognition, measurement, cost formulas to be used and related disclosure requirement for inventories. This includes specific guidelines and procedures on acquisition, issue, disposal and impairment of inventory and defines the benchmark for those tangible items not enough to be considered as PPE.

40. Section 2, Chapter 8 of the same manual defines inventories, among others as *“assets in the form of materials or supplies to be consumed or distributed in the rendering of services.”*



41. Likewise, Annex T of TESDA Circular No. 2024-004, s. 2024 dated January 5, 2024 prescribes the guidelines on the recording of starter toolkits received by the district offices.

42. Starter Toolkits are tools and equipment related to the training of scholars as one of their entitlements which they can utilize for self-employment or entrepreneurial activities. These toolkits form part of the fixed costs included in the Schedule of Costs per qualification that shall be adopted in the implementation of TESDA services to meet the objectives of the scholarship programs. The procurement of toolkits was conducted at the national level for distribution to TESDA-RO and ultimately to the intended beneficiaries via the operating units.

43. The Audit Team conducted an actual inventory count of undistributed toolkits as of December 31, 2024 and compared it with the balance recorded in the book of accounts and revealed that there were toolkits accounted during inventory count that were not recorded in the books of accounts. Details is shown below:

Table 8. Unrecorded Receipts and Distribution of Toolkits

Program	Per Books		Per Inventory Count		Unrecorded Receipt		Unrecorded Distribution	
	No.	Amount	No.	Amount	No.	Amount	No.	Amount
2018 UAQTEA	404	1,276,616.28	532	1,732,578.53	128	455,962.25		
2020 UAQTEA	28	184,181.34	92	503,123.02	64	318,941.68		
2019 STEP	64	214,683.52	75	325,432.42	11	110,748.90		
2020 STEP	23	226,174.81	28	272,930.15	5	46,755.34		
2021 STEP	30	166,214.72	2	11,349.38	0	0.00	28	154,865.34
2022 UAQTEA	26	61,694.39	9	23,044.36	0	0.00	17	38,650.03
2022 STEP	10	44,535.10	16	74,828.81	6	30,293.71		
Total	585	2,174,100.16	754	2,943,286.67	214	962,701.88	45	193,515.37

44. Inquiry with the Supply Office revealed that there were no toolkits received in CY 2024, hence, the unrecorded toolkits pertain to receipt of toolkits in prior years that were not accounted for in the toolkit monitoring report and in the books of account. Also, the failure of the Accounting Section to record these transactions were attributed to the non-submission by the Property Section of the copies of RIS on the receipt of toolkits and Acknowledgement Receipts on the issuance thereof to the Accounting Section for proper recording. Also, the Accounting Section was not furnished a reliable toolkit monitoring report that is prepared by the Property Section.

45. It is emphasized that failure to account and recognize in the books the actual balance of undistributed toolkits could pose risk of not being able to properly monitor the remaining inventory still under the custody of the training center and the possibility of loss of the assets.



46. We recommended that:

- a. The Accountant record the receipt and distribution of starter toolkits amounting to ₱962,701.88 and ₱193,515.37, respectively, as follows:

<i>Account Title</i>	<i>Dr</i>	<i>Cr</i>
Other Supplies and Materials for Distribution	₱962,701.88	
Scholarship Grants Expense	193,515.37	
Accumulated Surplus		₱1,156,217.25

- b. The Property Section promptly submit to the Accounting Section copies of RIS on the receipt of toolkits and Acknowledgement Receipts on the issuance thereof for proper recording and submit the updated monitoring report on toolkits.

47. The Management committed to adhere to the recommendation and instructed the Accountant to record the receipt and distribution of starter toolkits. Moreover, the Management instructed the Property and Supply Section to promptly submit copies of RIS to the Accounting Section on the receipt of toolkits and Acknowledgement Receipts on the issuance thereof for proper recording and to submit the updated toolkits monitoring.

Accounting Deficiencies Affecting the Reliability of Account Balances

Erroneous classification of expense accounts - ₱851,762.83

48. **Traveling Expenses (Local), Textbooks and Instructional Materials Expenses and Consultancy Services were overstated by a total of ₱851,762.83 due to erroneous recording of financial transactions which constitute a departure from IPSAS and GAM for NGAs, thereby, affecting the fair presentation of the accounts in the FSs.**

49. The GAM for NGAs Volume 3, prescribes the account titles and description to be used in recording financial transactions relating to Traveling Expenses-Local, Textbooks and Instructional Materials Expenses, and Consultancy Services.

50. Review of the FSs and supporting subsidiary ledgers revealed that there were erroneous entries made in the recording of Travelling Expense (Local), Textbooks and Instructional Materials Expenses and Consultancy Services under SSP Fund which resulted in a total misstatement of ₱851,762.83. Details is shown below:



Table 9. Details on Misclassification of Expense Accounts

Overstated Account	Particulars	Amount	Should be Account
Traveling Expense (Local)	To attend 2024 Master's Degree Scholarship Program for Global TVET Management in Korea	421,195.81	Traveling Expense (Foreign)
Textbooks and Instructional Materials Expenses	Office Supplies in various offices	407,025.50	Office Supplies Expense
Textbooks and Instructional Materials Expenses	Fabrication of filing cabinet at the Assessment Center	22,368.00	Other Maintenance and Operating Exp.
Consultancy Services	Renewal of Insurance of RP Vehicle (SKE 394 & SKE 484)	1,173.52	Insurance Expenses
Total		851,762.83	

51. Inquiry revealed that the Accounting Office inadvertently made an erroneous recording of expenses which led to the misstatement of various expense accounts. The misclassification of accounts affected the fair presentation of the expense accounts in the FSs at year-end.

52. **We recommended that the Accountant make the necessary adjusting entry to correct the misstated balance of Traveling Expenses (Local), Textbooks and Instructional Materials Expenses and Consultancy Services Accounts totaling ₱851,762.83.**

53. The Management instructed the Accountant to make the necessary adjusting entry to correct the misstated balance of Traveling Expenses (Local), Textbooks and Instructional Materials Expenses and Consultancy Services Accounts. Moreover, the Management reminded the Accountant to review and check entries to avoid misstatement in the financial report.

Compliance Audit

Delayed completion of UAQTEA programs resulting in the expiration of GAA Fund - ₱2,385,897.40

54. **The delayed completion of UAQTEA Diploma Programs of TESDA – ISAT resulted in the expiration of 2023 GAA Funds of TESDA Isabela PO totaling ₱2,385,897.40 contrary to Section 2 of PD 1445, Republic Act No. 11936 and National Budget Circular (NBC) No. 590, thus, the Training Cost, Training Support Fund and Assessment Fees may no longer be reimbursed/refunded from the Provincial Office.**

55. Section 2 of PD 1445 otherwise known as the *Government Auditing Code of the Philippines* provides that: *“It is the declared policy of the State that all resources of the government shall be managed, expended or utilized in accordance with law and*



regulations, and safeguarded against loss or wastage through illegal or improper disposition, with a view to ensuring efficiency, economy and effectiveness in the operations of government. The responsibility to take care that such policy is faithfully adhered to rests directly with the chief or head of the government agency concerned."

56. Meanwhile, Section 70 of RA 11936 is quoted as follows:

Sec. 70. Cash Budgeting System. All appropriations authorized in this Act, including budgetary support to GOCCs and financial assistance to LGUs, shall be available for release and obligation for the purpose specified, and under the same general and special provisions applicable thereto, until **December 31, 2024**, except for personnel services which shall be available for release, obligation and disbursement until December 31, 2023. On the other hand, appropriations for the statutory shares of LGUs shall be available for obligation and disbursement until fully expended.

57. Further, Section 3.5 of NBC No. 590 is quoted as follows:

After the end of the specified applicable validity period, all unreleased appropriations or unexpended or undisbursed funds shall revert to the unappropriated surplus of the General Fund, in accordance with Section 28, Chapter 4, Book VI of Executive Order (E.O.) No. 292 and shall not be available for expenditure except by subsequent legislative enactment.

58. Verification of the Scholarship Programs Monitoring and Online Reporting (SPMOR) of TESDA – Isa PO revealed that there were approved Regional Qualification Maps for CY 2023 that were realigned in CY 2024. The series of events is as follows:

Date	Event
May 24, 2024	TESDA Isa PO submitted the proposed realignment of funds of FY 2023 for approval of the Regional Office (RO).
August 14, 2024	The RO approved the realignment of funds thru Memorandum No. 2326 s. 2024 and the respective RQMs were released.
	Notice to Proceed was issued to TESDA – ISAT on the implementation of three (3) UAQTEA Diploma Program based on their vetted absorptive capacity
August 27, 2024 to December 20, 2024	Original training duration on the implementation of the realigned UAQTEA Diploma Program of TESDA ISAT.
August 27, 2024 to February 14, 2025	Actual training duration on the implementation of the realigned UAQTEA Diploma Program.



59. TESDA Isa PO granted TESDA ISAT three (3) RQMs in CY 2024 based on the realigned funds from FY 2023. Details is as follows:

Table 10. List of RQMs with Unutilized/For Reversal Funds

No.	RQM Code	Qualification Title	Total Fund	Utilized in CY 2024	Unutilized/ For Reversal
1	RQM7-2023-UAQD-0231-1-1Y1S	Diploma in Civil Engineering Technology	1,134,350.00	297,520.00	836,830.00
2	RQM7-2023-UAQD-0231-2-1Y1S	Diploma in Electrical Engineering Technology	1,129,875.00	297,520.00	832,355.00
3	RQM7-2023-UAQD-0231-3-1Y1S	Diploma in Hotel and Restaurant Services	974,930.00	258,217.60	716,712.40
Total			3,239,155.00	853,257.60	2,385,897.40

60. It can be inferred from the above tables that TESDA – ISAT failed to complete and implement the three (3) UAQTEA programs within CY 2024 which was granted by TESDA Isa PO based on their absorptive capacity. Corollary, the realigned funds from FY 2023 were not fully utilized. This is attributable to the failure of TESDA – ISAT to implement the program within the required original timeline. Also, TESDA – ISAT extended the duration of the training period without informing the financial analyst of TESDA Isa PO who is well aware of the validity of the funds.

61. The total unutilized funds of ₱2,385,897.40 may no longer be reimbursed/refunded by TESDA ISAT from TESDA Isa PO since the validity period of the FY 2023 appropriations had already lapsed as at December 31, 2024. This includes the Training Support Funds which is an allowance granted to the scholars and the cost of assessment fees to cover the various resultant qualifications.

62. The school is reminded of its obligation to comply with the requirements of absorptive capacity on the implementation of scholarship programs. It is the duty of the school to ensure that the funds are fully expended in accordance with the prescribed laws, rules and regulation.

63. **We recommended that:**

- a. **The Management provide explanations/justifications on the extension of training duration beyond the validity of funds of the realigned UAQTEA Diploma Programs granted by TESDA Isa PO; and**
- b. **The Registrar Office strictly follow the implementation of the training duration within the validity period of the funds and in cases of revision of training period, formally request for the approval of TESDA Isa PO.**



Also, inform the financial analyst of TESDA Isa PO of any changes in the training period.

64. The need for an extension was due to unforeseen circumstances, particularly the suspension of classes due to “force majeure” events, specifically a series of typhoons that impacted the province. Furthermore, in compliance with TESDA guidelines, the institution was required to meet a minimum of 100 training days per semester. The original schedule for the realigned UAQTEA Diploma Program, set from August 27, 2024, to December 20, 2024, did not meet this requirement due to the unavoidable disruptions caused by the aforementioned external factors. As a result, the program’s original timeline fell short of the necessary training days. Additionally, it is important to note that the school was unable to schedule extra classes on Saturdays from August to December 2024, as students were already committed to attend National Service Training Program (NSTP) classes. Therefore, the extension of the training period was the only viable solution to ensure that the students complete the necessary number of training days while also maintaining adherence to institutional and regulatory requirements.

Non-compliance with Program Registration of various TVET Programs

65. 20 out of the 38 registered TVET programs did not comply with the minimum requirements on tools and equipment provided under the Training Regulations on program registration which is not in accord with the R.A. No. 7796 and TESDA Circular No. 107, s. 2021, thus the school’s capacity in providing quality technical education and skills development to its learners is compromised.

66. Also, deficiencies were noted in the proper handling and custody of tools and equipment issued to the trainers such as: (a) tools and equipment issued to trainers were actually used and assigned to other qualification programs, (b) unserviceable tools and equipment remained undisposed and (c) tools and equipment issued to trainers were not issued with corresponding ICS/PAR hence posing risks to unaccounted loss and unnecessary consumption of storage space.

67. Section 22 of Republic Act No. 7796 otherwise known as “TESDA Act of 1994” provides that: *“There shall be national occupational skills standards to be established by TESDA-accredited industry committees. The Authority shall develop and implement a certification and accreditation program in which private industry groups and trade associations are accredited to conduct approved trade tests, and the local government units to promote such trade testing activities in their respective areas in accordance with the guidelines to be set by the Authority.”*

68. Furthermore, TESDA Circular No. 107, s. 2021 provides for the *Omnibus Guidelines on TVET Program Registration* as follows:



"V. Basic Principles of Registration System

1. The TVET Program Registration is primarily intended to promote public interest and welfare by ensuring the quality of all TVET programs.

Xxx...

*4. The Training Regulations sets the **minimum requirements** for With Training Regulations (WTR) programs such as: competency standards; training arrangements; and assessment and certification arrangements necessary to deliver the program.*

5. The registration system is designed to lead to a more efficient, effective and quality assured management of the TVET sector.

VII. Requirements for Registration

1. The requirements for program registration shall be in accordance with the Checklist of Program Registration Requirements contained in the Operating Procedure on Program Registration.

2. The major components of the requirements shall include, but not limited to the following: (a) Corporate and Administrative Documents; (b) Curricular Requirements; (c) Faculty and Personnel; (d) Program Guidelines; (e) Support Services; and (f) Documentary evidence of financial capacity for the initial program/s applied for.

3. To ensure that the TVI has the capability to sustain its operation, proof of financial resources shall be submitted to form part of the requirements of the program registration.

*4. The basis of evaluation of the application shall be on the **completeness, correctness, compliance and validity** of the documents required that serve as pieces of evidence of the applicant-TVI's capacity to offer, manage and sustain TVET programs."*

69. Program registration is the process by which TVET programs are registered with TESDA. It is the first stage of the Unified TVET Program Registration and Accredited System (UTPRAS). Applying for program registration indicates intent of the institution to offer TVET programs. The registration process attests to the capacity of the Technical Vocational Institution (TVI) to deliver its stated curricula to learners against the **minimum standards prescribed in the Training Regulations**. Registration begins with the program registration documentation submitted to TESDA by the applicant TVI. It also includes the conduct of periodic compliance audits to ensure continuing compliance to the requirements for program granted Certificate of TVET Program Registration (CTPR).

70. In CY 2024, TESDA – ISAT had registered thirty-eight (38) TVET programs for institutional-based training. The Audit Team validated the minimum requirements



of tools and equipment for each registered TVET program based on the approved Training Regulations through an actual inventory count and found out that 20 out of the 38 registered TVET programs were not compliant on said requirement (refer to **Annex D**). Listed below are the observations noted:

1. Some tools and equipment not presented were supported with corresponding Purchase Requests (PRs). The PRs were only presented to the Inspector who conducted the program registration audit to show that the same were already procured. However, the items in the PR were not actually purchased;
 2. Various tools and equipment were shared with different TVET programs and some equipment were already assigned to different trainer;
 3. Some tools and equipment were personally owned by the trainer;
 4. Unserviceable/damaged tools and equipment were presented and remained undisposed and in the custody of the trainer;
 5. Borrowed tools and equipment from industry partners were presented;
 6. There were tools and equipment purchased that were not actually used during actual training; and
- Tools and equipment were not properly supported with Inventory Custodian Slip (ICS)/Property Acknowledgement Receipt (PAR).

71. It is emphasized that the purpose of adhering to the approved Training Regulations is to ensure that TVET programs meet quality standards and industry requirements. These regulations serve as a framework for skills development and are designed to enhance employability, competitiveness, and lifelong learning among Filipino workers. These are standardized in order to define the minimum competencies, knowledge, skills and attitudes required for specific qualifications and to ensure consistency and uniformity in training delivery across accredited institutions. Further, these regulations are aligned with industry needs.

