



REPUBLIC OF THE PHILIPPINES
COMMISSION ON AUDIT
REGIONAL OFFICE NO. II
NATIONAL GOVERNMENT AUDIT SECTOR
Cluster 5 – Education and Employment
Tuguegarao City, Cagayan

March 16, 2026

FRANCISCO GRINGO C. TAGABI

Vocational School Administrator III
Technical Education and Skills Development Authority
Aparri Polytechnic Institute
Aparri, Cagayan

Dear Sir:

Pursuant to Section 2, Article IX-D of the Constitution of the Philippines and Section 43 of the Government Auditing Code of the Philippines (PD No. 1445), we transmit herewith the Management Letter on the results of audit on the accounts and operations of the Technical Education Skills and Development Authority TESDA – Aparri Polytechnic Institute (TESDA-API), Aparri, Cagayan, for the year-ended December 31, 2025.

We would appreciate being informed of the actions taken on the observations and recommendations within sixty (60) days from receipt of this letter using the attached Agency Action Plan and Status of Implementation (AAPSI) Form, pursuant to Section 100 of the General Provisions of Republic Act No. 12116, otherwise known as the General Appropriations Act for Fiscal Year 2025.

We acknowledge the support and cooperation that the Management extended to the Audit Team, thus, facilitating the completion of the report.

Very truly yours,

COMMISSION ON AUDIT

By:


ADELINE P. BAARDE
Director III
Regional Supervising Auditor



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COMMISSION ON AUDIT
REGIONAL OFFICE NO. II
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Cluster 5 – Education and Employment
Tuguegarao City, Cagayan

Office of the Auditor – Audit Team R2-19

March 3, 2026

ADELINE P. BAARDE

Regional Supervising Auditor
NGS Cluster 5 – Education and Employment
This Region

Madam:

We are pleased to transmit the Management Letter on the audit of Technical Education and Skills Development Authority, Aparri Polytechnic Institute (TESDA-API), Aparri, Cagayan for the year-ended December 31, 2025, in compliance with Section 2, Article IX-D of the Constitution of the Philippines and Section 43 of the Government Auditing Code of the Philippines (PD No. 1445).

The attached report consists of the Detailed Observations, Recommendations, Status of Implementation of Prior Years' Audit Recommendations and the Audited Financial Statements.

We have audited the financial statements of the TESDA-API, Aparri, Cagayan, which comprise of the Statement of Financial Position as at December 31, 2025, and the Statement of Financial Performance, Statement of Cash Flows, Statement of Changes in Net Assets/Equity, and Statement of Comparison of Budget and Actual Amounts, for the year then ended, and Notes to the Financial Statements, including a summary of significant accounting policies.

In our opinion, except for the effects of the misstatements in the Inventory, Property, Plant and Equipment, and Equity accounts, the accompanying financial statements present fairly, in all material respects, the financial position of TESDA-API as at December 31, 2025, and its financial performance, cash flows, changes in net assets/equity, and comparison of budget and actual amounts for the year then ended in accordance with the International Public Sector Accounting Standards (IPSASs).

Very truly yours,


KEVIN PAUL M. MACABABBAD
OIC - State Auditor III
Audit Team Leader



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COMMISSION ON AUDIT
REGIONAL OFFICE NO. II
NATIONAL GOVERNMENT AUDIT SECTOR
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March 16, 2026

FRANCISCO GRINGO C. TAGABI
Vocational School Administrator III
Technical Education and Skills Development Authority
Aparri Polytechnic Institute
Aparri, Cagayan

Dear Sir:

**Management Letter on the Audit of the
Technical Education and Skills Development Authority
Aparri Polytechnic Institute
For the Year-ended December 31, 2025**

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 (PD No. 1445), we audited the accounts and operations of the TESDA – Aparri Polytechnic Institute (TESDA-API), Maura, Aparri, Cagayan, for the year-ended December 31, 2025. The audit was conducted in accordance with applicable legal and regulatory requirements, and 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 basis for our conclusions.
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 (AOMs) and discussed with the concerned TESDA-API officials and employees in an exit conference held on February 26, 2026. Their comments were incorporated in this letter, where appropriate. The significant audit observations and recommendations shall be incorporated in the Regional Consolidated Management Letter (RCML) of the TESDA Region II for the Calendar Year (CY) 2025.

Introduction

4. Founded by virtue of Republic Act (RA) No. 948 in 1928, the TESDA-Aparri School of Arts and Trades was then called Aparri Vocational High School, funded by the Provincial Government of Cagayan. Through a bill sponsored by the then Representative of Cagayan Hon. Felipe Garduque, the institution was nationalized. In June 22, 1963 under RA 3732 authored by Representative Tito Dupaya, Aparri Vocational High School was converted into a school of arts and trades known as the Aparri School of Arts and Trades (ASAT) to offer courses of secondary and collegiate level.

5. The CHED program of the school was momentary due to the enactment into law of RA 7796 known as the “Technical Education and Skills Development Act of 1994” which is a government agency principally responsible for the formulation of coordinated and fully integrated technical education and skills development policies and programs. ASAT is included in the list of schools under the administrative and supervisory control of the TESDA. As early as March 21, 1997, a Memorandum of Agreement was entered into between the then Department of Education, Culture and Sports and the Technical Education and Skills Development Authority about the transfer of schools with predominantly post-secondary enrolment including qualified teachers and personnel and their proportionate share of the budget and other assets to TESDA.