72. The tools and equipment requirement set under these regulations are not for mere compliance only but should and must be used for training purposes. As a government TVET accredited institution, TESDA ISAT should comply strictly with the minimum requirements and set an example to private TVIs. Hence, if these tools and equipment were not actually used for trainings then it follows that the training regulations were not strictly implemented by the institution.

73. Further, unserviceable properties remained in the custody of the trainers should be accounted to the Property Custodian for proper disposal. Undisposed properties consumed unnecessary storage. Also, there were no ICS/PAR issued to trainers hence, lost items cannot be readily accounted for.



74. We recommended that the:

- a. UTPRAS Focal Person facilitate compliance with the minimum requirements on tools and equipment on registered TVET programs as provided under approved Training Regulations; and
- b. Property and Supply Officer conduct an actual inventory count of all tools and equipment and immediately issue the corresponding ICS/PAR and submit to the Audit Team for verification. Also, account all unserviceable tools and equipment and disposed them accordingly.

75. The UTPRAS focal person closely monitored the implementation of corrective actions to ensure full compliance with the required standards. The Property and Supply Officer was scheduled to complete the physical inventory count and documentation within the prescribed timeline. Disposal of unserviceable tools and equipment will be carried out in accordance with government disposal procedures. The Management committed to enhance its internal processes to uphold the quality of technical education and skills development provided to the learners.

Lost, damaged and deteriorated starter toolkits

76. Improper safekeeping and delayed distribution of starter toolkits resulted in the loss of 87 toolkits and damage and deterioration of three (3) tablets, contrary to Sec. 2 of PD 1445, thus, defeating the purpose of the procurement and the ultimate objective of toolkits provisions to scholars resulting in wastage of government resources.

77. On February 20, 2025, the TESDA Regional Office together with the Audit Team conducted an actual physical inventory of all unclaimed/undistributed starter toolkits as of December 31, 2024. During the inventory count, it was observed that some boxes were already worn out, termite infested and the lot descriptions can no longer be identified. Also, upon further inspection of the items inside the boxes, it was found out that there were 87 items of toolkits that were missing and three (3) tablets that were damaged and unserviceable. Details is shown below:

Table 11. Schedule of Missing, Damaged and Deteriorated Starter Toolkits

Year	Scholarship	Qualification	Particulars	Unserviceable	Missing
2018	UAQTEA	Bartending NC II	Chopping Board		38
2018	UAQTEA	Motorcycle/Small Engine Servicing NC II	T-Handle Hex Key Wrench		26
2022	UAQTEA	Electronics Products Assembly	Multi-Tester, Sanwai		1
			Soldering Iron, Delixi		1



Year	Scholarship	Qualification	Particulars	Unserviceable	Missing
		and Servicing NC II - Service Consumer Electronic Products and Systems	Long Nose Plier, Delixi		2
			Diagonal Cutting Plier, Stanley		1
			Screwdriver		1
			Desoldering Pump/Solder Sucker, Delixi		1
			Automatic Wire Stripper, Delixi		1
2022	STEP	Food Processing NC II - Process Food by Sugar Concentration	Food Processor		10
			Measuring Cup		1
			Mixing Bowl		1
			Digital Weighing Scale		1
			Measuring Spoon		1
			Chopping Board		1
2018	UAQTEA	Food and Beverages NC II	Tablet	3	
Total				3	87

78. Interview with the Supply Officer disclosed that due to the frequent transfer of storage of starter toolkits, some of the supplies might have been misplaced. Also, some toolkits were stored in the classroom where the classes were held and accessible to all.

79. Further, it was also observed that the distribution of toolkits after a considerable lapse of time tends to be difficult because of the effort to inform or gather once again the intended beneficiaries. Some beneficiaries in fact could no longer be found for reasons such as employment abroad, transfer of residence, and other circumstances. Thus, the scholars lost their opportunity to avail the benefit. This has been a perennial problem not only of the school but TESDA nationwide.

80. In order to address these pressing concerns on undistributed toolkits, TESDA Central Office issued TESDA Order No. 16 s. 2025 dated January 13, 2025, re: Implementing Guidelines on Unclaimed or Undistributed Starter Toolkits under Special Training for Employment Program (STEP) and Universal Access to Quality Tertiary Education (UAQTEA) Program. These guidelines shall cover the disposal of all the unclaimed/undistributed starter toolkits for the implementation of STEP and UAQTEA programs.

81. Nevertheless, we commended the Management in exerting its efforts to distribute and locate the beneficiaries of the starter toolkits despite the significant lapse of time from the date the training program was completed.

82. **We recommended that the Management:**

- a. **Provide a proper and secure storage area for unclaimed starter toolkits;**



- b. **Locate the missing toolkits and immediately present to the Audit Team for verification, otherwise other audit action may be warranted; and**
- c. **Coordinate with TESDA RO for the strict compliance with TESDA Order No. 16 s. 2025.**

83. The Supply Officer conducted an internal review and assessment of the reported issues regarding the safekeeping of the starter toolkits. A designated storage area has been in place to properly safe keep the toolkits. Also, the Supply Officer had already started locating the missing toolkits by reviewing the Acknowledgment Receipts and the result of the verification will be communicated to the Audit Team.

Unsupported payment of mobilization fee - ₱146,139.97

84. **Advance payment made to a contractor amounting to ₱146,139.97 was not supported with irrevocable standby letter of credit of equivalent value or surety bond callable upon demand pursuant to Item 4 of Annex E of the RIRR of RA 9184, thus posing possible loss should the contractor remiss its obligations.**

85. Annex E of the RIRR of RA No. 9184 otherwise known as the Government Procurement Reform Act specifically requires that:

4. Advance Payment

4.1 The procuring entity shall, upon a written request of the contractor which shall be submitted as a contract document, made an advance payment to the contractor in an amount not exceeding fifteen percent (15%) of the total contract price, to be made in lump sum or, at the most, two installments according to a schedule specified in the Instruction to Bidders and other relevant Tender documents; and

*4.2 The advance payment shall be made only upon the submission to and acceptance by the procuring entity of an **irrevocable standby letter of credit of equivalent value from a commercial bank, a bank guarantee or a surety bond callable upon demand**, issued by a surety or surety or insurance company duly licensed by the Insurance Commissioner and confirmed by the procuring entity.*

86. During CY 2024, a contract was awarded to a contractor for the Rehabilitation of Flooring of the FBS/Bartending, Hairdressing, Nail Care and Conference Hall with a total contract cost of ₱974,266.48. An advance payment of mobilization expense representing 15% of the total contract cost or ₱146,139.97 was granted through Check No. 1753465 dated December 26, 2024. Our verification disclosed that the said payment was not supported with an irrevocable standby letter of credit issued from a commercial bank, a bank guarantee or a surety bond callable upon demand equivalent to the amount advanced, inconsistent with the aforementioned provisions of the Revised



IRR of R. A. 9184, thus posing the risk of possible loss of funds should the contractor fail to fulfill its obligations.

87. Further verification of documents revealed that the actual start of implementation of the project was on December 14, 2024 and the payment of mobilization fee was made on December 26, 2024. This means that the contractor had already mobilized its equipment and had already commenced the project prior to the granting of the mobilization fee.

88. It is emphasized that in infrastructure projects, the procuring entity may grant an advance payment for purpose of mobilization, which amounts to a form of financial assistance extended by the procuring entity to the contractor in order to defray the cost of deployment of equipment and start the works immediately within the specified period in the Notice to Proceed. Thus, if the contractor has already mobilized and has commenced with the required works under the contract, **advance payment can no longer be provided as doing so already negates the very purpose of granting such privilege to the contractor.**¹

89. **We recommended that the Management discontinue granting advance payment of 15% mobilization cost on contracts entered into unless such requests are duly supported with an irrevocable standby letter of credit from a commercial bank, bank guarantee or a surety bond callable upon demand issued by a surety or an insurance company duly licensed by the Insurance Commission pursuant to Annex E of the RIIR of RA 9184.**

90. The Management committed to adhere to the recommendation and instructed the Finance Department to discontinue granting advance payment of 15% mobilization cost on contracts entered into unless such requests are duly supported with the required documents to the Revised IRR of RA 9184. Also, the project was fully completed by the end of January 2025. Furthermore, the Finance Department has confirmed that the 15% advance payment for mobilization cost made on December 26, 2024 was recouped from the payment of the first billing dated January 22, 2025.

Deficiencies noted in the payments of professional fees- ₱48,000.00

91. **Lapses on the completed contracts of service for the preparation of Architectural Design, Electrical Design and Structural Analysis and Design for the Construction of Incubation Facility totaling ₱48,000.00 were noted such as: a) contract agreements were made and executed only in CY 2025; b) no Official Receipts/Invoices as proof of payments were submitted; c) advance payments were made prior to rendition of service and d) the procurement did not undergo the proper procurement process, which are not in compliance with Sections 4(6) and**

¹ NPM No. 56-2013 dated June 26, 2013



88 PD No. 1445 and COA Circular 2004-006 dated September 9, 2004 and Revised IRR of RA 9184.

92. Pertinent provisions of PD 1445 provide, among others that financial transactions and operations of any government agency shall be governed by the fundamental principles set forth hereunder; claims against government funds shall be supported with complete documentation. Also, except with the prior approval of the President (Prime Minister) the government **shall not be obliged to make an advance payment for services not yet rendered** or for supplies and materials not yet delivered under any contract therefor. No payment, partial or final, shall be made on any such contract except upon a certification by the head of the agency concerned to the effect that he services or supplies and materials have been rendered or delivered in accordance with the terms of the contract and have been duly inspected and accepted.

93. Meanwhile, COA Circular 2004-006 dated September 9, 2004 provides that an OR/Invoice shall be required for disbursements where the payee/recipient is a business establishment required by the Bureau of Internal Revenue (BIR) to issue Official Receipts for its collections. The OR may also be in the form of cash receipt tape generated by cash register with BIR seal.

94. In relation thereto, Sec. 236 of the National Internal Revenue Code provides that every person subject to any internal revenue tax shall register once, either electronically or manually, with the appropriate Revenue District Office. This includes self-employed individuals and/or professional.

95. Further, Revised IRR of RA 9184 on particularly on Alternative Move of Procurement under the Small Value Procurement requires that *"The BAC shall prepare and send the RFQs/RFPs to at least three (3) suppliers, contractors or consultants of known qualifications. This, notwithstanding, those who responded through any of the required postings shall be allowed to participate. Receipt of at least one (1) quotation is sufficient to proceed with the evaluation thereof."*

96. In CY 2024, TESDA – ISAT engaged the services of individual professionals for the preparation of Architectural Design, Electrical Design and Structural Analysis and Design for the Construction of Incubation Facility amounting to ₱48,000.00.

97. Post-audit of disbursement vouchers (DV) revealed that the payments were only initially supported with DV, Budget Utilization Request and Status and Approved Term of Reference. Thus, the Audit Team requested that the supporting attachments such as Contract Agreement, RFQs, Canvass Forms, OR/Invoice and proofs of rendition of service (sealed plans and design) be submitted. The Accounting Office partially submitted some documents and verification of the same disclosed the following deficiencies:

Table 12. List of Deficiencies on the Payment of Professional Fees

Findings	Observations
a) contract agreements were made and executed only in CY 2025	Inquiry with one of the signatories in the contract agreements disclosed that the contracts were only signed in February



Findings	Observations
	<p>2025. Also, further scrutiny of the documents revealed that the same was only notarized in February 24, 2025.</p> <p>This conclude the presumption that the contract agreements were made and executed only after the Audit Team required the submission of the same.</p>
b) no Official Receipts/Invoices as proof of payments were submitted	<p>The Accounting Office only submitted Acknowledgement Receipt signed by the individual professionals as proof of payment.</p> <p>The Audit Team required the submission of ORs/Invoices but they failed to submit the same contending that these professionals are not required to issue OR/invoices. It is emphasized, that government agency should as far as practicable transact only with professional establishment registered with the BIR. Also, it is incumbent upon the agency to know that claims against government fund shall be supported with OR/invoice particularly in transacting with contractors.</p>
c) advance check payments were made prior to rendition of service	<p>The agency submitted signed and sealed Architectural Design and Electrical Design, and signed and unsealed Structural Analysis and Design.</p> <p>Scrutiny of the submitted plans and design revealed that these were actually completed only after the check payments were already made.</p>
d) did not undergo the proper procurement process	<p>Review of the supporting documents showed that the payments of professional fee were not supported with RFQs, and Abstract of Canvass. Inquiry revealed that the individual professionals were directly contracted by the agency and did not undergo the usual procurement process under the Alternative Mode of Procurement.</p>

98. The above lapses significantly showed internal control weaknesses in the disbursement of government funds by allowing payments not properly supported with the required documentary requirements. Consequently, the propriety and validity of the payments of professional fees for the preparation of Architectural Design, Electrical Design and Structural Analysis and Design for the Construction of Incubation Facility totaling ₱48,000.00 could not be fully ascertained.

99. **We recommended that:**

- a. **The Management submit justifications on the lapses noted on the payment of professional fees totaling ₱48,000.00. Should the justification be not found reasonable, another audit action may be warranted; and**
- b. **The Accountant ensure that all disbursement of government funds are properly supported with complete supporting documents and check**



payments are only prepared after the rendition of service/delivery of goods by the contractor/supplier.

100. The Management committed to adhere to the recommendation and instructed the Accountant to ensure that all disbursements of government funds are properly supported with supporting documents and check payments are only prepared after the rendition of service/delivery of goods by the contractor/supplier.

Failure to conduct post learning and development activity - ₱338,800.05

101. **Six (6) personnel who attended trainings and seminars abroad in CYs 2021-2024 incurring ₱338,800.05 travelling expenses failed to implement the post learning and development activities, contrary to TESDA Circular No. 038, s. 2024, thus defeating the purpose in consistently enhancing the workforce of TESDA employees and possible wastages of government funds.**

102. Item IV of TESDA Circular No. 038, s. 2024 provides that:

16. Employees who participate in learning and development programs or interventions shall complete and submit the required Pre- and Post-program materials to the HRMD-TDI. These documents will be used for monitoring, evaluation, and benchmarking purposes.

17. Participants in training programs lasting five (5) days or 40 hours or more shall submit a Terminal/Re-Entry Action Plan (TREAP) to HRMD-TDI within fifteen (15) working days of program completion. The TREAP shall be submitted in the prescribed format, signed by the participant, and approved by their respective Office Head (Executive/Regional/Provincial/Deputy Director General/Director General).

18. The Terminal and Re-entry Action Plan (TREAP) shall have specific and measurable objective/s, processes and outputs that describe how the learnings gained from the training program may be applied in the workplace/ re-echoed.

19. Respective Office Heads shall be responsible for supporting and ensuring the successful implementation of their employees' TREAPs.

20. To ensure knowledge transfer and knowledge sharing, participants in all learning and development interventions (public, foreign, in-house, etc.) are required to submit a Terminal/Re-Entry Action Plan (TREAP) that reflects their key learnings. This plan should be submitted alongside the training session plan, which outlines the program details such as topics, learning outcomes, activities, schedule, methodologies, and materials.

21. The TREAP shall be implemented, monitored, evaluated and completed within the approved schedule of implementation.

22. The budget for the implementation of the TREAP may be charged against the Staff Development Fund. X xx...

25.A Training Program Monitoring Report (TPMR) every 5th day of the month and a Training and Development Outcome Report (TDOR) six (6) months after



the attendance to the training program shall be submitted to HRMD TDI by Office Heads/ Regional FASDS.

26. Office Heads/ Regional FASDS are to ensure the submission of pre and post-learning documents."

103. Meanwhile, Item IX of the same Circular provides for sanctions on the failure of the learners to submit prescribed post learning and development documents within the prescribed deadline.

104. The Audit Team conducted a verification on the implementation of TREAP and TDOR for trainings and seminars conducted abroad and found out that six (6) TESDA – ISAT personnel failed to implement their approved TREAP and submit their required TDOR. Travelling expenses incurred by four (4) employees in their attendance to the said trainings and seminar amounted to ₱338,800.05 while the expenses of the two (2) employees were shouldered by TESDA Central Office and a Foreign Institution. However, the salaries and allowances of those two employees whose travel was funded by the Foreign Institution were still charged against TESDA – ISAT fund while on travel.

105. Meanwhile, upon checking with their respective Travel Orders, these employees are mandated to submit TDOR and evidence/documentation on the conduct of the REAP within six (6) months after the attendance to the program. However, these post learning and development activities were not implemented by the said personnel. Inquiry revealed that the TREAP was not implemented due to the following reasons:

1. They were waiting for the instruction/order from the TESDA Development Institute of the TESDA – CO on the implementation of TREAP;
2. There was no feedback from TESDA RO 02 on the approval of the submitted business proposal by the two employees who attended the training in Israel; and
3. The training equipment used in Carbon Dioxide Refrigeration System in Germany is not available in the Philippines, hence the trainer cannot conduct the post learning activity.

106. It is noteworthy that TESDA employees who attended trainings and seminars must be able to apply and share the knowledge and learnings they have gained in order to meet the growing demand for a more adaptable, accessible, and comprehensive approach to technical education and skills development nationwide. This would empower the capabilities not only for the TESDA employees but also to the learners that will be enrolled in the various qualification programs of TESDA. If information gained in these trainings/seminars is confined to a respective individual it would result to wasted opportunities and government funds.



107. We recommended that the Head of Agency:

- a. Make representations to proper channels in the TESDA Regional/Central Office on the implementation of the TREAP; and
- b. Require the six (6) employees to submit TDOR and evidence/documentation on the conduct of the REAP immediately after the its implementation. Otherwise, institute the sanctions to those employees who failed to implement the TREAP within six (6) months after the attendance to the program as provided under Item IX of TESDA Circular No. 038, s. 2024, as appropriate.

108. The Management issued Memorandum No. 073, s. 2025 requiring the concerned trainers to submit the REAP with complete attachments and their TDOR. Furthermore, the Management committed to ensure that there will be no occurrence of the same in the future and instructed the HRMO to monitor the trainings attended by the trainers.

Lapses in the monitoring of attendance and DTRs of personnel

109. Internal control weaknesses and lapses in monitoring the attendance of various officials and employees of TESDA-ISAT were noted such as: a.) tardiness and undertime were not reflected in their Daily Time Record (DTR) and were not deducted from their earned leave/service credits, and b.) various employees did not fully utilize the Biometric Face/Finger Scanner Machine for attendance checking and failed to support the blank entries in the DTRs, contrary to Rule XVII, Omnibus Rules Implementing Book V of Executive Order No. 292 and Section 1, 2, 5 and 6 of Rule XVII of the CSC Resolution No. 91-1631, thus determination of the actual working hours and computation of their salaries could not be obtained and verified.

110. On Government Office Hours, Sections 1 to 5, Rule XVII, Omnibus Rules Implementing Book V of Executive Order No. 292 provides:

“Section 1. It shall be the duty of each head of department or agency to require all officers and employees under him to strictly observe the prescribed office hours.

Section 2. Each head of department or agency shall require a daily record of attendance of all officers and employees under him including those serving in the field or on the water, to be kept on the proper form and, whenever possible, registered on the bundy clock.



Service 'in the field' shall refer to service rendered outside the office proper and service 'on the water' shall refer to service rendered on board a vessel which is usually the place of work.

Section 3. Chiefs and Assistant Chiefs of the agencies who are appointed by the President, officers who rank higher than these chiefs in the three branches of the government, and other presidential appointees need not punch in the bundy clock, but attendance and all absences of such officers must be recorded.

Section 4. Falsification or irregularities in the keeping of time records will render the guilty officer or employee administratively liable without prejudice to criminal prosecution as their circumstances warrant.

Section 5. Officer and employees of all departments and agencies except those covered by special laws shall render not less than eight hours of work a day for five days a week or a total of 40 hours a week, exclusive of time for lunch. As a general rule, such hours shall be from eight o'clock in the morning to twelve o'clock noon and from one o'clock to five o'clock in the afternoon on all days except Saturdays, Sundays and Holidays."

111. Likewise, Section 1-2 of Rule XVII of the CSC Resolution No. 91-1631, otherwise known as Rules Implementing Book V of the Executive Order No. 292 and other pertinent Civil Service Laws, provides the provisions for the Government Office Hours as follows: *"It shall be the duty of each head of the department or agency to require all officers and employees under him to strictly observe the prescribed office hours. Each head of department or agency shall require a daily record of attendance of all the officers and employees under him including those serving in the field or on the water, to be kept on the proper form and, whenever possible, registered on the bundy clock. Service "in the field" shall refer to service rendered outside the office proper and service "on the water" shall refer to service rendered on board a vessel which is the usual place of work."*

112. Moreover, Section 5-6 of Rule XVII of the same resolution states that *"Officers and employees of all departments and agencies except those covered by special laws shall render not less than eight (8) hours of work a day for five (5) days a week or a total of forty (40) hours a week, exclusive of time for lunch. As a general rule, such hours shall be from eight o'clock in the morning to twelve o'clock noon and from one o'clock to five o'clock in the afternoon on all days except Saturdays, Sundays and Holidays. Flexible working hours may be allowed subject to the discretion of the head of department or agency. In no case shall the weekly working hours be reduced in the event the department or agency adopts the flexi-time schedule in reporting for work."*
Emphasis Supplied

113. The Audit Team conducted an audit and evaluation of the DTRs, Monthly Report of Attendance and Leave Cards of various officials and employees of TESDA-



ISAT for the period September 1 - December 31, 2024 and we noted the following deficiencies:

- a. Tardiness and undertime were not reflected in their DTR and were not deducted from their earned leave/service credits – 247 hours and 4,400 minutes

114. The audit team obtained copies of DTRs for the period September 1 - December 31, 2024 together with the leave records and verified whether the entries recorded in the DTRs such as leave of absences and undertime were reflected in the leave records. However, our audit disclosed that there were numerous tardiness and undertime of officials and employees of TESDA-ISAT totaling 247 hours and 4,400 minutes that were not deducted from the earned leave/service credits. Details is shown below.

Table 13. List of Employees with Un-deducted Undertime/Tardiness

No.	Employee No.	Tardiness/Undertime	
		Hours	Minutes
1	TESDAB-APRO5-51-2017	2	74
2	TESDAB-APRO3-56-2017	0	6
3	TESDAB-APRO3-54-2017	1	85
4	TESDAB-APRO1-56-2017	5	123
5	TESDAB-APRO1-59-2017	0	31
6	TESDAB-R3-52-2017	5	123
7	TESDAB-AP4-66-2017	3	68
8	TESDAB-AP4-65-2017	8	228
9	TESDAB-AP4-63-2017	0	8
10	TESDAB-AP3-69-2017	8	104
11	TESDAB-AP3-71-2017	1	119
12	TESDAB-AP3-70-2017	3	28
13	TESDAB-AP2-62-2017	3	99
14	TESDAB-API-96-2017	1	169
15	TESDAB-API-95-2017	4	122
16	TESDAB-ADOF4-96-2017	5	100
17	TESDAB-INST3-96-2017	0	14
18	TESDAB-INST3-94-2017	0	91
19	TESDAB-INST3-95-2017	0	33
20	TESDAB-INST2-93-2017	2	59
21	TESDAB-INST2-94-2017	0	45
22	TESDAB-INST2-95-2017	2	87
23	TESDAB-INST2-92-2017	2	57
24	TESDAB-INST2-90-2017	4	75
25	TESDAB-INST1-120003-2022	1	39
26	TESDAB-INST1-156-2017	8	73
27	TESDAB-INST1-159-2017	0	2
28	TESDAB-INST1-120004-2022	0	108
29	TESDAB-INST1-120002-2022	2	43
30	TESDAB-INST1-158-2017	0	49
31	TESDAB-A1-84-2017	0	5
32	TESDAB-INST1-147-2017	10	135



No.	Employee No.	Tardiness/Undertime	
		Hours	Minutes
33	TESDAB-INST1-146-2017	2	17
34	TESDAB-INST1-151-2017	1	11
35	TESDAB-INST1-149-2017	2	25
36	TESDAB-INST1-145-2017	0	51
37	TESDAB-INST1-154-2017	0	98
38	TESDAB-ADOF1-43-2017	16	217
39	TESDAB-ADAS2-41-2017	7	253
40	TESDAB-ADA4-82-2017	36	198
41	TESDAB-ADA4-79-2017	46	179
42	TESDAB-ADA4-81-2017	0	109
43	TESDAB-ADA4-80-2017	2	89
44	TESDAB-ADA3-63-2017	12	255
45	TESDAB-ADA3-61-2017	0	47
46	TESDAB-ADA3-62-2017	26	174
47	TESDAB-WCHM-54-2017	0	59
48	TESDAB-ADA1-60-2017	0	17
49	TESDAB-ADA3-58-2017	17	198
50	TESDAB-ADA3-59-2017	0	1
	Total	247	4400

115. Apparent from the table above are numerous tardiness and undertime that were not reported in the leave records. Upon checking with the submitted DTRs, the undertime column of CSC Form No. 48 were unfilled despite having undertime/tardiness. The Audit Team emphasized the provision under CSC Memorandum Circular No. 16, s. 2010 dated August 6, 2010, to wit:

Any officer or employee who incurs undertime, regardless of the number of minutes/hours, 10 times a month for at least two months in a semester shall be liable for Simple Misconduct and/or Conduct Prejudicial to the Best Interest of the Service, as the case may be; and

Any officer or employee who incurs undertime, regardless of the number of minutes/hours, 10 times a month for at least two months during the year shall be liable for Simple Misconduct and/or Conduct Prejudicial to the Best Interest of the Service, as the case may be.

116. The CSC mandates that public officers and employees must at all times be accountable to the people, serve them with utmost responsibility, integrity, loyalty, and efficiency, act with patriotism and lead modest lives². Part of this accountability is the observance of the prescribed office hours in a given working day.

² Section 1, Article XI, 1987 Constitution



- b. Various employees did not fully utilize the Biometric Face/Finger Scanner Machine for attendance checking and failed to support the blank entries in the DTRs

117. It was observed that TESDA-ISAT had installed one (1) unit of Biometric Finger Scanner Machine with Facial Recognition and one (1) unit Bundy Clock to record the attendance of officials and employees. However, these machines do not serve its purpose, because some of the employees were not consistent in logging in and out during lunch break and in the afternoon. Hence, incomplete or blank entries were reflected in the attendance records generated as required under Section 5 of the aforementioned Omnibus Rule.

118. Likewise, support to blank entries and claims such as Executive Orders declaring suspension of work due to local holidays and/or any fortuitous events, Approved Leave Applications, Approved Travel Authorities, Locator Slips, Driver's Trip Tickets, Certificate of Appearances/ Attendance, and any other documents to justify their specific undertaking for that specific day and period, were not provided and submitted.

119. It is emphasized that government personnel are mandated to observe the official working hours which should be reflected in the DTR form prescribed by the CSC supported by documents such as printed biometric output, approved leave of absences, travel orders/memorandum and pass slips/locator slips in order to ascertain the veracity of the actual services rendered by the concerned employees.

120. **We recommended that:**

- a. **The HRMO update and reconcile the individual personnel Leave Cards and deduct from the leave/service credit balances the corresponding tardiness and undertime incurred. Further, monitor the tardiness and undertime of the employees and consider the provisions of CSC MC No. 16, s. 2010 to protect the interest of the government;**
- b. **The Management require all official and employees of TESDA-ISAT to always register their attendance in the biometric finger scanner provided in the office and in the attendance log-book to record manually their attendance for control purposes; and**
- c. **The HRMO require all officials and employees to submit the approved travel order/memorandum and pass slips to support in the non-entries in the DTRs.**

121. The Management already issued a Memorandum No. 148, s. 2025 dated February 6, 2025 to all employees specifying the attachments of DTRs with blank entries. Moreover, effective February 6, 2025 all submitted DTRs with incomplete



attachments and not properly accomplished CSC Form 48 will not be included in the payroll of the following month. It is also reiterated that all employees should secure the Official Business or Locator Slip before leaving the school premises. The Management instructed the HRMO to update and deduct from the leave/service credit balances of the corresponding tardiness and undertime incurred. In cases that the employee does not have enough leave/service credits, the tardiness and undertimes incurred will be deducted from their salary.

Disbursements with incomplete supporting documents— ₱2,588,699.84

122. Disbursements under the SSP Fund totaling to ₱2,588,699.84 were made despite incomplete signatures in the supporting documents and/or non-submission of the required attachments to support the transactions contrary to Sections 4, 123 & 124 of PD 1445 and Section 36 Chapter 2 of the GAM Volume I, hence, Management's assertions on propriety and validity of the transactions could not be fully ascertained.

123. PD 1445 otherwise known as the Government Auditing Code of the Philippines provides that:

*Section 4 **Fundamental principles.** Financial transactions and operations of any government agency shall be governed by the fundamental principles set forth hereunder, to wit:*

Xxx...

- (5) Disbursements or disposition of government funds or property shall invariably bear the approval of the proper officials.*
- (6) Claims against government funds shall be supported with complete documentation.*
- (7) All laws and regulations applicable to financial transactions shall be faithfully adhered to. Xxx...*

*Section 123 **Definition of internal control.** Internal control is the plan of organization and all the coordinate methods and measures adopted within an organization or agency to safeguard its assets, check the accuracy and reliability of its accounting data, and encourage adherence to prescribed managerial policies.*

*Section 124 **Installation.** It shall be the direct responsibility of the agency head to install, implement, and monitor a sound system of internal control. Xxx...*

124. Meanwhile, Sec. 36 Chapter 2 of GAM for NGAS Volume I provides for the basic requirements for disbursements and the required Certifications.



125. Post-audit of DVs under the SSP Fund for CY 2024 revealed that payments were made to creditors totaling to ₱2,588,699.84 despite lapses noted in the supporting documents as evidenced by the submitted DVs and their attachments, to wit:

Table 14. List of Lapses on the Documentary Requirements on SSP Disbursements

Forms	Observations
Disbursement Voucher	<p>1. Some DVs were unsigned:</p> <p>Box A – Certification by the responsible officer having direct supervision and knowledge of the facts of the transaction.</p> <p>Box C – Certification by the Head of Accounting Unit or his/her authorized representative on the availability of cash, subject to ADA, on the completeness of the supporting documents and the propriety of the amount claimed.</p> <p>Box D – approval by the Head of the Agency or his/her Authorized Representative on the payment covered by the DV</p> <p>2. Journal Entry Voucher (JEV) Number and Date not indicated.</p> <p>3. Details of Receipt of Payment in Box E not properly indicated.</p>
Budget Utilization Request and Status (BURS)	<p>1. Some BURS were unsigned:</p> <p>Box A – Certification by the Head of Requesting Office/Authorized Representative that legality of charges to the responsibility center are proper, and necessary under his/her direct supervision.</p> <p>Box B – Certification by the Head of Budget Division/Unit/Authorized Representative that budget is available for utilization.</p> <p>2. Status of Utilization in Box C not properly accomplished.</p>
Request for Quotation (RFQ)	<p>1. Unsigned by the Supplier's Representative</p> <p>2. Unsigned by the BAC Chairman</p> <p>3. Some DVs have no RFQs attached</p> <p>4. Canvasser's name and signature not provided</p>
Purchase Order (PO)	<p>1. Unsigned Supplier's Conforme</p> <p>2. One (1) DV had no PO attached</p>
Purchase Request (PR)	<p>1. One (1) PR had no signature of the Head of Agency</p> <p>2. Some DVs had no PRs attached</p>

126. It can be inferred from the above table that various payments had proceeded despite some deficiencies in the supporting documents attached in the DVs. This connotes weak internal control in the Accounting Office that in spite of unsigned DV and/or incomplete attachments check payments can still be made.

127. During the conduct of our post-audit, it has been the practice of the Audit Team to return the submitted DVs together with its attachments that were unsigned to the Accounting Office for corrective action. However, it had come to our attention that despite repetitive demands to the Accounting Office to submit the complete and proper DVs and their supporting attachments, there were still documents that were improperly filled, unsigned and/or incomplete.



128. It is emphasized that our laws mandate that disbursements of government funds shall invariably bear the approval of the proper officials. The signatures appearing in government documents entails accountability. It is a way of ascertaining that these transactions were made validly and under the presumption of regularity. Further, signatories in public documents would help fix their liability based on the extent of their participation in a given transaction.