6. On July 23, 2012, RA No. 10227 was finally passed by the House of Representatives on March 9, 2011 and by the Senate on July 24, 2012, renaming the Aparri School of Arts and Trades into Aparri Polytechnic Institute (API), and signed by the then President Benigno S. Aquino III.

7. The TESDA Act: RA No. 7796 otherwise known as the Technical Education and Skills Development Act was enacted into law on August 25, 1994. Through this RA which created TESDA, the functions of the then National Manpower and Youth Council (NMYC), Bureau of Technical-Vocational Education (BTVE), Department of Education, Culture and Sports (DECS) and the apprenticeship program of the Department of Labor and Employment (DOLE) were integrated.

Vision

8. To become a Polytechnic College by 2028.

Mission

9. To pursue excellence in education, innovation, and community participation by producing certified multi-skilled workers for technical careers for local and global markets.

Value Statement

10. Commitment to One’s duties: the way to quality service.

Goals and Objectives

11. Produce certified multi-skilled and job-ready Filipino workforce for local and global markets; Capacitate Human Resources (Teaching and Non-teaching Staff); Modernization of Infrastructure, Equipment, and Facilities; Strengthen linkages with industries and stakeholders; Enhance the image and reputation and amplify brand visibility and credibility of the institution; and Manage Resources to support Programs, Projects & Activities

Personnel Complement

12. TESDA-API is headed by Fr. Francisco Gringo C. Tagabi as Vocational School Administrator, Dr. Robert C. Revilla as Head of Instruction, and Mr. Juanito G. Domingo as Administrative Officer IV. For CY 2025, the following is the manpower composition of TESDA-API:

Office/Division	Permanent	Job-Order	Total
Administrative/Finance	15	10	25
Instruction	40	1	41
Total	55	11	66

Operational Highlights

13. The following are the major accomplishments of TESDA API for CY 2025:

Performance Indicators	Target	Accomplishment	Percentage (%) of Accomplishment
MFO 2. TESD Services			
Operations of TESDA Schools and Training Centers			
Quantity			
Number of trainees enrolled	3,324	3,568	107.34%
Number of trainees graduated	2,992	3,685	123.16%
Average number of training hours per Trainee	8	8	100.00%
Quality			
Number of graduates who are employed six (6) months after completion of training	376	449	119.41%
Timeliness			
% of training applications acted upon within two (2) weeks	100%	100%	100.00%
% of graduates in programs with training regulations certified within five days after graduation	100%	100%	100.00%
Number of TVET clients extended with career guidance services consistent with the Career Guidance Advocacy Program (CGAP)	1,000	3,551	355.10%
Number of persons profiled (YP4SC/NCAE)	300	432	144.00%
Competency Assessment and Certification System			
Number of persons assessed	486	3,090	635.80%
Number of persons certified	450	2,629	584.22%

Financial Highlights

14. The Appropriations, Allotments, Obligations Incurred, and Unobligated Balance and Continuing Appropriations as of December 31, 2025 are shown below:

Source of Funds	Appropriations	Allotment	Obligations Incurred	Unobligated Balance
1. Agency Specific Budget				
PS	₱31,118,559.92	₱31,118,559.92	₱31,118,559.92	0.00
MOOE	2,402,000.00	2,402,000.00	₱2,402,000.00	0.00
Total, Regular Appropriations	₱33,520,559.92	₱33,520,559.92	₱33,520,559.92	₱0.00
2. Special Purpose Fund				
Miscellaneous Personnel Benefit Fund (MPBF)	₱2,550,000.00	₱2,550,000.00	₱2,550,000.00	₱0.00
Total, Special Purpose Fund	₱2,550,000.00	₱2,550,000.00	₱2,550,000.00	₱0.00
3. Automatic Appropriations				
RLIP	₱2,857,624.72	₱2,857,624.72	₱2,857,624.72	₱0.00
Total, Automatic Appropriations	₱2,857,624.72	₱2,857,624.72	₱2,857,624.72	₱0.00
Total Current Year's Appropriation	₱38,928,184.64	₱38,928,184.64	₱38,928,184.64	₱0.00

15. The financial position and financial performance for CY 2025 with comparative figures for CY 2024 are as follows:

	2025	2024	Increase (Decrease)
Financial Position			
Assets	₱19,774,939.26	₱19,004,611.59	₱770,327.67
Liabilities	784,151.14	688,074.32	96,076.82
Government Equity	18,990,788.11	18,316,537.27	674,250.84
Financial Performance			
Total Revenue	₱15,696,042.50	₱19,632,165.13	(₱3,936,122.63)
Total Current Operating Expenses	54,690,068.82	52,699,595.08	1,990,473.74
Surplus/(Deficit) from Current Operations	(₱38,994,026.32)	(₱33,067,429.95)	(₱5,926,596.37)
Net Financial Assistance/Subsidy	43,112,334.64	36,009,188.02	7,103,146.62
Surplus/(Deficit) for the period	₱4,118,308.32	₱2,941,758.07	₱1,176,550.25

Summary of Recommendations

16. 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.

Accounting Errors and Omissions

For the misstatement in the Inventory and Expense account balance

- 1. The Accountant prepare the adjusting entries to present the correct balance of the Inventory Account at year-end.**
- 2. The Supply Officer prepare the Report of Supplies and Materials Issued (RSMI) and Report of Semi-Expendable Property Issued (RSPI) and submit to the Accountant, on a timely basis, to facilitate the proper recording of issuances through the preparation of the corresponding Journal Entry Vouchers (JEVs) prior to the cut-off for financial reporting.**
- 3. The Supply Officer and the Accountant adhere to the prescribed procedures for monitoring, controlling and recording of acquisition and issuance of inventory and semi-expendable properties, and conduct periodic reconciliations to promptly identify and correct any discrepancies.**

For the unreconciled difference between property and accounting records

- 4. The Accountant record in the agency books the previously derecognized Land account with a balance of ₱48,230.00 and reclassify the erroneously recorded Technical and Scientific Equipment worth ₱275,600.00 to Other Machinery and Equipment account.**
- 5. The Supply Officer recognize in the Report on the Physical Count of Property, Plant, and Equipment (RPCPPE) the newly-reclassified Buildings costing ₱1,650,731.27, Construction in Progress amounting to ₱2,380,073.97 and the Office Equipment worth ₱70,000.00 which was erroneously classified as semi-expendable property. Likewise, the balance of ₱104,444.00 representing Furniture and Fixtures under Fund 101 should not be included in the RPCPPE since it is already reclassified to semi-expendable property.**

For the inaccurate balance of Biological Asset

- 6. The Accountant update the balance of the Biological Assets account at year-end by debiting Accumulated Surplus/(Deficit) and crediting Breeding Stocks in the amount of ₱22,200.00 to correct the overstatement. Thereafter, the fair value less costs to sell of the agency's biological assets should be determined at every reporting**

date in accordance with Chapter 11, Volume I, of the Government Accounting Manual (GAM) for National Government Agencies (NGAs), and the necessary journal entries should be prepared to ensure fair presentation of the account in the Financial Statements (FS).

Other Accounting Deficiencies

For the unreliable Cash in Bank -LCCA balance

7. The Accountant prioritize the preparation and submission of Bank Reconciliation Statements (BRSs) for Fund 101 from November to December 2025 and BRSs for SSP Fund from June to December 2025, and effect the necessary adjustments in the books, as warranted, to ensure fair presentation of Cash in Bank accounts in the Financial Statement. Thereafter, promptly prepare and submit the monthly BRS, of all funds, with all the supporting documents, pursuant to Chapter 21 of GAM for NGAs, Volume I.

For the unreconciled difference between property and accounting records

8. The Accountant and Supply Officer reconcile the other noted differences of the PPE in the accounting records against the RPCPPE to ascertain accuracy and reliability of the reported balances therein in compliance with the provisions of Chapter 10 of the GAM for NGAs, Volume I.

Absence of monitoring for Biological Assets

9. The Caretaker/Trainor maintain and regularly update the Biological Assets Property Card (BAPC) to properly record the acquisition/receipt, custody, transfer, disposal and other relevant information on biological assets and prepare the Quarterly Reports of Biological Assets (QRBA) to report changes in fair value arising from physical changes or market price fluctuations. These records shall serve as a basis for the Supply Officer in monitoring the breeding stocks and for the Accountant in updating the related accounting records

Other Audit Areas

For the delayed submission of Purchase Orders (POs)

10. The Management submit POs and supporting documents within five working days after their issuance pursuant to COA Circular No. 2009-001. Where necessary, the Management consider submission through electronic mail or other secure digital platforms to ensure timely submission, regardless of logistical constraints.

For the absence of property tag/sticker

11. The Supply Officer strictly comply with the property identification number system, as required under paragraphs 5.6 and 5.7 of COA Circular 2020-006 dated January 31, 2020, by ensuring that all PPE are properly tagged, assigned unique property numbers, and accurately recorded in the updated RPCPPE and in other prescribed inventory and accounting records.
12. The Management institute appropriate supervisory and control mechanisms, including the designation of additional support personnel and/or the issuance of clear internal directives, to reinforce and assist the Supply Officer in the effective implementation of the corrective measures addressing the above-mentioned deficiency.

Lapses in Internal Controls in Cash Management

13. The Management stop the practice of transferring cash advances from the designated Accountable Officer to other agency employees.
14. The Accountant ensure to grant new cash advances only when the previous cash advance is first settled or a proper accounting thereof is made.

Detailed Observations and Recommendations

Financial Audit

Accounting Errors and Omissions

17. The Office Supplies Inventory, Semi-Expandable Office Equipment, Semi-Expandable ICT Equipment, Land, Breeding Stocks, Technical and Scientific Equipment, Other Machinery and Equipment and Equity Accounts had misstatements aggregating ₱404,479.76 due to accounting errors and omissions observed in the audit of these accounts affecting the understandability and reliability of the accounts in the Financial Statements at year-end.

18. Section 7, Chapter 19 of the GAM for NGAs, Volume I provides 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 International Public Sector Accounting Standards (IPSASs). The application of IPSASs, with additional disclosures when necessary, is presumed to result in financial statements that achieve a fair presentation.

19. The responsibility for the fair presentation and reliability of FS rests with the Management of the reporting entity, particularly the head of finance/accounting office

and the head of the entity or his authorized representative, as provided in Section 4, Chapter 19 of the GAM for NGAs, Volume I.

20. Review and verification of accounts and transactions of the TESDA-API disclosed various omissions and errors that were not adjusted which have an impact on the fair presentation of the year-end financial statements. The total uncorrected misstatements based on the audit of TESDA-API amounted to ₱404,479.76, details of which are shown in Table 1.