129. It is noteworthy that the Accounting Office plays a crucial role in the disbursement of government funds since that they are the last line of defense in ensuring that public funds are disbursed according to established laws, rules and regulations. It is their jury duty not to allow the transaction to proceed when they deemed that it is against laws, rules and regulations.

130. **We recommended that:**

- a. **The Management provide explanations/justifications on the disbursements with unsigned and/or incomplete supporting documents, otherwise other audit action is warranted; and**
- b. **The Accounting Office ensure that all disbursements of government funds are properly supported with signed and complete supporting documents and check payments are only prepared after ensuring that all supporting documents are proper and complete.**

131. The Management acknowledged the lapses noted in the disbursements of the SSP Fund. Also, some checks were issued despite the unsigned and/or incomplete supporting documents of the disbursement vouchers in order not to impede transactions and to expedite payments to its suppliers. This happens when the supplier does not allow delivery unless check payment is presented or "kaliwaan". Nonetheless, the Management committed to adhere to the audit recommendations. In order to ensure that the same will not happen again, the Management has introduced the Quality Assurance Slip (QAS) as a basis of the disbursing officer that all documents submitted are proper and complete before payment. The QAS must be certified by the originating office that documents submitted for payment are complete. The QAS and the supporting documents will then be submitted to the Accountant for verification of the accuracy and completeness of the attached documents before forwarding it to the disbursing officer for payment.

Other Compliance Issues

Implementation of Gender and Development (GAD)

132. TESDA-ISAT did not formulate GAD Plan that requires a minimum of five percent (5%) of their approved appropriations for CY 2024 as mandated by Section 33 of the General Provisions of the GAA for FY 2024 and Section 6.1 PCW/NEDA/DBM Joint Circular No. 2012-1, thereby limiting the process and benefits that may address gender issues.



133. Section 33 of the General Provisions, GAA FY 2024 states that, *“All agencies of the government shall formulate a Gender and Development (GAD) Plan designed to address gender issues within their concerned sectors or mandate. Xxx...The GAD Plan shall be integrated in the regular activities of the agencies, which shall be 5% of their budgets for this purpose, activities currently being undertaken by agencies which relate to GAD or those that contribute to poverty alleviation, economic empowerment especially of marginalized women, protection, promotion, and fulfillment of women’s human rights, and practice of gender-responsive governance are considered sufficient compliance with said requirement. Utilization of GAD budget shall be evaluated based on the GAD performance indicators identified by said agencies. Xxx...”*

134. Also, Section 6.1 of PCW-NEDA-DBM Joint Circular No. 2012-01 states that, *“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.”*

135. TESDA – ISAT had an approved original appropriation for CY 2024 amounting to ₱32,235,000.00 however, a total of ₱66,950.00 representing 5% of the total MOOE budget appropriations were only allocated for GAD activities instead of the 5% of the approved appropriations or equivalent to the amount of ₱1,611,750.00. Presented below are the following GAD activity and projects for CY 2024 of TESDA ISAT:

Table 15. TESDA – ISAT GAD Budget and Accomplishment for CY 2024

Gender Issues of GAD Mandate	GAD Activity	Total Agency Approved Budget (Php)	Total/Actual Cost Expenditures (Php)
Low enrollment of women in non-traditional skills training programs based on Phil. TVET Statistics 2014-2019	Develop and adopt a Communication/IEC Plan advocating for women's participation in Non-traditional and priority sectors.	1,000	1,000
	Massive dissemination of IEC materials advocating for women's participation in NTT/STEAM- related sectors through frontline services during National Women's Month, End-VAWC and other yearly advocacy campaigns	1,000	1,000
	Post-Training Assistance provided to women graduates from various Scholarship Programs.	1,000	1,000
	Conduct a Community Based Training Programs including various scholarship programs in non-traditional sectors	2,000	2,000
Low skilled, low paying and oppressive labor of women workers in local employment	Monitor the conduct of Free Competency Assessment and	2,000	2,000



Gender Issues of GAD Mandate	GAD Activity	Total Agency Approved Budget (Php)	Total/Actual Cost Expenditures (Php)
related to household services, manufacturing, etc.	Certification for Workers (CACW) Program		
Implement skills training programs based on the needs of beneficiaries in conflict-affected (CAA) and post-conflict affected (PCAA) or PAMANA (Payapa at Masaganang Pamayanan) areas as mandated in PCW-OPAPP JC No. 2014-01 contributing to the National Action Plan on Women, Peace and Security (NAPWPS).	Monitor the number of women and girls in post conflict-affected/vulnerable areas who were provided with skills training through Scholarship Programs.	2,000	2,000
Presidential Proclamation No. 227 s. 1988 provides for all government agencies to "observe the Month of March as Women's Role in History Month" and Proclamation No. 1172 s. 2006 declares "November 25 to December 12 as the 18-day Campaign to End Violence Against Women and Children (VAWC).	Conduct various activities in support of the National Women's Month Celebration (NWMC) and End-Violence against Women and Children (VAWC) Campaign.	57,950	57,950
Total		66,950	66,950

136. We recommended and Management agreed to allocate at least five percent of their appropriation for GAD fund and ensure full utilization of the amount for the implementation of GAD plans and programs pursuant to Section 33 of the General Provisions of the GAA for FY 2024 and Section 6.1 of PCW-NEDA-DBM Joint Circular No. 2012-01.

Programs/projects for Senior Citizens and Differently-Abled Persons

137. The Agency conducted a livelihood training and skills upgrading for Senior Citizens and Persons with Disability. There were 179 Senior Citizens and six (6) Persons with Disability who were benefitted in this Livelihood Skills Training of the school.

Compliance with Tax Laws

138. For CY 2024, the Agency complied religiously with Revenue Regulation No. 2-98 on the withholding and remittance of taxes.



139. For CY 2024, taxes withheld amounting to ₱3,028,387.55 of which ₱768,019.02 from suppliers and ₱2,260,368.53 from compensation. A total of ₱2,285,237.59 was remitted as of December 31, 2024, showing a balance of ₱207,767.36 which was remitted on January 10, 2025. Details are as follows:

Table 16. Schedule of Taxes Withheld and Remitted under SSP Fund for CY 2024

Month 2024	Tax Withheld				Balances
	From Suppliers	From Compensation	Total	Amount	
	(In Php)				
Beginning Balance	204,867.25	206,213.59	411,080.84	411,080.84	-
January	20929.44	139,213.46	160,142.90	139,213.46	-
February	42938.73	146,251.03	189,189.76	146,251.03	-
March	54111.76	140,730.13	194,841.89	140,730.13	-
April	34091.77	139,921.68	174,013.45	139,921.68	-
May	25185.69	142,682.13	167,867.82	142,682.13	-
June	22417.24	172,668.16	195,085.40	172,668.16	
July	91722	139,921.68	231,643.68	139,921.68	
August	74183.15	139,921.68	214,104.83	139,921.68	
September	59546.89	341,229.23	400,776.12	341,229.23	
October	88285.04	139,921.68	228,206.72	139,921.68	
November	21970.89	210,448.68	232,419.57	210,448.68	
December	27,769.17	201,245.40	229,014.57	21,247.21	207,767.36
Total	768,019.02	2,260,368.53	3,028,387.55	2,285,237.59	207,767.36

140. We commended Management's efforts to comply with the BIR Regulation and encouraged continued timely withholding of taxes and remittance thereof.

Compliance with Government Insurance System (GSIS) (RA No. 8291)

141. The Agency withheld the GSIS premium contributions of its employees in CY 2024 and remitted the same to GSIS, in compliance with Republic Act No. 8291.

142. Section 14.1 of the IRR of R.A 8291 requires each government agency to remit directly to the GSIS the employees' and government agency's contributions within the first ten (10) days of the calendar month following the month to which the contributions apply. The remittance by the government agency of the contributions to the GSIS shall take priority over and above the payment of any and all obligations, except salaries and wages of its employees.



143. For CY 2024, GSIS premium contributions and loan amortization amounted to ₱7,244,635.98 of which ₱6,866,347.44 was remitted to GSIS in CY 2024 leaving a balance of ₱378,288.54 which was remitted on January 16, 2025. Details is shown below:

Table 17. Schedule of Withheld and Remitted GSIS Contributions for CY 2024

Month	Amount	Date Remitted	LDDAP/CHK No.	Amount	Balance
Beg. Balance				0.00	
January	533,331.76	01/31/2024	101-2024-01-04	533,331.76	
February	575,300.49	02/14/2024	101-2024-02-06	531,727.94	
			101-2024-02-06	43,572.55	
March	540,406.16	03/20/2024	101-2024-03-08	540,406.16	
April	543,267.81	05/13/2024	101-2024-05-05	543,267.81	
May	539,334.49	05/21/2024	101-2024-05-08	539,334.49	
June	535,958.58	06/11/2024	101-2024-06-05	535,958.58	
	93,790.08	06/11/2024	101-2024-06-05	93,790.08	
July	556,905.80	08/01/2024	101-2024-08-03	556,905.80	
August	566,203.03	09/02/2024	101-2024-09-01	566,203.03	
September	581,772.06	10/02/2024	101-2024-10-01	581,772.06	
October	599,296.10	11/08/2024	101-2024-11-02	599,296.10	
November	599,296.10	12/03/2024	101-2024-12-02	599,296.10	
December	601,484.98	12/27/2024	101-2024-12-016	601,484.98	378,288.54
	378,288.54	12/27/2024			
Total	7,244,635.98			6,866,347.44	378,288.54

Compliance with Home Development Mutual Fund Law of 2009 (RA No. 9679)

144. The Agency withheld the HDMF premium contributions and loan amortizations of its employees in CY 2024 and remitted the same to HDMF in compliance with Republic Act No. 9679.

145. Section 3 Rule VII of RA 9679 requires that all employers shall remit to the Fund their contributions and the contributions of their covered employees as well as the latter's loan amortizations or payments to the Fund, as provided for under Section 2 of this Rule, when applicable, within fifteen (15) days from the date the same were collected unless another period is previously agreed upon between the employer and the Fund, or within such periods as the Fund may prescribe otherwise. The Fund may prescribe a different remittance schedule for Filipinos employed by foreign based employers depending on the nature of their contracts or manner of their deployment abroad.



146. For CY 2024, HDMF premium contributions and loan amortizations amounted to ₱2,185,776.76 of which the same amount was remitted to HDMF in CY 2024 leaving zero unremitted balance. Details is shown below:

Table 18. Schedule of Withheld and Remitted HDMF Contributions for CY 2024

Month	Amount	Date Remitted	LDDAP/CHK No.	Amount	Balance
Beg. Bal.				0.00	
January	171,272.46	02/02/2024	101-2024-02-01	171,272.46	0.00
February	192,053.12	02/14/2024	101-2024-02-010	157,953.12	34,100.00
March	184,643.49	03/20/2024	101-2024-03-07	34,100.00	31,500.00
			101-2024-03-010	153,143.49	
April	176,827.23	04/17/2024	101-2024-04-06	31,500.00	0.00
			101-2024-04-06	176,827.23	
May	182,879.11	06/11/2024	101-2024-06-09	182,879.11	0.00
June	191,668.58	06/11/2024	101-2024-06-09	191,668.58	0.00
July	181,868.58	07/17/2024	101-2024-07-05	181,868.58	0.00
August	162,931.08	09/02/2024	101-2024-09-04	162,931.08	0.00
September	172,259.44	09/12/2024	101-2024-09-12	172,259.44	0.00
October	176,214.75	10/11/2024	101-2024-10-04	176,214.75	0.00
November	186,094.59	11/13/2024	101-2024-11-04	186,094.59	0.00
December	179,764.33	12/13/2024	101-2024-12-03	179,764.33	0.00
	27,300.00	12/26/2024	101-2024-12-019	27,300.00	
Total	2,185,776.76			2,185,776.76	

Enforcement of Suspensions, Disallowance and Charges

147. COA Circular No. 2009-006 dated September 5, 2009 prescribes the use of the 2009 Rules and Regulations on the Settlement of Accounts (RRSA). It provides among others, that the Auditor shall issue a Notice of Disallowance/Notice of Charge for differences/balances resulting from the audit of the accounts. A Notice of Suspension may be issued pending compliance with various requirements for transactions which may result in pecuniary loss to the government. The suspensions, disallowances and charges existing at the effectivity of these Rules, which is “October 6, 2009” shall continue to be monitored and enforced by COA.

148. The Statement of Audit Suspension, Disallowance and Charges as of December 31, 2024, showed an amount of ₱238,829.69 unsettled disallowances. Details is presented in the next page:



Table 19: Statement of Audit Suspensions, Disallowances and Charges

	Beg. Balance (as of January 1, 2024)	This Period January 1, 2024 to December 31, 2024		Ending Balance (as of December 31, 2024)
		NS/ND/NC	NSSDC	
Notice of Suspension	₱0.00	₱0.00	₱0.00	₱0.00
Notice of Disallowance	689,490.60	0.00	450,660.91	238,829.69
Notice of Charge	0.00	0.00	0.00	0.00
Total	₱689,490.60	₱0.00	₱450,660.91	₱238,829.69

149. The COA Order of Execution (COE) dated July 16, 2024 relative to the outstanding Notice of Disallowance as shown above was received by the Audit Team on August 21, 2024. The COE was issued to the person's liable on various dates in August 2024.

D. Status of Implementation of Prior Years Recommendations

150. We made a follow-up on the actions taken by the Management to implement the recommendations of prior years and noted the following:

Table 20: Status of Implementation of Prior Years Recommendations

Year Reported	Total No. of Outstanding Recommendations as of January 1, 2024	Status of Implementation as of December 31, 2024	
		Fully Implemented	Not Implemented
2023	20	13	7
Total	20	13	7
Percentage	100	65%	35%

151. The results of the validation of the implementation of prior year's recommendations are presented in **Annex B**.


E. Acknowledgement

152. We wish to express our appreciation to the Management and staff of TESDA ISAT for the cooperation and assistance extended to our audit team during the audit.


153. We request that a status report on the actions taken on the audit recommendations be submitted within 60 days from the receipt hereof, pursuant to Section 94 of the General Provisions of R.A. No. 11975, otherwise known as the "GAA FY 2024" using the attached form entitled Agency Action Plan and Status of Implementation (AAPSI).



Very truly yours,


ATTY. JOHN MARK B. RAGUINDIN
Audit Team Leader

COA Signed
2025-03-18
16:59:15


ADELINE P. BAARDE
Regional Supervising Auditor

COA Signed
2025-03-18
22:11:29

Copy furnished:

Office of the Regional Audit Team Leader, TESDA RO 2



ANNEXES

Annexes

- A. Audited Financial Statements
 - A.1 Statement of Management Responsibility
 - A.2 Statement of Financial Position
 - A.3 Statement of Financial Performance
 - A.4 Statement of Changes in Net Assets/Equity
 - A.5 Statement of Cash Flows
 - A.6 Statement of Comparison of Budget and Actual Amount
 - A.7 Notes to Financial Statements
- B. Status of Implementation of Prior Years' Audit Recommendations
- C. Schedule of Notice of Cash Allocation Utilization-Regular Agency Fund
- D. Schedule of Observations on Program Registration of TVET Programs for the Year-Ended December 31, 2024



Republic of the Philippines
Technical Education and Skills Development Authority
ISABELA SCHOOL OF ARTS AND TRADES
Calamagui 2nd, City of Ilagan, Isabela



**STATEMENT OF MANAGEMENT'S RESPONSIBILITY FOR FINANCIAL
STATEMENTS**

The management of Technical Education and Skills Development Authority- Isabela School of Arts and Trades is responsible for all the information and representations contained in the accompanying Statement of Financial Position as at December 31, 2024 and the related Statement of Financial Performance, Statement of Cash Flows, Statement of Comparison of Budget and Actual Amounts, Statement of Changes in Net Assets/Equity and Notes to Financial Statements for the year ended. The financial statements have been prepared in conformity with the International 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.