Table 1 – Summary of Misstatements in the FSs

Category/ Classification/ Description of Misstatement	Balance as at December 31, 2025	Amount of Misstatement (in absolute amount)	RCML Reference
Inventories a. Erroneous recording of Inventory	₱1,132,245.21	₱180,039.88	Paragraph 21
Property, Plant and Equipment b. Erroneous derecognition of Land and Misclassification of Other Office Equipment	9,200,484.10	48,230.00	Paragraph 36
Biological Assets c. Non recording of changes related to Biological Assets	52,500.00	22,200.00	Paragraph 45
Government Equity (including Income and Expenses) d. Erroneous recording of inventory expense, Erroneous derecognition of Land and Misclassification of Other Office Equipment, and Non recording of changes related to Biological Assets	18,990,788.11	154,009.88	
Total Misstatements		₱404,479.76	

21. **We recommended that the Accountant effect the necessary adjustments on the errors and omissions to correct the reported balances of affected accounts in the FSs and observe the proper recording, adjustments and reclassifications of accounts and transactions, and that all transactions should be supported by necessary documentations in accordance with the GAM and other existing accounting rules and regulations.**

Misstatement in the Inventory and Expense accounts - ₱180,039.88

22. **Office Supplies inventories were recorded as outright expenses upon receipt or delivery instead of the appropriate inventory accounts; semi-expendable properties were not derecognized from the books after issuance to end-users, contrary to Section 15, Chapter 2 and Sections 7 and 9, Chapter 8, Volume I of the GAM for NGAs, resulting in net overstatement of the inventory**

account and understatement of related expenses by ₱180,039.88.

23. Section 15, Chapter 2 of the GAM for NGAs, Volume I states that the FSs 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 IPSAS.

24. Moreover, Section 9, Chapter 8 of the same manual sets forth that regular purchases shall be coursed through the inventory account and issues thereof shall be recorded as they take place except for supplies and materials purchased out of Petty Cash Fund (PCF) for immediate use or on emergency cases which shall be charged directly to the appropriate expense accounts.

25. Further, Section 7, Chapter 8 of the same manual sets forth that 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.

26. Verification of financial statements and physical count of inventories and semi-expendable properties revealed the following computed misstatements in the affected accounts:

Table 2. Summary of Misstatements in Inventories

Observation	Specific Inventory Account Affected	(Over)/ Under Statement	Other Accounts Affected
a. Erroneous recording of inventory as outright expense upon receipt/delivery	Office Supplies Inventory	₱96,560.12	Corresponding Expense Accounts of the Inventories/ Accumulated Surplus/(Deficit)
b. Unrecorded issuance to end-users	Semi-Expendable Office Equipment, Semi-Expendable ICT Equipment	(276,600.00)	Corresponding Expense Accounts of the Inventories/ Accumulated Surplus/(Deficit)
Net Overstatement in Inventory		(₱180,039.88)	

27. In our audit of inventories, we noted several deficiencies that affected the accurate reporting and control of office supplies and semi-expendable properties.

28. The Office Supplies Inventory was reported at a nil/zero balance in the financial statements, however, the year-end physical count revealed unissued office supplies in the stockroom totaling ₱96,560.12. As a result, the Office Supplies Inventory account was understated, while the related expense account was overstated by the same amount.

29. Inquiry with the Management disclosed that the office supplies were accounted as outright expense upon receipt or delivery, instead of recording them in their appropriate inventory accounts. It should be noted that non-recording of

inventory assets prior to their issuance increases the risk of loss or misuse. The Management should implement safeguards to protect these assets. Moreover, this practice is inconsistent with the accrual basis of accounting, under which transactions and events are recognized when they occur, not when cash or its equivalent is received or paid.

30. Similarly, all semi-expendable properties had already been issued to end-users at year-end, therefore, the financial statements should have reflected a nil/zero balance for the Semi-Expendable Property accounts. However, the Accountant reported a balance of ₱276,600.00, representing properties that were actually issued as at year-end. Consequently, the semi-expendable assets account was overstated, while the related expense account was understated.

31. Inquiry with Management revealed a lack of coordination between the Accountant and the Supply Officer, as key reports—such as the Report of Supplies and Materials Issued (RSMI) and the Report of Semi-Expendable Property Issued (RSPI)—were not prepared or submitted on time. As a result, the recording of the corresponding JEVs were delayed, preventing the timely recording of issuances within the prescribed cut-off period for the preparation of the financial statements.

32. Further, we noted that the Supply Officer does not properly maintain the required registries and reports, such as the Registry of Semi-Expendable Property Issued (RegSPI) and the Report on the Physical Count of Semi-Expendable Property (RPCSP), as required under Section 4.7 of COA Circular No. 2022-004 dated May 31, 2022. It is to be reminded that the RPCSP shall maintain the unissued semi-expendable properties, while the issued semi-expendable properties shall be contained in the RegSPI for proper monitoring thereof. Proper maintenance of these reports is essential to ensure accurate tracking and monitoring of semi-expendable properties.

33. In view of the foregoing deficiencies, the total Inventory account balance is overstated, while the related expense account is understated by a total of ₱180,039.88.

34. We emphasize that effective inventory management is critical to safeguarding the agency's assets from loss or misappropriation. Without proper monitoring, the Management may fail to establish accountability over the assets or manage their acquisition and consumption. The deficiencies noted also affected the fair presentation of the financial statements at year-end, potentially misleading readers in making informed decisions.

35. **We recommended that:**

a) **The Accountant prepare the following adjusting entries to present the correct balance of the Inventory Account at year-end:**

Office Supplies Inventory	₱96,560.12	
Accumulated Surplus/(Deficit)	180,039.88	
Semi-Expendable Office Equipment		215,000.00
Semi-Expendable ICT Equipment		61,600.00

To adjust the Inventory account balances as per actual physical count at year-end.

- b) The Supply Officer prepare the RSMI and RSPI and submit to the Accountant on a timely basis to facilitate the proper recording of issuances through the preparation of the corresponding JEVs prior to the cut-off for financial reporting.**
- c) The Supply Officer and the Accountant adhere to the prescribed procedures for monitoring, controlling and recording of acquisition and issuance of inventory and semi-expendable properties, and conduct periodic reconciliations to promptly identify and correct any discrepancies.**

36. The Management has agreed to implement the audit recommendation and acknowledged the audit observations, recognizing that these findings present a valuable opportunity to strengthen controls over the procurement, receipt and issuance of inventories and semi-expendable properties. The acknowledgment underscores Management's commitment to improving internal processes and ensuring greater accountability. Also, the Accountant committed to record the adjusting entries to correct the balances of the Inventory Accounts.

Erroneous derecognition of Land - ₱48,230.00; Misclassification of Other Office Equipment - ₱275,600.00

37. **The book balance of the Land and Other Office Equipment did not reconcile with the RPCPPE, showing a difference of ₱323,830.00, due to the erroneous derecognition and misclassification of the accounts, contrary to the provisions of Chapter 10 of the GAM NGAs, Volume I, thus, affecting the fair presentation of the accounts in the FSs.**

38. Chapter 10 of the GAM for NGAs Volume I, prescribes the accounting treatment, recognition, measurement, derecognition of all PPEs, to ensure that these assets are properly valued and recorded, and disclosed in the FS.

39. Section 38 of the same Chapter requires that a periodic physical count of PPE shall be done annually and presented on the RPCPPE as at December 31 of each year.

40. Review of the financial statements as at December 31, 2025 of TESDA-API showed a nil/zero balance for Land and Other Office Equipment account. However, review of the RPCPPE showed a balance of ₱48,230.00 and ₱275,600.00, for the Land and Other Office Equipment, respectively.

41. Upon inquiry, the Accountant disclosed that the Land was erroneously derecognized due to the capitalization threshold of ₱50,000.00 for PPE. Further, the Accountant also misclassified some properties as Technical and Scientific Equipment instead of Other Machinery and Equipment, hence, the difference between the FS balance and the RPCPPE. The errors in the recording and accounting of transactions resulted in a net understatement of the account by ₱48,230.00.

Table 3. Summary of Misstatements in PPE

Observation	Specific Inventory Account Affected	(Over)/ Under Statement	Other Accounts Affected
a. Erroneous derecognition from the books	Land	₱48,230.00	Accumulated Surplus/(Deficit)
b. Misclassification of Other Machinery Equipment as Technical and Scientific Equipment	Technical and Scientific Equipment	(275,600.00)	-
	Other Machinery and Equipment	275,600.00	
Net Overstatement in PPE		₱48,230.00	

42. Moreover, review of the RPCPPE of the agency showed the following deficiencies in proper reporting thereof:

Table 4. Deficiencies noted in the RPCPPE

Account	Amount			Remarks
	Per Books (Gross)	Per RPCPPE	Difference	
Buildings	1,650,731.27	0.00	1,650,731.27	The balance in the Buildings account was due to the reclassification of CIP to Buildings account which was not updated in the RPCPPE.
Office Equipment	0.00	383,000.00	(383,000.00)	The RPCPPE (IGP Fund) for the Office Equipment does not include a Photocopier Machine, Digital, Gestetner-MP2001 worth ₱70,000.00 despite meeting the capitalization threshold for PPE, instead it was recorded as issued Semi-expendable Property - Office Equipment instead of PPE item.
Furniture and Fixtures	0.00	158,944.00	(158,944.00)	The total balance of ₱104,444.00 represents Furniture and Fixtures (Fund 101) which was already issued as semi-expendable property, thus, should not be reflected in RPCPPE.
Construction in Progress-Buildings and Other Structures	2,380,073.97	0.00	2,380,073.97	Inquiry disclosed that it was already the practice of the Supply Office not to present Construction in Progress properties in the RPCPPE.
Total	₱26,885,372.74	₱36,561,026.78	₱ (9,675,654.04)	

43. We recognize the Management's continuous efforts to present their PPE accounts fairly in its financial reports, with various journal entries made to correct the same as a result of the inventory count conducted and in compliance with previously issued AOMs. Nevertheless, there were still noted differences which resulted in the misstatement of Land and Other Office Equipment account and affected the fair presentation of the said accounts in the financial statements.

44. **We recommended that:**

- a) **The Accountant record in the agency books the previously derecognized Land account with a balance of ₱48,230.00 and**

reclassify the erroneously recorded Technical and Scientific Equipment worth ₱275,600.00 to Other Machinery and Equipment account.

- b) The Supply Officer to review and revise its RPCPPE by reflecting in the report the newly-reclassified Buildings costing ₱1,650,731.27, Construction in Progress amounting to ₱2,380,073.97 and the Office Equipment worth ₱70,000.00 which was erroneously classified as semi-expendable property. Likewise, the balance of ₱104,444.00 representing Furniture and Fixtures under Fund 101 should not be included in the RPCPPE since it is already reclassified to semi-expendable property.

45. The Accountant committed to record the adjusting entries to correct the balances of the PPE and other related accounts. The Supply Officer also committed to properly classify the identified PPE items in the correct accounts in the RPCPPE.

Non recording of changes related to Biological Assets - ₱22,200.00

46. The changes related to the Biological Assets of TESDA-API were not recognized in the books, contrary to the provisions of Section 7, Chapter 11, Volume I of the GAM for NGAs, resulting in the overstatement of Biological Assets by ₱22,200.00 at year-end.