FLORRIANNE KATE A. BALUBAL
Accountant I
January 16, 2025

EDWIN P. MADARANG, D. Hums
Vocational School Superintendent
January 16, 2025



Technical Education and Skills Development Authority
Isabela School of Arts and Trades
City of Ilagan, Isabela

Annex A.2

Statement of Financial Position
All Funds
As at December 31, 2024
(In PhP)
(With comparative figures for CY 2023)

	Note	2024	2023
ASSETS			
Current Assets			
Cash and Cash Equivalents	5.1	6,937,200.23	3,481,268.16
Receivables	5.2	2,825,775.50	685,890.60
Inventories	5.3	3,677,724.96	3,307,666.89
Total Current Assets		13,440,700.69	7,474,825.65
Noncurrent Assets			
Property, Plant and Equipment - Net	5.4	25,729,776.84	26,204,929.56
Total Noncurrent Assets		25,729,776.84	26,204,929.56
TOTAL ASSETS		39,170,477.53	33,679,755.21
LIABILITIES			
Current Liabilities			
Financial Liabilities	5.6	2,729,205.09	803,775.79
Inter-Agency Payables	5.5	639,919.40	411,080.84
Other Payables	5.6	16,300.00	11,200.00
Total Current Liabilities		3,385,424.49	1,226,056.63
Total Liabilities		3,385,424.49	1,226,056.63
NET ASSETS/EQUITY			
Government Equity		36,115,901.96	41,910,556.85
Accumulated Surplus/(Deficit)		(330,848.92)	(9,456,858.27)
Total Equity		35,785,053.04	32,453,698.58
TOTAL LIABILITIES AND NET ASSETS/EQUITY		39,170,477.53	33,679,755.21

This statement should be read in conjunction with the accompanying notes.



Technical Education and Skills Development Authority
Isabela School of Arts and Trades
City of Ilagan, Isabela

Statement of Financial Performance
All Funds
For the Year-ended December 31, 2024
(In PhP)
(With comparative figures for CY 2023)

	<u>Note</u>	<u>2024</u>	<u>2023</u>
Revenue			
Service and Business Income	6.1	29,991,112.40	22,415,132.53
Total Revenue		<u>29,991,112.40</u>	<u>22,415,132.53</u>
Less: Current Operating Expenses			
Personnel Services	7	43,153,631.99	37,808,079.99
Maintenance And Other Operating Expenses	8	27,304,982.01	32,029,738.67
Financial Expenses		12,000.00	-
Non Cash Expense	9	1,849,873.22	2,965,158.34
Total Current Operating Expenses		<u>72,320,487.22</u>	<u>72,802,977.00</u>
Surplus/(Deficit) from Current Operations		<u>(42,329,374.82)</u>	<u>(50,387,844.47)</u>
Net Financial Assistance/Subsidy	10		
Subsidy from National Government		37,296,717.20	39,060,784.80
Subsidy from Regional Offices		4,701,808.70	1,870,201.40
Net Financial Assistance/Subsidy		<u>41,998,525.90</u>	<u>40,930,986.20</u>
Surplus/(Deficit) for the period		<u>(330,848.92)</u>	<u>(9,456,858.27)</u>

This statement should be read in conjunction with the accompanying notes.



Technical Education and Skills Development Authority
Isabela School of Arts and Trades
City of Ilagan, Isabela

Annex A.4

Statement of Changes in Net Assets/ Equity
All Funds
For the Year-ended December 31, 2024
(In PhP)
(With comparative figures for CY 2023)

	<u>Note</u>	<u>2024</u>	<u>2023</u>
Balance at January 1		32,453,698.58	42,869,998.28
Changes in accounting policy			
Prior Period Adjustments/Unrecorded Income and Expenses	4	3,662,203.38	(959,441.43)
Other Adjustments:			
Restated balance		<u>36,115,901.96</u>	<u>41,910,556.85</u>
Add/(Deduct):			
Changes in Net Assets/Equity for the Calendar Year			
Surplus (Deficit) for the period		<u>(330,848.92)</u>	<u>(9,456,858.27)</u>
Balance at December 31		<u><u>35,785,053.04</u></u>	<u><u>32,453,698.58</u></u>

This statement should be read in conjunction with the accompanying notes.



Technical Education and Skills Development Authority
Isabela School of Arts and Trades
City of Ilagan, Isabela

Annex A.5

Statement of Cash Flows
All Funds
For the Year-ended December 31, 2024
(In PhP)
(With comparative figures for CY 2023)

	2024	2023
Cash Flow from Operating Activities:		
Cash Inflows:		
Receipt of Notice of Cash Allocation	39,951,611.70	36,957,466.85
Collection of Income/Revenue/Other Receipts	32,243,264.41	25,893,584.75
Total Cash Inflows	72,194,876.11	62,851,051.60
Cash Outflows:		
Payment of Expenses	48,002,603.94	46,591,301.88
Remittance of Personnel Benefit Contributions and Mandatory Deductions	18,915,810.97	17,904,874.79
Other Disbursements	235,737.94	704,217.88
Total Cash Outflows	67,154,152.85	65,200,394.55
NET CASH PROVIDED BY OPERATING ACTIVITIES	5,040,723.26	(2,349,342.95)
CASH FLOW FROM INVESTING ACTIVITIES	-	-
Cash Outflow:		
Purchase/Construction of Property, Plant and Equipment	1,584,791.19	46,000.00
NET CASH PROVIDED (USED) BY INVESTING ACTIVITIES	(1,584,791.19)	(46,000.00)
NET CASH PROVIDED BY FINANCING ACTIVITIES	-	-
Cash and Cash Equivalents at January 1	3,481,268.16	5,876,611.11
Cash and Cash Equivalents at December 31	6,937,200.23	3,481,268.16

This statement should be read in conjunction with the accompanying notes.



Technical Education and Skills Development Authority
Isabela School of Arts and Trades
City of Ilagan, Isabela

Statement of Comparison of Budget and Actual Amount
All Funds
For the Year-ended December 31, 2024

Particulars	Budgeted Amounts		Actual Amounts on Comparable Basis	Difference Final Budget and Actual
	Original	Final		
RECEIPTS				
Services and Business Income	29,942,000.00	31,541,972.99	31,541,972.99	-
Assistance and Subsidy	35,099,000	44,227,765.10	44,227,765.10	-
Total Receipts	65,041,000.00	75,769,738.09	75,769,738.09	-
PAYMENTS				
Personnel Services	33,760,000	43,579,257.30	43,077,165.86	502,091.44
Maintenance and Other Operating Expenses	31,281,000	28,309,957.80	27,304,982.00	1,004,975.80
Total Payments	65,041,000.00	71,889,215.10	70,382,147.86	1,507,067.24
	-	3,880,522.99	5,387,590.23	(1,507,067.24)

NET RECEIPTS/PAYMENTS

This statement should be read in conjunction with the accompanying notes.

Republic of the Philippines
TECHNICAL EDUCATION AND SKILLS DEVELOPMENT AUTHORITY
Region 02
ISABELA SCHOOL OF ARTS AND TRADES
Calamagui 2nd, City of Ilagan

All Funds
Notes to Financial Statements
For the year-ended December 31, 2024

1. General Information/Agency Profile

The financial statements of Isabela School of Arts and Trades-Technical Education and Skills Development Authority (ISAT-TESDA) were authorized for issue on January 16, 2025 signed by the Head of Agency/Authorized Representative as shown in the Statement of Management Responsibility for Financial Statements signed by Edwin P. Madarang, D. Hums, Vocational School Superintendent.

In 1979, a consortium disintegrated ISAT's college department and gave birth to Isabela State University. ISAT retained the secondary level's management through the then Principal Manuel Q. Damasco. After a comprehensive evaluation and approval of Department of Education, Culture and Sports, the school started offering post-secondary and non-degree courses. Joint DECS-TESDA Memo Circular No. 1 was issued in consonance with provision No. 19 of the 1997 General Appropriation Act (GAA) effecting the transfer of ISAT's administration to TESDA. Subsequently, TESDA allotted some of its buildings and lot where the structures stand, for the secondary programs to be administered by the Department of Education (DepEd-ISAT).

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

The financial statements have been prepared in accordance with and comply with the International Public Sector Accounting Standards (IPSAS) issued by the Commission on Audit per COA Resolution No. 2020-001 dated January 9, 2020.

The 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.

In accordance with IPSAS 1, a complete set of financial statements has been prepared as follows:

- Statement of Financial Position;
- Statement of Financial Performance;
- Statement of Changes in Net Assets/Equity;
- Statement of Cash Flows;
- Statement of Comparison of Budget and Actual Amounts; and

- Notes to the financial statements, comprising a description of the basis of preparation and presentation of the statements, a summary of significant accounting policies, and other relevant information.

The financial statements have been prepared in compliance with the Unified Accounts Code Structure (UACS), RCA, and Government Accounting Manual (GAM).

3. Summary of Significant Accounting Policies

3.1 IPSAS 1 - Basis of accounting

The financial statements are prepared on an accrual basis in accordance with the International Public Sector Accounting Standards (IPSAS).

3.2 IPSAS 2 – Cash and Cash Equivalents

Cash and cash equivalents comprise of cash on hand under the custody of the Cashier and cash at bank deposited with Land Bank of the Philippines under the Sariling Sikap Program (SSP) Fund.

3.3 Financial instruments

a. Financial assets

Initial recognition and measurement

Financial assets within the scope of IPSAS 29 Financial Instruments: Recognition and Measurement are classified as financial assets at fair value through surplus or deficit, transaction costs that are directly attributable to the acquisition or issue of the financial asset. The institution determines the classification of its financial assets at initial recognition.

The TESDA-ISAT financial assets include due from other National Government Agencies (NGAs), Local Government Unit (LGU) and from Employees.

Subsequent measurement

The subsequent measurement of financial assets depends on their classification.

Derecognition

TESDA-ISAT derecognizes a financial asset or, where applicable, a part of a financial asset or part of an Agency of similar financial assets when:

- The rights to receive cash flows from the financial asset have expired or is waived
- The Agency has transferred its rights to receive cash flows of the financial asset and/or retain the contractual rights to receive the cash

flows of the financial asset but assumes a contractual obligation to pay the cash flows to one or more recipients in an arrangement that have met all conditions.

b. Financial liabilities

Initial recognition and measurement

Financial liabilities within the scope of IPSAS 29 are classified as financial liabilities at fair value through surplus or deficit or loans and borrowings, as appropriate. The institution 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 Agency's financial liabilities include trade and other payables, Inter-Agency payables and Due to Officers and Employees

Subsequent measurement

The measurement of financial liabilities depends on their classification.

Derecognition

A financial liability is derecognized when:

- The obligation specified in the contract is discharged, cancelled or expires.
- An exchange between an existing borrower and lender of debt instruments with substantially different terms shall be accounted for as extinguishment of an original liability and a recognition of financial liability.

3.4 IPSAS 12 - 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.

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 Agency.

3.5 IPSAS 17 - 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 TESDA-ISAT 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 Method

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 shall be adopted.

Estimated Useful Life

TESDA - ISAT uses the Schedule on the Estimated Useful Life of PPE by classification prepared by Commission on Audit.

The institution uses a residual value equivalent to ten (10%) of the cost of the PPE.

The estimated useful lives of the asset classes that make up property, plant and equipment are provided in the table below: (COA Circular No. 2017-004)

Asset Class	Estimated useful life
Land	Not Applicable
Land Improvement	10 years
Buildings and Other Structures	30 years
Other Structures	5-10 years
Machinery and Equipment	5-15 years

Transportation Equipment	5-15 years
Furniture, fixtures, and Books	2-15 years
Other Property, Plant and Equipment	2-15 years

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 Agency 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.

3.6 Leases

TESDA-ISAT as a lessee

Finance Lease

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 Agency 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 Agency 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 Agency. Operating lease payments are recognized as an operating expense on a straight-line basis over the lease term unless another systematic basis is representative of the time pattern of the lessee's benefit.

TESDA ISAT as a lessor

Finance Lease

The Agency recognizes Finance Lease Receivable at an amount equal to the net investment in the lease and finance revenue based on a pattern reflecting a constant periodic rate of return on the net investment in the lease. Initial direct costs such as commissions, legal fees, and internal costs are included in the initial measurement of the Finance Lease Receivable and reduce the amount of revenue recognized over the lease term.

Operating Lease

Lease revenue from operating lease is recognized on a straight-line basis over the lease term unless another systematic basis is representative of the time pattern in which benefit derived from the lease assets are diminished. Initial direct costs, such as finder's fees and legal expenses, incurred in negotiation and arranging the operating lease arrangement are added to the carrying amount of the leased asset and recognized as expense over the lease term on the same basis as the lease revenue. 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.

3.7 Provisions

Provisions are recognized when the Agency 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 Agency 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 are 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 are reversed.

3.8 Changes in accounting policies and estimates

The Agency recognizes the effects of changes in accounting policy retrospectively. The effects of changes in accounting policy are applied prospectively if retrospective application is impractical.

The Agency recognizes the effects of changes in accounting estimates prospectively by including in surplus or deficit.

The Agency 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.

3.9 IPSAS 23 - 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 are recognized as an asset if the following criteria are met:

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

An asset acquired through a non-exchange transaction is initially measured at its carrying amount 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 Agency 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.

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

Gifts and Donations

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

Transfers

The Agency 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 may but is not required to 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

Transferred assets are measures at their fair value as at the date of acquisition.

3.10 Revenue from Exchange transactions

Revenue shall be measured at the fair value of the consideration received or receivable. Revenue is recognized when it is probable that the future economic benefits or service potential will flow to TESDA-ISAT and when these benefits can be measured reliably.

3.11 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.

3.12 Employee benefits

The employees of TESDA ISAT are member of the Government Service Insurance System (GSIS), which provides life and retirement insurance coverage.

The Agency recognizes expenses for accumulating compensated absences when these are paid (commuted or paid as terminal leave benefits). Unused entitlements that have accumulated at the reporting date are not recognized as expense. Non-accumulating compensated absences, like special leave privileges, are not recognized.

4. Prior Period Adjustments

Fundamental errors of prior years are corrected using the accumulated surplus (deficit) account. Errors affecting the current year's operation are charged to the current year's account.

Particulars	Amount
Erroneous recording of check issued	423.70
Overpayment of traveling expense to be refunded from employees	5,440.00
Unrecorded receivable from TESDA PO	3,550,265.00
Error in recording of equipment from previous year	565,940.50
Derecognize payables without valid claims	104,560.61
Receipt and distribution of starter toolkits	(869,753.23)
Staled checks	51,368.36
Cancelled checks	329,247.15
Error in recording of payable of traveling expenses from previous year	3,700.00
To correct the reflected beginning balance of receivable disallowances of Employees	(6,200.00)
To record the distribution of starter toolkits	(77,788.70)
To record receivable from employees due to overpayment of traveling expense	5,000.00
TOTAL	3,662,203.39

5. Supporting Information to the Statement of Financial Position

5.1 Cash and Cash Equivalents

Particulars	2024	2023
	Current	Current
Cash in Bank - Local Currency, Current Account -	6,937,200.23	3,481,268.16

Particulars	2024	2023
	Current	Current
Land Bank of the Philippines (LBP)		
Total Cash and Cash Equivalent	6,937,200.23	3,481,268.16

Cash in Bank-Local Currency, Current Account consists of the deposits made in the SSP Fund for income collected from training fees, scholarship fees, assessment fees, rental income, and others.

5.2 Receivables

Particulars	2024	2023
	Current	Current
Account Receivable	158,084.00	0.00
Receivable – Disallowances/Charges	232,969.61	685,890.60
Due from Officers and Employees	162,194.49	0.00
Due from NGAs	2,272,527.40	0.00
Total Receivables	2,825,775.50	685,890.60

The Due from NGAS pertains to billings from examination fees, training costs including entrepreneurship fee and training support fund to TESDA- Isabela PO.

5.3 Inventories

Particulars	2024	2023
	Current	Current
Other Supplies and Materials for Distribution	2,174,100.06	3,121,642.09
Office Supplies Inventory	35,274.80	35,274.80
Semi-Expandable Office Equipment	1,319,350.00	150,750.00
Semi-Expandable Furniture and Fixtures	149,000.00	0
Total Inventories	3,677,724.96	3,307,666.89

Other Supplies and Materials for Distribution represents the cost of undistributed toolkits of Scholars as of December 31, 2024. Office Supplies Inventory and Semi-Expandable Machinery and Equipment accounts represent items for issuance to the corresponding end-users.