47. Section 7, Chapter 11 of the GAM for NGAs, Volume I, states that a biological asset shall be measured on initial recognition and at each reporting date at its fair value less costs to sell, except where market-determined prices or values are not available, and for which alternative estimates of fair value are determined to be clearly unreliable. In such a case, that biological asset shall be measured at its cost less any accumulated depreciation and any accumulated impairment losses.

48. In the audit of biological assets maintained by TESDA-API in its experimental farm under the OAP NC II program, we assessed the fair value less costs to sell of the assets as of December 31, 2025, based on prevailing local market prices. Our assessment indicated that the total amount of biological assets reported in the financial statements was overstated, as detailed below:

Table 5. Misstatement in Biological Assets

Biological Assets	Description	Quantity	Unit Value	Fair Value less Cost to Sell
Goat (3 months)	Female	1	₱3,300.00	₱3,300.00
Goat (6 months)	Male	1	4,500.00	4,500.00
Goat (1 year old and above)	Female	3	7,500.00	22,500.00
Total Amount per Audit				₱30,300.00
Total Amount Recorded in FS				₱52,500.00
Overstatement				₱22,200.00

49. The correct balance of Biological Assets should have been ₱30,300.00. However, the amount reported under the Biological Assets account in the Statement

of Financial Position was ₱52,500.00, resulting in an overstatement of the account by ₱22,200.00 as of year-end.

50. Inquiry with Management disclosed that the account balance had not been regularly updated since CY 2022 due to lack of coordination among the Accountant, Supply Officer, and the Biological Assets Caretaker/OAP NC II Trainer.

51. **We recommended that the Accountant update the balance of the Biological Assets account at year-end by debiting Accumulated Surplus/(Deficit) and crediting Breeding Stocks in the amount of ₱22,200.00 to correct the overstatement. Thereafter, the fair value less costs to sell of the agency's biological assets should be determined at every reporting date in accordance with Chapter 11, Volume I, of the GAM for NGAs, and the necessary journal entries should be prepared to ensure fair presentation of the account in the Financial Statements.**

52. The Accountant committed to record the adjusting entries to correct the balance of the Breeding Stocks account.

Other Accounting Deficiencies

53. **Audit of the FSs disclosed unresolved accounting deficiencies totaling ₱13,882,696.25 which is not in keeping with the relevant provisions of the IPSAS and the GAM for NGAs, thereby had undermined the qualitative characteristics of the information in the FSs.**

54. The IPSAS 1 states in part that paragraph 29 of this Standard requires an entity to present information, including accounting policies, in a manner that meets a number of qualitative characteristics. This guidance summarizes the qualitative characteristics of financial reporting. Qualitative characteristics are the attributes that make the information provided in financial statements useful to users. The four principal qualitative characteristics are understandability, relevance, reliability, and comparability.

55. During the audit of the FSs, accounting deficiencies were noted which had diminished the qualitative characteristics of information in the FSs as at December 31, 2025. Summary and details of accounting deficiencies are presented and discussed in the succeeding paragraphs:

Table 5. Summary of Accounting Deficiencies

Description of Deficiencies	Amount of Accounting Deficiencies	ML Reference
Cash		
a. Unreconciled account balance	₱659,010.97	Par. 55
PPE		
b. Unreconciled PPE balances between RPCPPE and books of accounts	13,223,685.28	Par. 67
Total	₱13,882,696.25	

Unreliable CIB-LCCA balance-₱659,010.97

56. **The non-preparation of monthly BRSs as required under Section 5, Chapter 21 of the GAM for NGAs, Volume I, resulted in an unreconciled difference of ₱659,010.97.00 between the book and bank balances thus, the reliability and accuracy of the Cash in Bank - Local Currency, Current Account (CIB, LCCA) with a balance of ₱3,479,151.55 could not be relied on.**

57. The policies and guidelines in the preparation of BRS are set out in Chapter 21, Volume I of the GAM for NGAs. Section 5 thereof requires that the Chief Accountant/Designated Staff shall within ten days from receipt of the monthly Bank Statement (BS) together with the paid checks, original copies of Debit Memoranda (DM)/Credit Memoranda (CM) from the GSB, reconcile the BS with the GL and prepare the BRS in four copies.

58. Meanwhile, the reporting and submission requirements are provided in Section 7 of the Manual, as follows:

The Chief Accountant shall submit the BRS within twenty days after receipt of the monthly BS to the following:

- Original – COA Auditor (with all the supporting documents and JEVs)
- Copy 2 – Head of Agency/Entity
- Copy 3 – Accounting Division/Unit file
- Copy 4 – Bank, if necessary

59. A review of submitted BRSs for CY 2025 showed the following status:

Table 6. Status of BRS submission

Account Name	Account Number	Fund	AGDB	Remarks
TESDA-Aparri Polytechnic Institute	2086-9004-35	101/Regular Fund	Land Bank of the Philippines	Last submitted BRS was for October 2025
TESDA-API Income Generating Project Fund	0862-1137-99	SSP Fund	Land Bank of the Philippines	Last submitted BRS was for May 2025

60. The table shows that there are prolonged delays in the preparation and submission of BRSs. For the Regular Fund account (Account No. 2086-9004-35), the latest BRS submitted was for October 2025, while for the SSP Fund account (Account No. 0862-1137-99), the most recent submission was for May 2025.

61. This matter was previously brought to Management's attention through AOM No. 2025-08 dated November 24, 2025. The Management explained that the delay was due to a corrupted working file and the need to incorporate adjustments in its BRS format. While we acknowledge Management's explanation, as of this writing, the required BRSs have yet to be submitted to the Audit Team.