5.4 Property, Plant and Equipment

	Buildings	School Building	Other Structure	Office Equipment	Other Machineries and Equipment	ICT Equipment	Communication Equipment	Motor Vehicles	TOTAL
Carrying Amount - January 01, 2024	13,765,376.69	6,096,398.82	642,175.41	120,728.40	2,342,623.23	805,535.33	220,902.00	2,211,189.68	26,204,929.57
Additions/Acquisitions/Adjustments	0.00	0.00	0.00	281,874.50	523,850.00	568,996.00	0.00	0.00	1,374,720.50
Total	13,765,376.69	6,096,398.82	642,175.41	402,602.90	2,866,473.23	1,374,531.33	220,902.00	2,211,189.68	27,579,650.07
Depreciation (As per Statement of Financial Performance)	560,525.73	346,702.17	47,510.01	68,013.00	230,719.57	160,851.60	62,154.00	373,397.14	1,849,873.22
Impairment Loss (As per Statement of Financial Performance)									-
Carrying Amount, December 31, 2024	13,204,850.96	5,749,696.65	594,665.40	334,589.90	2,635,753.66	1,213,679.73	158,748.00	1,837,792.54	25,729,776.84
Gross Cost (Asset Account Balance per Statement of Financial Position)	18,684,191.00	10,749,245.40	1,070,778.00	572,825.00	19,678,880.40	4,426,881.24	345,300.00	3,655,21.00	59,183,312.04
Less: Accumulated Depreciation	5,479,340.04	4,999,548.75	476,112.60	238,235.10	17,043,126.74	3,213,201.51	186,552.00	1,817,418.46	33,453,535.20
Allowance for Impairment									-
Carrying Amount, December 31, 2024 (As per Statement of Financial Position)	13,204,850.96	5,749,696.65	594,665.40	334,589.90	2,635,753.66	1,213,679.73	158,748.00	1,837,792.54	25,729,776.84

The following shows the status of Property, Plant and Equipment as of December 31, 2024 under the 2024 Report on Physical Count of Property, Plant and Equipment.

Account Title	Fully Depreciated		Not Fully Depreciated		Total Acquisition Cost
	Serviceable	Un-serviceable	Serviceable	Un-serviceable	
Land	0.00	0.00	0.00	0.00	
Buildings	0.00	0.00	18,684,191.00	0.00	18,684,191.00
School Buildings	271,250.00	0.00	10,477,995.40	0.00	10,749,245.40
Other Structures	0.00	0.00	1,070,778.00	0.00	1,070,778.00
Office Equipment	97,395.00	0.00	475,430.00	0.00	572,825.00
ICT Equipment	3,153,501.24	0.00	1,273,380.00	0.00	4,426,881.24
Other Equipment	12,317,687.20	0.00	7,361,193.20	0.00	19,678,880.40
Motor Vehicle	955,011.00	0.00	2,700,200.00	0.00	3,655,211.00
Communication Equipment	0.00	0.00	345,300.00	0.00	345,300.00
TOTAL	16,794,844.44	0.00	42,388,467.60	0.00	59,183,312.04

The land was acquired through Presidential Proclamation no. 84 for school site purposes on June 22, 2006. However, the title has not been formally transferred to TESDA-ISAT and still considered public land under government administration.

5.5. Inter-Agency Payables

Particulars	2024	2023
	Current	Current
Due to BIR	207,767.36	411,080.84
Due to GSIS	378,288.54	0.00
Due to PHIC	53,863.50	0.00
Total Inter-Agency Payables	639,919.40	411,080.84

Due to BIR was remitted on January 10, 2025. Meanwhile, the Due to GSIS and Due to PHIC was remitted on January 16, 2025 and February 2025, respectively.

5.6. Payables

Particulars	2024	2023
	Current	Current
Accounts Payable	1,355,406.74	797,909.21
Due to Officers and Employees	1,373,798.35	5,866.58
Total Financial Liabilities	2,729,205.09	803,775.79

The following are the summary of obligations incurred in 2024 but not yet paid as of December 31, 2024.

No.	Payee	Particulars	Amount
1	Jason Agcaoili	Traveling expenses	1,350.00
2	Andy P. Garcia	Traveling expenses	7,020.00
3	Rey Anthony Marquez	Subsistence of Security Guard on Duty	840.00
4	Lovelito Palattao	Subsistence of Security Guard on Duty	930.00
5	Ruperto Manzano Jr.	Subsistence of Security Guard on Duty	930.00
6	Edralyn Yu	Refund of Catering Fee per OR No. 4184751 dated 11/29/2024	4,500.00
7	BIR	Remittances of taxes	113,161.11
10	Avijane C. Veja et. al	Salary of Job Order Employees for the period December 26-31, 2024	15,716.12
11	Avijane C. Veja et. al	Premium Pay of Job Order Employees for year 2024	229,130.06
12	New Ilagan Petron Service Station	Fuel Consumption for the month of December 2024	23,782.62
13	Smart Communication Inc.	Mobile Communication Allowances for the month of December 2024	9,906.76
14	Ilagan Anson Trading	PO No. 2024-08-264 Training Supplies in Dressmaking NCII	14,075.00
15	Ilagan Anson Trading	PO No. 2024-09-319 Assessment Supplies for Dressmaking NCII	7,200.00
16	MRAC Refrigeration & Airconditioning Services	Repair and Labor of Aircon	43,600.00
17	Excel Baking Connection	Training Supplies of Barista NCII with PO No. 2024-07-239	14,126.00
18	Vegas Construction Supply and General Merchandise	Assessment Supplies with PO No. 2024-12-390	30,455.00
19	Vegas Construction Supply and General Merchandise	Training Supplies with PO No. 2024-12-411	19,200.00
20	Vegas Construction Supply and General Merchandise	Training Supplies with PO No. 2024-10-358	12,836.00
21	IGLT School & Office Supplies Trading	Training Supplies with PO No. 2024-11-378	25,520.00
22	IGLT School & Office Supplies Trading	Training Supplies with PO No. 2024-10-331	9,000.00
23	IGLT School & Office Supplies Trading	Office Supplies with PO No. 2024-109-316	1,220.00
24	IGLT School & Office Supplies Trading	Training Supplies with PO No. 2024-10-351	17,850.00
25	IGLT School & Office Supplies Trading	Training Supplies with PO No. 2024-11-381	1,775.00
26	IGLT School & Office Supplies Trading	Training/Assessment Supplies of EPAS NCII with PO No. 2024-12-403	4,680.00
27	Polaris Cable Vision, Inc.	Internet Subscription for the month of December 2024	10,000.00
28	PLDT, Inc.	Internet Subscription for the month of October - December 2024	5,101.47
29	C.T Parts Machine Shop	Assessment Supplies with PO No. 2024-12-404	3,000.00
30	Addessa Corporation	Supplies for Security Service Room with PO No. 2024-12-402	2,660.00
31	Addessa Corporation	Office Supplies with PO No. 204-12-401	17,900.00
32	C.T Parts Machine Shop	Assessment Supplies with PO No. 2024-08-275	3,000.00
33	Tony Refrigeration & Air Conditioning Services	Airconditioning Repair Services with PO No. 2024-12-415	8,000.00
34	Vegas Construction Supply	Supplies with PO No. 2024-11-370	7,266.00

No.	Payee	Particulars	Amount
35	Vegas Construction Supply	Supplies with PO No. 2024-06-215	22,265.00
36	Vegas Construction Supply	Supplies with PO No. 2024-05-187	9,360.00
37	Six Stars Trading	Supplies with PO No. 2024-12-405	251,200.00
38	Ena Graphix	Supplies with PO No. 2024-12-418	4,995.00
39	Capital Airconditioning	Supplies with PO No. 2024-08-270	35,550.00
40	In-House Printext	Supplies with PO No. 2024-12-420	7,720.00
41	CRP Digital Printing	Supplies with PO No. 2024-12-419	5,100.00
42	Carlo P. Limon et. al	Assessor's Honoraria for the month December 2024	76,739.40
43	Abel T. Francisco et. al	Assessor's Honoraria for the month December 2024	276,746.40
	Total		1,355,406.74

Due to Officers and Employees

No.	Payee	Particulars	Amount
1	Remar M. Abella et.al	Payment of Service Recognition Incentive for year 2024	1,320,000.00
2	Jessa Belle S. Pajarillo et.al	Over deduction of employees share to GSIS	5,866.58
3	Florrienne Kate Balubal et. al	Clothing of Newly Hired Employees	35,000.00
4	Bhelynda Gonzales et. al	Step Increments of Employees	12,931.77
	Total		1,373,798.35

Other Payables

No.	Payee	Particulars	Amount
1	Leona Cayapan et. al	Remittances of PATVE of Newly Hired Employees	5,100.00
2	Leona Cayapan et. al	Staled Check of PATVE from previous year	11,200.00
	TOTAL		16,300.00

Supporting Information to the Statement of Financial Performance

6. REVENUE

6.1 Business Income

Particulars	2024	2023
School Fees	13,628,955.50	11,962,840.93
Examination Fees	7,446,957.90	6,586,264.10
Seminar/Training Fees	1,789,912.50	0.00
Income from Hotels/Dormitories and Other Like Facilities	295,311.00	207,631.50
Other Business Income - Others-IGP	6,829,935.50	3,658,396.00
Total	29,991,112.40	22,415,132.53

School Fees represent collection from various scholarship programs implemented by TESDA-ISAT. Examination Fees are the amounts collected from TESDA Provincial Office and Walk-In Clients for the payment of Assessment Fee. Income from Hotels/Dormitories are the rental income of the TESDA ISAT Hotel. While Other

Business Income pertains to amount collected from the Catering Services and Other Income Generating Project of TESDA ISAT.

7. PERSONNEL SERVICES

7.1 Salaries and Wages

Particulars	2024	2023
Salaries and Wages-Regular	29,183,374.09	27,783,116.25
Total Salaries and Wages	29,183,374.09	27,783,116.25

7.2 Other Compensation

Particulars	2024	2023
Personal Economic Relief Allowance (PERA)	1,542,000.00	1,426,299.26
Representation Allowance (RA)	34,003.18	90,000.00
Transportation Allowance (TA)	30,000.00	82,500.00
Clothing/Uniform Allowance	462,000.00	360,000.00
Subsistence Allowance, Laundry, and Quarters Allowance	19,800.00	19,800.00
Hazard Pay	12,000.00	12,000.00
Year End Bonus	2,439,969.00	2,084,483.00
Cash Gift	330,000.00	300,000.00
Other Bonuses and Allowances	600,000.00	0.00
Collective Negotiations Agreement	990,000.00	725,843.71
Productivity Enhancement Incentives	330,000.00	300,000.00
Performance Based Bonus	804,952.91	767,169.12
Bonus and Allowances-Mid Year Bonus	2,184,797.78	0.00
Total Other Compensation	9,779,522.87	6,168,095.09

The Other Bonuses and Allowances pertains to the bonus received by the employees on 30th TESDA Anniversary.

7.3 Personnel Benefit Contributions

Particulars	2024	2023
Retirement and Life Insurance Premiums	3,280,422.53	2,988,399.09
Pag-ibig Contributions	148,300.00	165,123.02
PhilHealth Contributions	659,412.50	389,376.17
Employees Compensation Insurance Premiums	77,600.00	71,300.00
Total Personnel Benefit Contributions	4,165,735.03	3,614,198.28

Significant Increase of PhilHealth Contributions was due to the rate adjustment made by PHIC from 4% to 5% of employee's monthly salary, revised salary schedule for government employees for year 2024 and the additional contribution of Newly Hired and Newly Promoted Employees.

7.4 Other Personnel Benefits

Particulars	2024	2023
Terminal Leave Benefits	0.00	202,670.37
Other Personnel Benefits:	25,000.00	40,000.00
Total Other Personnel Benefits	25,000.00	242,670.37

Other Personnel Benefits represent the awards to employees for their Loyalty.

7.5 Employee Future Benefits

The TESDA ISAT and its employees contribute to the Government Service Insurance System (GSIS) in accordance with R.A. 8291. The GSIS administers the plan, including payment of pension benefits to employees to whom the act applies. The principal benefit package of the GSIS consists of compulsory and optional life insurance, retirement, separation, and Employee's Compensation (EC) benefits.

8. MAINTENANCE AND OTHER OPERATING EXPENSES

8.1 Traveling Expenses

Particulars	2024	2023
Traveling Expenses-Local	3,122,093.10	1,861,773.27
Traveling Expenses-Foreign	331,520.05	0.00
Total Traveling Expenses	3,453,613.15	1,861,773.27

8.2 Training and Scholarship Expenses

Particulars	2024	2023
Training Expenses	169,000.00	103,300.00
Scholarship Grants/Expenses	0.00	6,684,771.49
Total Training and Scholarship Expenses	169,000.00	6,788,071.49

Training Expense pertains to payment of registration fees on training attended by TESDA- ISAT employees.

8.3 Supplies and Materials Expenses

Particulars	2024	2023
Office Supplies Expenses	11,010.00	314,929.75
Fuel, Oil and Lubricants Expenses	1,089,074.25	1,454,721.48
Textbooks and Instructional Materials Expenses	13,696,924.68	11,836,847.30
Semi-Expendable Machinery and Equipment – ICT Expenses	0.00	383,100.00
Semi-Expendable Machinery and Equipment – Communication Expenses	0.00	179,800.00
Semi-Expendable Machinery and Equipment Expenses	0.00	191,099.00
Semi-Expendable Furniture, Fixtures and Books Expenses	0.00	56,025.00
Other Supplies and Materials Expenses	71,000.00	0.00
Total Supplies and Materials Expenses	14,868,008.93	14,416,522.53

Textbooks and Instructional Materials Expenses represents the supplies and materials used for training and assessment purposes.

8.4 Utility Expenses

Particulars	2024	2023
Water Expenses	0.00	52,069.95
Electricity Expenses	1,545,974.24	1,724,619.37
Total Utility Expenses	1,545,974.24	1,776,689.32

The connection to City of Ilagan Water District was terminated because TESDA – ISAT uses a submersible water pump as a primary source of water supply.

8.5 Communication Expenses

Particulars	2024	2023
Telephone Expenses	60,420.07	12,004.00
Internet Subscription Expenses	215,480.17	242,086.57
Cable, Satellite, Telegraph and Radio Expenses	13,000.00	31,386.51
Total Communication Expenses	288,900.24	285,477.08

8.6 Awards/Rewards and Prizes

Particulars	2024	2023
Awards/Rewards Expenses	0.00	20,000.00
Total Awards/Rewards and Prizes	0.00	20,000.00

Awards/Rewards Expenses represents the amount awarded to employees for gaining Silver Award for Skills Competition in the year 2023.

8.7 Professional Services

Particulars	2024	2023
Legal Services	0.00	13,510.00
Consultancy Services	1,173.52	0.00
Other Professional Services	3,029,507.58	2,568,278.30
Total Professional Services	3,030,681.10	2,581,788.30

Other Professional Services represents Honoraria of Assessor's and payment to other professionals for the services rendered to TESDA-ISAT.

8.8 General Services

Particulars	2024	2023
Other General Services	2,223,286.38	2,169,282.46
Total General Services	2,223,286.38	2,169,282.46

Other General Services are salaries of Job Order Employees and payment to Contractors for TESDA-ISAT Construction Project.

8.9 Repairs and Maintenance

Particulars	2024	2023
Repairs and Maintenance-Buildings and Other Structures	348,124.56	651,179.41
Repairs and Maintenance-Machinery and Equipment	3,150.00	61,105.00
Repairs and Maintenance-Transportation Equipment	241,109.33	218,272.67
Repairs and Maintenance-Furniture and Fixtures	0.00	0.00
Total Repairs and Maintenance Expenses	592,383.89	930,557.08

8.10 Taxes, Insurance Premiums and Other Fees

Particulars	2024	2023
Taxes, Duties and Licenses	33,120.18	31,592.11

Particulars	2024	2023
Fidelity Bond Premiums	66,757.50	0.00
Insurance Expenses	26,083.28	13,462.88
Total Taxes, Insurance Premiums and Other Fees	126,547.72	45,054.99

8.11 Other Maintenance and Operating Expenses

Particulars	2024	2023
Advertising Expenses	24,000.00	48,000.00
Printing and Publication Expenses	24,000.00	0.00
Representation Expenses	920,887.00	859,048.15
Transportation and Delivery Expenses	600.00	2,270.00
Rent/Lease Expense	20,000.00	59,000.00
Subscription Expenses	0.00	6,500.00
Other Maintenance and Operating Expenses	17,099.36	179,704.00
Total Other Maintenance and Operating Expenses	1,006,586.36	1,154,522.15

9. NON-CASH EXPENSES

9.1 Depreciation

Particulars	2024	2023
Depreciation-Buildings	560,525.73	466,967.35
Depreciation – School Building	346,702.17	448,085.90
Depreciation – Other Structures	47,510.01	47,510.01
Depreciation – Office Equipment	60,013.00	64,942.20
Depreciation – ICT Equipment	160,851.60	56,919.60
Depreciation – Communication Equipment	62,154.00	62,154.00
Depreciation- Other Machinery and Equipment	230,719.57	1,458,039.28
Depreciation-Transportation Equipment	373,397.14	360,540.00
Total Depreciation	1,849,873.22	2,965,158.34

10. NET FINANCIAL ASSISTANCE/SUBSIDY

10.1 Financial Assistance/Subsidy from NGAs, LGUs, GOCCs

Particulars	2024	2023
Subsidy from National Government	37,296,717.20	39,060,784.80
Subsidy from other NGAs	0.00	0.00
Subsidy from Regional Offices and Central Office	4,701,808.70	1,870,201.40
Total Financial Assistance/Subsidy from NGAs, LGUs, GOCCs	41,998,525.90	40,930,986.20

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

Particulars	2024	2023
Financial Assistance to NGAs	0.00	0.00
Subsidy to NGAs (for BTr only)	0.00	0.00
Financial Assistance to Local Government Units	0.00	0.00
Budgetary Support to GOCCs	0.00	0.00
Financial Assistance to NGOs/POs	0.00	0.00
Subsidies-Others	0.00	0.00
Total Financial Assistance/Subsidy to NGAs, LGUs, GOCCs	0.00	0.00

Net Financial Assistance/Subsidy	41,998,525.90	40,930,986.20
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11. Status of funds, appropriations, allotments, obligations and balances

Particulars	Allotment Received	Adjustment (Realignment)	Adjusted Allotment	Obligation Incurred	Unobligated Balance
A. Current Year Budget					
PS	30,896,000.00	5,784,347.99	36,680,347.99	36,178,256.55	502,091.44
MOOE	1,339,000.00	(690,492.20)	648,507.80	648,507.80	-
Total	32,235,000.00	5,093,855.79	37,328,855.79	36,908,988.26	502,091.44
B. Automatic Appropriation					
PS	2,864,000.00	339,956.40	3,203,956.40	3,203,956.40	-
Total	2,864,000.00	339,956.40	3,203,956.40	3,203,956.40	-
C. Special Purpose Funds					
PS	0.00	3,694,952.91	3,694,952.91	3,694,952.91	-
Total	0.00	3,694,952.91	3,694,952.91	3,694,952.91	-
Grand Total	35,099,000.00	9,128,765.10	44,227,765.10	43,725,673.66	502,091.44

12. Key Management Personnel

The institution is headed by Edwin P. Madarang D. Hums as Vocational School Superintendent. The personnel compliment is divided into two departments, the Instruction and the Administrative. The Instruction Department is headed by Elmer Bartolome as Vocational Instruction Supervisor (VIS) while the Administrative Department is headed by Jeana Cryzela T. Aquino as Administrative Officer IV.

13. Key Management Personnel Compensation

The aggregate remuneration of Vocational School Superintendent and two department heads as well as other officials who have ability to exert control individually or jointly, or to exercise significant influence over the TESDA-ISAT, or vice versa, are as follows:

Particulars	Aggregate Remuneration
Salaries and Wages	2,772,360.00
Other Compensation	646,599.72
Personnel Benefit Contributions	473,992.20
Total Other Personnel Benefits	3,892,951.92

STATUS OF IMPLEMENTATION OF PRIOR YEARS' AUDIT RECOMMENDATIONS

We have followed up the actions taken by the agency to implement the prior years' audit recommendations and the results are as follows:

Year Reported	Total No. of Outstanding Recommendations as of January 1, 2024	Status of Implementation as of December 31, 2024	
		Fully Implemented	Not Implemented
2023	20	13	7
Total	20	13	7
Percentage	100	65%	35%

The details of our validation are presented hereunder:

Audit Observations and Recommendations	Reference	Management's Action	Status of Implementation Results of Auditor's Validation
<p>The balance of Accounts Receivable Account of TESDA – ISAT is understated by ₱3,550,265.00 due to unrecorded billings of training and assessment fees to TESDA Isabela Provincial Office, thus understating the assets and revenue accounts affecting the fair presentation of its financial statements as at December 31, 2023 which is not in keeping with Chapters 2 and 5 of the GAM for NGAS, Volume I.</p> <p>1. The Accounting Office prepare the adjusting entry to properly record the unrecorded TC/EF/TSF and AF in the amount of ₱3,550,265.00</p> <p>2. The Registrar and Assessment Office punctually submit all billings from TC/EF/TSF and AF to the Accounting Office to properly recognize the revenue earned during the period.</p>	<p>AOM No.: 2024-009 (2023) dated February 20, 2024</p>	<p>The Acting accountant already prepared the recommended adjusting entry with JEV no GJ-SSP-2024-02-008 dated February 29, 2024.</p> <p>The Management conducted a meeting among the three concerned offices to properly monitor the Accounts Receivable of the institution from TESDA Isabela PO. The Accounts Receivable from Training Cost, Miscellaneous Fee, Entrepreneurship Fee and Assessment Fee were properly monitored by each office through google sheet. Upon the date</p>	<p>Fully Implemented</p> <p>JEV no GJ-SSP-2024-02-008 dated February 29, 2024</p> <p>Not Implemented</p> <p>Reiterated in CY 2024</p>

Audit Observations and Recommendations	Reference	Management's Action	Status of Implementation Results of Auditor's Validation
		of implementation of a training program, the Accounting Office will record immediately the Accounts Receivable to recognize the revenue earned from TC/EF/MF and AF.	
<p>Receipt of 266 sets of starter toolkits and distribution of 418 thereof in CY 2023 amounting to ₱1,401,403.47 and ₱2,044,254.68, respectively, were not recorded in the books, resulting in misstatements in the asset, income and expense accounts of the financial statements at year-end, contrary to pertinent provisions of the GAM for NGAs, Volumes I and III.</p> <p>3. The Accountant prepare adjusting entries to record the receipt and distribution of starter toolkits in CY 2023 amounting to ₱1,401,403.47 and ₱2,044,254.68, respectively. Also, reflect the discrepancies noted on the should be balance of Other Supplies and Materials for Distribution account amounting to ₱226,902.02.</p> <p>4. The Property Section promptly submit to the Accounting Section copies of RIS on the receipt of toolkits and Acknowledgement Receipts on the issuance thereof for proper recording and submit the updated toolkits monitoring.</p>	<p>AOM No.: 2024-012 (2023) dated February 26, 2024</p>	<p>The Acting Accountant already posted the recommended adjusting entries with JEV Nos. GJ-SSP-2024-02-011, GJ-SSP-2024-02-012, GJ-SSP-2024-02-013 dated February 29, 2024.</p> <p>The Management also instructed the Supply Office to promptly submit the copies of RIS for proper recording and monitoring of undistributed and distributed toolkits.</p>	<p>Fully Implemented</p> <p>JEV were correct and proper.</p> <p>Not Implemented</p> <p>Reiterated in CY 2024</p>
<p>Various acquired properties of TESDA – ISAT for CY 2023 amounting to ₱735,850.00 were inappropriately recorded as expense and semi-expendable office equipment accounts instead of Property, Plant and Equipment Account, thus understating the PPE account affecting the fair presentation of its</p>	<p>AOM No.: 2024-010 (2023) dated February 26, 2024</p>	<p>The Acting Accountant already prepared the necessary adjusting entry with JEV No. GJ-SSP-2024-02-009 dated February 29, 2024.</p>	

Audit Observations and Recommendations	Reference	Management's Action	Status of Implementation Results of Auditor's Validation
<p>financial statements as at December 31, 2023 which is not in keeping with Chapter 10 of the GAM Volume I and COA Circular No. 2022-004 dated May 31, 2022.</p> <p>5. The Accounting Office prepare the adjusting entry to properly recognize the PPEs totaling ₱735,850.00 and corresponding depreciation expense amounting to ₱68,059.50</p> <p>6. The Accounting Office regularly reconcile the PPE accounts per accounting records and as reflected in the RPCPPE to verify the accuracy and completeness of PPE items recorded in the books.</p>		<p>The Accounting Office regularly reconcile the PPE accounts per accounting records as reflected in the RPCPPE to ensure the accuracy and completeness of PPE items recorded in the books.</p>	<p>Fully Implemented</p> <p>JEV was correct and proper</p> <p>Fully Implemented</p> <p>Reconciled RPCPPE and per books</p>
<p>Accounts Payable amounting to ₱104,560.61 under the SSP Fund were not supported with valid claim or obligation contrary to the provisions of Chapter 7, Volume I, of GAM for NGAs, thus resulted in the overstatement of liability as at December 31, 2023.</p> <p>7. Prepare adjusting entries to adjust the Accounts Payable account derecognizing the payables without valid claims amounting to ₱104,560.61.</p> <p>8. Ensure that recorded payables are supported with valid claims and obligations in compliance with Chapter 7, Volume of GAM for NGAS.</p>	<p>AOM No.: 2024-011 (2023) dated February 26, 2024</p>	<p>The Acting Accountant already recorded the recommended adjusting entry with JEV No. GJ-SSP-2024-02-010 dated February 29, 2024.</p> <p>The Accounting Office meticulously check and monitor the unpaid obligations in order to prevent the occurrence of the same.</p>	<p>Fully Implemented</p> <p>JEV was correct and proper</p> <p>Fully Implemented</p> <p>The recorded Payables are all valid claims.</p>
<p>Daily collections of training and assessment fees, school fees and from income generating projects ranging from ₱50.00 to ₱661,231.00 were not deposited intact and daily with the authorized</p>	<p>AOM No.: 2023-010 (22-23) dated May 26, 2023</p>	<p>The Management already instructed the accountable officer or the collecting officer not to give her</p>	

Audit Observations and Recommendations	Reference	Management's Action	Status of Implementation Results of Auditor's Validation
<p>government depository bank (AGDB) thus, exposing the entity's funds to theft/misappropriation which is not in keeping with Section 69 (1) of PD No. 1445 and Paragraph 32 of COA Memorandum No. 2013-004 dated July 9, 2013.</p> <p>9. Require the AO to immediately stop the practice of advancing the collections to the instructors and/or supply officer and strictly deposit intact all collections daily or not later than the next banking day to avoid risk of theft and misappropriation pursuant to the provisions of Section 69 of P.D. No. 1445 and Section 24 of Chapter II of COA Memorandum No. 2013-004 dated July 9, 2013.</p>		<p>collection to the instructors and/or supply officers as cash advances. She was also instructed to deposit her collections daily or not later than the next banking day.</p>	<p>Fully Implemented</p>
<p>Cash advances amounting to ₱5,278,541.58 were granted to the AO despite non-liquidation of previously granted cash advances and not supported with Certification from the Accountant that previous cash advances have been fully liquidated and accounted for contrary to Section 89 of PD 1445, COA Circular No. 97-002 dated February 10, 1997 and COA Circular No. 2023-004 dated June 14, 2023, denoting internal control weaknesses in the granting and utilization of cash advance thus exposing the funds to possible misuse and accumulation of unliquidated cash advance.</p> <p>10. Stop the practice of granting additional cash advance unless the previous cash advance has been liquidated and support the granting of cash advance with Certification from the Accountant that previous cash advances have been fully liquidated and accounted for in the books.</p> <p>11. Designate additional Special Disbursing Officer to act as an accountable officer and be granted cash</p>	<p>AOM No.: 2024-006 (2023) dated February 19, 2024</p>	<p>The Management instructed the Disbursing Officer to stop granting additional cash advance unless the previous cash advance has been liquidated and support the granting of cash advances with Certification from the Accountant that previous cash advance have been fully liquidated and accounted in the books.</p> <p>The Management issued an Office Order No. 04 s. 2024 designating Ms. Luisa L. CLavero as Special Disbursing Officer for the catering services of the institution, since almost of the granted cash advances</p>	<p>Not Implemented</p> <p>There were still cash advances granted despite previous unliquidated cash advances.</p> <p>Fully Implemented</p>

Audit Observations and Recommendations	Reference	Management's Action	Status of Implementation Results of Auditor's Validation
advances in case the current Accountable Officer has unliquidated cash advances, if necessary.		were intended for the catering services.	
<p>The agency failed to post the invitation or request for submission for price quotations/proposals, notice of award, and contract/purchase order in the PhilGEPS website and in the website of the Entity for various procurements with amounts exceeding ₱50,000.00 totaling to ₱927,718.00 which is not in keeping with the prescribed procedure on alternative modes of procurement as provided in Section 54.2 of the 2016 Revised IRR of R.A. No. 9184.</p> <p>12. The BAC strictly observe in its procurements the posting of the invitation or request for submission for price quotations/proposals, notice of award, and the contract/purchase order in the PhilGEPS website and in the website of the entity, pursuant to the provisions of the Revised IRR of R.A. No. 9184.</p>	AOM No.: 2024-007 (2023) dated February 19, 2024	The Management instructed the BAC Chair and its members to strictly observe in its procurement's the posting of the invitation or request for submission for price quotations/proposals, notice of award, and the contract/purchase order in the PhilGEPS website and in the website of the entity, pursuant to the provisions of the Revised IRR of R.A. No. 9184.	Fully Implemented
<p>Procurement of instructional materials totaling ₱755,894.00 was not meticulously and judiciously planned, contrary to Sections 7.1 and 31.1 of the Revised IRR of RA No. 9184, resulting in purchases with acquisition costs higher than the approved budget for the contract amounting to ₱430,380.00.</p> <p>13. Meticulously and judiciously plan their procurement and prepare and update regularly the market price list for each item procured as basis in the determination of ABC and preparation of PR to ensure that goods/services are obtained at the lowest reasonable prices, not exceeding the Approved Budget for the Contract/ABC. Also, the BAC should ensure that the ABC is indicated in the RFQ sent to the prospective suppliers.</p>	AOM No.: 2024-004 (2023) dated February 13, 2024	The Supply Office to prepare and update regularly the market price list for each item procured and ensure that the ABC is indicated in the RFQ sent to the prospective suppliers.	<p>Not Implemented</p> <p>There was no market list price as basis of preparation of PR.</p>

Audit Observations and Recommendations	Reference	Management's Action	Status of Implementation Results of Auditor's Validation
Otherwise, failure to comply with the procurement rules and regulations may result in the suspension of government transactions.			
<p>PR, PO, RFQ and IAR were not properly accomplished on procurements totaling ₱5,174,783.84 contrary to the provisions of Section 4(6) of PD No. 1445, GAM for NGAs and Revised IRR of RA No. 9184, denoting weaknesses in internal control in planning, monitoring and execution in the procurement activities.</p> <p>14. The personnel responsible for the preparation of PR, PO, RFQ and IAR properly accomplish the forms in the prescribed format to ensure the propriety, legality, accountability and transparency for every financial transactions of the agency.</p>	AOM No.: 2024-003 (2023) dated February 13, 2024	The Management instructed the personnel responsible for the preparation of PR, PO, RFQ and IAR to properly accomplish the forms in the prescribed format to ensure the propriety, legality, accountability and transparency for every financial transactions of the agency. And for the Accounting Office to check the completeness of the documents before issuing checks for payment.	<p>Not Implemented</p> <p>Some forms were not still prepared properly in the prescribed format.</p>
<p>Procured goods amounting to ₱508,596.04 were released to end-users without the issuance of PAR or ICS contrary to COA Circular No. 2022-004 dated May 31, 2022 and Chapters 8 and 10, Volume I of the GAM, hence the judicious use and accountability over these properties were not ensured.</p> <p>15. The Supply/Property Officer immediately issue the corresponding ICS or PAR to the recipients of all properties owned by TESDA – ISAT to ensure accountability and judicious use thereof. Prospectively, goods should not be released to the end-users without properly accomplishing first the ICS or PAR.</p>	AOM No.: 2024-008 (2023) dated February 19, 2024	The Management instructed the Supply Officers to issue the corresponding ICS or PAR to the recipients of all properties owned by TESDA-ISAT to ensure accountability. The Management also instructed the Supply Officer for the succeeding transactions not to release the goods to the end-users if ICS or PAR is not accomplished	<p>Not Implemented</p> <p>Reiterated in CY 2024.</p>