62. Meanwhile, to validate Management's assertions of the completeness, accuracy and existence of the Cash in Bank accounts, as at December 31, 2025, we sent a confirmation letter to the Land Bank of the Philippines (LBP) – Aparri Branch,

the authorized government depository bank of the agency.

63. Our verification disclosed that there is a difference of ₱659,010.97 between the book balance and the bank balance, as shown in the succeeding table:

Table 7. Bank Confirmation Balance versus Book Balance

Account No.	Account Type	Per Bank Confirmation	Per Books	Difference
2086-9004-35	MDS Account	₱0.00	₱0.00	₱0.00
0862-1137-99	Current Account	2,820,140.58	3,479,151.55	659,010.97
0862-1143-10*	Current Account	0.00	0.00	0.00
Total		₱2,820,140.58	₱3,479,151.55	₱659,010.97

**This is a pass-through account maintained by the agency for the MDS account transactions as required by LBP WeAccess.*

64. It should be emphasized that the regular and timely preparation of BRS is an essential internal control mechanism to ensure the accuracy of bank balances reflected in the books. The BRS verifies the correctness of recorded transactions and facilitates the prompt detection and correction of errors in both the bank's and the agency's records.

65. Furthermore, the non-submission of BRS, bank statements and other supporting schedules/documents prevented the Audit Team from performing necessary audit procedures to validate the causes of discrepancies in the balances. More importantly, this limitation hindered the verification of the accuracy and reliability of the CIB, LCCA, thereby affected its fair presentation in the agency's financial statements.

66. We recommended that the Accountant prioritize the preparation and submission of BRSs for Fund 101 from November to December 2025 and BRSs for SSP Fund from June to December 2025, and effect the necessary adjustments in the books, as warranted, to ensure fair presentation of Cash in Bank accounts in the FSs. Thereafter, promptly prepare and submit the monthly BRS, of all funds, with all the supporting documents, pursuant to Chapter 21 of GAM for NGAs, Volume I.

67. The Accountant explained that the delay in submission was attributable to the revision and modification of the BRS format he had been utilizing. He further indicated that the BRSs for the period of November to December 2025 under Fund 101, as well as the BRS for October 2025 under the SSP Fund, have already been prepared. Nonetheless, as of the current date, none of these BRSs have been formally submitted to the Audit Team for review.

Unreconciled difference between property and accounting records - ₱13,223,685.28

68. The PPE accounts were not reconciled with the RPCPPE, showing a difference of ₱13,223,685.28, contrary to the provisions of Chapter 10 of the GAM NGAs, Volume I, thus the accuracy and reliability of the reported balances at year-end cannot be ascertained.

69. Chapter 10 of the GAM for NGAs Volume I, prescribes the accounting treatment, recognition, measurement, derecognition of all PPEs, to ensure that these assets are properly valued and recorded, and disclosed in the FS.

70. Section 38 of the same Chapter requires that a periodic physical count of PPE shall be done annually and presented on the RPCPPE as at December 31 of each year.

71. Further review of the financial statements and RPCPPE as at December 31, 2025 of the agency showed the following balances and differences:

Table 8. Unreconciled PPE accounts

Account	Amount		
	Per Books (Gross)	Per RPCPPE	Difference
Other Land Improvements	₱259,812.50	₱3,573,659.80	₱ (3,313,847.30)
School Buildings	14,885,369.00	24,115,005.69	(9,229,636.69)
Other Structures	260,004.00	935,800.79	(675,796.79)
Office Equipment	0.00	383,000.00	(383,000.00)
Information and Communication Technology Equipment	604,062.00	436,062.00	168,000.00
Technical and Scientific Equipment	1,614,295.00	1,265,695.00	348,600.00
Motor Vehicles	5,231,025.00	5,369,029.50	(138,004.50)
Total	₱22,854,567.50	₱36,078,252.78	₱ (13,223,685.28)

72. Despite the Management's continuous efforts to present their PPE accounts fairly in its financial reports we still noted differences which resulted in unreconciled amounts totaling ₱13,223,685.28. In view of the foregoing, the accuracy and reliability of the reported balances at year-end could not be ascertained and could affect the fair presentation of the PPE accounts in the financial statements.

73. We recommended that the Accountant and Supply Officer reconcile the differences of the PPE in the accounting records against the RPCPPE to ascertain accuracy and reliability of the reported balances therein in compliance with the provisions of Chapter 10 of the GAM for NGAs, Volume I.

74. The Accountant and Supply Officer committed to conduct a joint reconciliation of the book balances with physical count of the PPE.

Absence of monitoring of Biological Assets

75. The TESDA-API was not able to prepare the required BAPC and QRBA for the livestock raised in its experimental farm under the Organic Agricultural Production (OAP) NC II program contrary to the provisions of Section 7, Chapter 11, Volume I of the GAM for NGAs, thus exposed the assets to possible risk of loss due to the absence of proper records for monitoring and control.

76. In accordance with Section 11, Chapter 11, Volume I of the GAM, the BAPC shall be kept by the Biological Asset/s Caretaker or Officer-in-charge/Accountable Officer for each class or type of biological asset to record promptly the acquisition, description, custody, transfer, disposal and other information about the property. The BAPC shall be reconciled with the physical inventory of the biological asset/s and control accounts annually. Any discrepancies shall be immediately verified and adjusted.