Audit Observations and Recommendations	Reference	Management's Action	Status of Implementation Results of Auditor's Validation
<p>Prior year expenditures without approved utilization totaling ₱383,465.00 were charged against the current year SSP Fund which resulted in the overstatement of the current year's expenses and raising doubt on the validity of the transaction contrary to Sections 4(1) and 119 of PD No. 1445 and Chapter 2, Section 2(a), Volume I of the GAM.</p> <p>16. The Management should discontinue the practice of charging prior year's expenditure to current year utilization and that proper matching of expenses against budget should always be observed pursuant to the above-cited guidelines. Likewise, officials who continue to authorize the payment of such expenditures are jointly and severally liable for any disallowance.</p>	<p>AOM No.: 2024-002 (2023) dated February 13, 2024</p>	<p>The Management adhered to the recommendation of the Resident Auditors and instructed the Supply Office to forward immediately the complete documents of the supplier for check payment and for the Accounting Office to obligate succeeding transactions using the Budget Utilization Request and Status (BURS) to prevent the utilization of current year's fund for prior year's expenditure.</p>	<p>Fully Implemented</p> <p>Prior year expenditures were properly obligated.</p>
<p>The TESDA – ISAT granted a total of 368 hours COC to various instructors in excess of the allowable 40 hours COC for each employee in a month and carried over a total of 39 days forfeited COCs balance at the end of the year which is not in keeping with CSC DBM Joint Circular No. 2 dated October 4, 2004, thus affecting the efficiency of the employees in judiciously accomplishing their assigned task within the regular work hours and expose employees to possible application of expired COC balance against absences.</p> <p>17. Ensure that the COC granted to TESDA – ISAT personnel is within the allowable 40 hours a month in accordance with CSC DBM Joint Circular No. 2 dated October 4, 2004. Also, judiciously plan and schedule the workload of the teaching personnel within the regular school days.</p> <p>18. Deduct the 40 days unutilized COCs that were already deemed forfeited in the</p>	<p>AOM No.: 2024-005 (2023) dated February 14, 2024</p>	<p>The Management instructed the Acting HRMO to grant TESDA-ISAT personnel the allowable 40 hours a month of Compensatory Overtime Credit in accordance with CSC DBM Joint Circular No. 2 dated October 4, 2004.</p> <p>The Acting HRMO deducted the 39 days of unutilized COCs that were already expired. As for the 1 day unutilized COC balance of employee number TESDA-2023-0146, the earned COC is still valid</p>	<p>Fully Implemented</p> <p>Fully Implemented</p>

Audit Observations and Recommendations	Reference	Management's Action	Status of Implementation Results of Auditor's Validation
COC balance of the employees concerned.		since it was earned last June 2023.	
<p>TESDA – ISAT personnel does not prepare and submit DTRs in the prescribed form including its supporting documents, contrary to Memorandum Order No. 745, s. 1982 and CSC Memorandum Circular No. 21, s. 1991, raising concerns on the veracity of the actual services rendered and salaries/wages paid to employees.</p> <p>19. The Management require the employees to prepare and submit their monthly DTRs in the prescribed form together with its supporting documents in accordance with Memorandum Order No. 745, s. 1982 and CSC Memorandum Circular No. 21, s. 1991.</p>	AOM No.: 2024-001 (2023) dated January 24, 2024	The Management adhered to the recommendation of the Resident Auditors and instructed the Acting HRMO to notify the TESDA-ISAT personnel through meeting to prepare and submit their monthly DTRs with its supporting documents. DTRs were already prepared by TESDA-Personnel on a monthly basis.	<p>Not Implemented</p> <p>Reiterated, they already prepared and submitted their monthly DTRs but some supporting documents were not attached.</p>
<p>TESDA – ISAT does not prepare the BURS and neither maintains the RBUD under the SSP Funds not in accord with the provisions of Chapter 3, Volume I of the GAM for NGAS, resulting in the absence of control in effectively monitoring the utilization and availability of funds under the SSP.</p> <p>20. The Budget Officer use the prescribed BURS form and maintain RBUD for disbursements under the SSP Fund in accordance with Chapter 3 of GAM for NGAS Volume I. Correspondingly, require the submission of SABUDB in compliance with COA-DBM Joint Circular No. 2019-01 dated January 1, 2019.</p>	AOM No.: 2023-011 dated Dec. 4, 2023	The Management instructed the Acting Budget Officer to utilize the prescribe Budget Utilization Request and Status (BURS) form for the succeeding transactions under SSP, and to maintain the corresponding RBUD for disbursements according to their budget classification. As for the FAR 2 and 2a, the Accounting Office prepares the report quarterly and upload the said report in the TESDA DOS Integrated System and	<p>Fully Implemented</p>

Audit Observations and Recommendations	Reference	Management's Action	Status of Implementation Results of Auditor's Validation
		in the TESDA ISAT website, however the Accounting Office have submitted the report to COA at a later date.	

TECHNICAL EDUCATION AND SKILLS DEVELOPMENT AUTHORITY
ISABELA SCHOOL OF ARTS AND TRADES
Schedule of NCA Utilization
Fund Cluster 01-Regular Agency Fund
For CY 2024

NCA/NTA		NCA/NTA Amount			Actual Disbursements			Balance (Unutilized)
No.	Date	PS	MOOE	Total	PS	MOOE	Total	
NCA-ROII-24-0000393	01/02/2024	6,842,000.00	127,000.00	6,969,000.00	6,885,550.00	71,241.07	6,956,791.07	12,208.93
NCA-ROII-24-0002748	03/15/2024	8,976,000.00	382,000.00	9,358,000.00	9,279,033.57	78,966.43	9,358,000.00	-
NCA No. 000339-3	05/10/2024	61,000.00		61,000.00	61,000.00		61,000.00	-
NCA-ROII-24-0006835	06/05/2024	704,081.00		704,081.00	704,081.00		704,081.00	-
NCA-ROII-24-0007915	06/21/2024	6,325,959.00	128,000.00	6,453,959.00	6,114,207.00	339,752.00	6,453,959.00	-
NCA-ROII-24-0011033	08/15/2024	315,792.00		315,792.00	315,792.00		315,792.00	-
NCA-ROII-24-0011538	08/21/2024	1,138,000.00		1,138,000.00	1,138,000.00		1,138,000.00	-
NCA-ROII-24-0007916	09/11/2024		5,000.00	5,000.00	5,000.00		5,000.00	-
NCA-ROII-24-0012893	09/24/2024	804,952.91		804,952.91	804,952.91		804,952.91	-
NCA-ROII-24-000880-2	09/19/2024	600,000.00		600,000.00	600,000.00		600,000.00	-
NCA-ROII-24-0007915	06/21/2024	8,997,960.00	640,000.00	9,637,960.00	9,637,373.24	586.76	9,637,960.00	-
NCA-ROII-24-0011033	08/15/2024	193,011.00		193,011.00	193,011.00		193,011.00	-
NCA-ROII-24-0011538	08/21/2024	480,000.00		480,000.00	480,000.00		480,000.00	-
NCA-ROII-24-0008802	12/20/2024	162,507.84		162,507.84	162,507.84		162,507.84	-
NCA-ROII-24-0007916	12/26/2024		132,000.00	132,000.00		132,000.00	132,000.00	-
NCA-ROII-24-0008802	12/27/2024	2,936,347.95		2,936,347.95	2,936,347.95		2,936,347.95	-
TOTAL		38,537,611.70	1,414,000.00	39,951,611.70	39,316,856.51	622,546.26	39,939,402.77	-

Quarterly Statement of NCA Received, Utilized and Reverted

Particulars	1 st Quarter	2 nd Quarter	3 rd Quarter	4th Quarter	Total
NCA Received	6,969,000.00	10,123,081.00	9,317,703.91	13,541,826.79	39,951,611.70
NCA Disbursement	6,956,791.07	10,123,081.00	9,317,703.91	13,541,826.79	39,939,402.77
Reverted to BTr	12,208.93	0.00	0.00	0.00	12,208.93

Prepared by:

ATTY. JOHN MARK B. RAGUINDIN
Audit Team Leader

TESDA – Isabela School of Arts and Trades
Schedule of Observations on Program Registration of TVET Programs
For the period ending December 31, 2024

No.	PROGRAM	CTPR Number	DATE ISSUED	VALIDITY DATE	Observations
1	Electrical Installation and Maintenance NC II	20170231ELCEIM215029	April 13, 2023	April 12, 2028	- 5 units of Security Equipment Access Control were not presented - Shared tools and equipment with EIM NC III
2	Computer Systems Servicing NC II	201502032037	April 13, 2023	April 12, 2028	- 10 units of UPS 650AV are unserviceable
3	Electronic Products Assembly and Servicing NC II	201502032036	September 05, 2024	September 05, 2029	- 4 units of Multi-meter (analog) not per workstation are unserviceable - 8 units of Multi-meter (analog) not per workstation were not presented
4	Plumbing NC II	201602312059	April 13, 2023	April 12, 2028	- Tools and equipment that were incomplete or not presented: 1. Electric Drill (drill bit 1/4" - 5/8") 2. Electric Grinder 4" 3. Portable Soldering Kit 4. Electric Test Pump 5. Cut-off machine (14" dia. Cutting disc) 6. Pipe Reamer 7. Pipe Cutter 1/2" - 2" 8. Electrical and Mechanical Plier - Shared tools and equipment with other TVET programs

No.	PROGRAM	CTPR Number	DATE ISSUED	VALIDITY DATE	Observations
5	Carpentry NC II	20190231CONCAR218089	April 13, 2023	April 12, 2028	<p>- Tools and equipment that were incomplete or not presented:</p> <ol style="list-style-type: none"> 1. H-frame scaffold system and accessories 2. Portable electric drill (variable speed) 3. Portable electric planer 4. Socket wrench (19mm and 21m) 5. Wood planer 2 inches 6. Riveter <p>- Shared tools and equipment with other TVET programs</p>
6	Masonry NC I	20230231CONMAS118018	June 01, 2023	June 02, 2028	<p>- Tools and equipment that were incomplete or not presented:</p> <ol style="list-style-type: none"> 1. One bagger mixer 2. Block cutter 3. Scaffolding 4. Bar bender 5. steel brush 6. Wheelbarrow 7. Manual tampering tool <p>- Shared tools and equipment with other TVET programs</p>

No.	PROGRAM	CTPR Number	DATE ISSUED	VALIDITY DATE	Observations
7	Masonry NC II	20200231CONMAS218060	June 01, 2023	June 02, 2028	<p>- Tools and equipment that were incomplete or not presented:</p> <ol style="list-style-type: none"> 1. One bagger mixer 2. Block cutter 3. Steel Scaffold 4. Bar bender 5. Steel brush 6. Wheelbarrow <p>- Shared tools and equipment with other TVET programs</p>
8	PV Systems Installation NC II	20210231CONPVI208056	June 05, 2023	June 06, 2028	<p>- Tools and equipment that were incomplete or not presented:</p> <ol style="list-style-type: none"> 1. Clamp meter 2. Support Structure - single module 3. Support Structure - double module 4. Screw drivers 5. Magnetic Compass 6. Measuring tape <p>- Shared tools and equipment with other TVET programs</p>
9	Dressmaking NC II	702032091	October 16, 2024	October 17, 2029	<p>- 1 unit of High-speed machines attachment is unserviceable</p> <p>- Shared tools and equipment with other TVET programs</p>
10	Tailoring NC II	702032092	October 16, 2024	October 17, 2029	<p>- Shared Tools and equipment with other TVET programs</p>

No.	PROGRAM	CTPR Number	DATE ISSUED	VALIDITY DATE	Observations
11	Barangay Health Services NC II	TEMP-20200231HHCBS219001	June 05, 2023	June 06, 2028	<p>- Tools and equipment that were incomplete or not presented:</p> <ol style="list-style-type: none"> 1. BP Apparatus (digital) 2. Instrument cabinet 3. Instrument table 4. IUD insertion set 5. Weighing scale (pedia) 6. Cervical inspection set 7. Fetal doppler 8. Maternal Care Instrument Set 9. Mucous suction bulb 10. Oxygen therapy set 11. Resuscitator <p>- Shared tools and equipment with other TVET programs</p>
12	Caregiving NC II	201702312015	June 05, 2023	June 06, 2028	<p>- Tools and equipment that were incomplete or not presented:</p> <ol style="list-style-type: none"> 1. BP Apparatus (aneroid) 2. Sphygmomanometer 3. Washer Drier (unserviceable) 4. Medical Tray <p>- Shared tools and equipment with other TVET programs</p>
13	Shielded Metal Arc Welding (SMAW) NC I	201602031011	June 05, 2023	June 06, 2028	- Shared Tools and equipment with other TVET programs
14	Shielded Metal Arc Welding (SMAW) NC II	802032010	April 13, 2023	April 12, 2028	- Shared Tools and equipment with other TVET programs

No.	PROGRAM	CTPR Number	DATE ISSUED	VALIDITY DATE	Observations
15	Organic Agriculture Production NC II	20190231AFFOAP212054	April 13, 2023	April 12, 2028	<p>- Tools and equipment that were incomplete or not presented:</p> <ol style="list-style-type: none"> 1. Computer (desktop or laptop) 2. Shredder 3. Soil thermometer 4. Portable Soil Analyser Kit 5. PH meter 6. Moisture meter 7. Vermitea aerator, 60L capacity 8. Mortar and pestle 9. Meat grinder 10. Cart 11. Basic Carpentry 12. Storage Container, 20 liter capacity 13. Weighing scale 14. Step ladder, 6 ft. 15. Pruning Shear 16. Petri Dish 17. Spike Tooth Harrow 18. Holer, 4" diameter 19. Trimming Knife 20. Plow 21. Spade 22. Sickle <p>- Shared tools and equipment with other TVET programs</p>

No.	PROGRAM	CTPR Number	DATE ISSUED	VALIDITY DATE	Observations
16	Barista NC II	20190231TRSBRT213080	April 13, 2023	April 12, 2028	<p>- Tools and equipment that were incomplete or not presented:</p> <ol style="list-style-type: none"> 1. Single or 1-group semi-automatic commercial type espresso machine 2. Siphon 3. Pourover/V60 hand drip 4. Moka pot/stove top 5. Automatic drip coffee maker 6. Knock box 7. Hand stopwatches 8. Demitasse teaspoons 9. teaspoons 10. 20 oz steaming pitcher 11. 32 oz steaming pitcher 12. French press <p>- Shared tools and equipment with other TVET programs</p>
17	Bartending NC II	201602312060	April 13, 2023	April 12, 2028	<p>- Tools and equipment that were incomplete or not presented:</p> <ol style="list-style-type: none"> 1. Electric glass brushes 2. Draft Beer dispenser 3. Soda siphon 4. Tin cans 5. Champagne Tulip glass 6. Champagne Flute glass 7. Footed beer glass <p>- Shared tools and equipment with other TVET programs</p>
18	Bread and Pastry Production NC II	1202032001	April 13, 2023	April 20, 2028	<p>- Shared Tools and equipment with other TVET programs</p>

No.	PROGRAM	CTPR Number	DATE ISSUED	VALIDITY DATE	Observations
19	Food and Beverage Services NC II	201502032038	April 13, 2023	April 12, 2028	<ul style="list-style-type: none"> - 1 unit of Point of Sale (POS) was not presented - Shared tools and equipment with other TVET programs
20	Food Processing NC II	20240231PFBFOP215023	April 17, 2024	April 18, 2029	<ul style="list-style-type: none"> - Tools and equipment that were incomplete or not presented: <ul style="list-style-type: none"> 1. Vacuum pack machine 2. Titration set-up 3. Food processor 4. Weighing scale (10-50kgs) 5. Laboratory scale cabinet drier/forced draft oven 6. Cabinet dryer with trays 7. Chef's knives 8. Heavy duty plastic chopping board (HDPE) (2.5 inches thick) - Shared tools and equipment with other TVET programs

Prepared by:



ATTY. JOHN MARK B. RAGUINDIN
Audit Team Leader

TESDA – Isabela School of Arts and Trades
Agency Action Plan and Status of Implementation
For the Calendar Year 2024
As of _____, 2025

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

Prepared by:

SIGNATURE OVER PRINTED NAME
Position