77. Likewise, the QRBA shall also be prepared containing among others, the balances at the beginning of the quarter and changes in fair value of the biological assets due to physical changes such as: a) growth, b) degeneration, c) production, and d) procreation. The report shall be the basis of the Accounting Division to recognize in the books the gain or loss on fair value of the biological asset due to physical changes and due to price changes through the preparation of the JEV.

78. However, audit disclosed that the BAPC and the QRBA were not prepared by the Caretaker. The absence of these records and monitoring mechanisms limits Management's ability to accurately track and value biological assets and exposes the assets to potential risks of misstatement, loss, or improper reporting.

79. **We recommended that the Caretaker/Trainor maintain and regularly update the BAPC to properly record the acquisition/receipt, custody, transfer, disposal and other relevant information on biological assets and prepare the QRBA to report changes in fair value arising from physical changes or market price fluctuations. These records shall serve as a basis for the Supply Officer in monitoring the breeding stocks and for the Accountant in updating the related accounting records.**

80. The Management explained that they are actively taking steps to ensure that the agency's Biological Assets are properly monitored and updated on a regular basis.

Compliance Audit

Delayed submission of Purchase Orders (POs)

81. **Copies of POs covering the procurement of equipment, supplies, and materials of TESDA-API for CY 2025, amounting to ₱ 3,135,712.86, were not submitted within the period prescribed under COA Circular No. 2009-001 dated February 12, 2009. The delays in submission, which ranged from 6 to 373 working days, affected the timely review and evaluation of procurement transactions, early identification and communication of any deficiencies and Management's timely action on the same.**

82. Item 3.2.1 of COA Circular No. 2009-001 provides that a copy of any purchase order irrespective of amount, and each and every supporting document, shall, within five working days from issuance thereof, be submitted to the Auditor concerned. Within the same period, the Auditor shall review and point out to management defects and/or deficiencies, if any, in the same manner provided in the second and third sentences of item 3.1.4.

83. The copies of POs, together with the required supporting documents, were not consistently submitted to the Auditors Office within five working days from issuance thereof. In the reviewed transactions totaling to ₱ 3,135,712.86, delays in submission ranged from 6 to 373 working days.

84. We observed that POs were only submitted to the Auditor's Office on a

monthly basis, together with the paid Disbursement Vouchers (DVs) and other relevant reports of TESDA-API. According to the Management, this practice is largely attributable to the significant distance between TESDA-API in Maura, Aparri, Cagayan, and the Auditor's Office in Tuguegarao City, Cagayan, which makes frequent physical submissions impractical. To address this constraint, the Management should have utilized alternative modes of submission, such as electronic mail or other digital platforms, as appropriate.

85. The delay in the submission affected the timely review of procurement transactions, as POs were often submitted only after the equipment, supplies, or materials had been delivered. It also limited the early identification of issues and delayed the communication of findings to the Management, reducing the opportunity for prompt corrective action.

86. We recommended that the Management submit POs and supporting documents within five working days after their issuance pursuant to COA Circular No. 2009-001. Where necessary, the Management consider submission through electronic mail or other secure digital platforms to ensure timely submission, regardless of logistical constraints.

87. The Management committed to submit POs and other contracts with supporting documents within five working days after their issuance through electronic mail or other secure digital platforms.

No property tag/sticker for PPEs-~~₱~~7,729,386.50

88. PPE amounting to ₱7,729,386.50 were found without property tag/sticker, in contravention of paragraphs 5.6 and 5.7, respectively, of COA Circular No. 2020-006 dated January 31, 2020, resulting in non-compliance with inventory control standards for monitoring and accountability and exposing the assets to the risk of loss through theft.

89. Paragraphs 5.6 of COA Circular No. 2020-006 provides that each government entity shall adopt a uniform property identification system wherein a unique property number shall be assigned for each PPE.

90. Further, paragraph 5.7 of the same Circular requires that, for easy identification, the property number shall be prominently shown in the property sticker in addition to the following vital information:

- a. Description of the property
- b. Model Number
- c. Serial Number
- d. Acquisition Date/Cost
- e. Person Accountable
- f. Space for the validation/signature of the Inventory Committee

91. Government property management policies require that all PPE be assigned unique property numbers to ensure accountability and facilitate effective monitoring

in accordance with inventory control standards.

92. Verification of the submitted RPCPPE by the agency disclosed that PPE totaling to ₱7,729,386.50 have no property tags/stickers, to wit:

Table 9. Summary of PPE with no property tag/sticker

PPE	Qty	Amount
ICT Equipment and Software	6	₱436,062.00
Motor Vehicles	11	5,369,029.50
Technical and Scientific Equipment	7	1,265,695.00
Office Equipment	3	383,000.00
Other Machinery and Equipment	1	275,600.00
Total	28	₱7,729,386.50

93. Also, during the physical count, it was observed that certain old furniture and fixtures, such as steel cabinets, still bear property tags/stickers dated 2005 which are already faded, unreadable, and partially detached from the properties. Hence, replacement of the property tags/stickers is necessary to ensure proper asset identification and monitoring.

94. Upon inquiry, the Supply Officer explained that the absence of proper tagging and the lack of up-to-date monitoring of issued properties were due to insufficient personnel relative to the volume of properties issued. It was further disclosed that the Supply Officer is currently in the process of updating the property numbers of each item to facilitate proper tagging.

95. **We recommended that:**

- a) **The Supply Officer strictly comply with the property identification number system, as required under paragraphs 5.6 and 5.7 of COA Circular 2020-006, by ensuring that all PPE are properly tagged, assigned unique property numbers, and accurately recorded in the updated RPCPPE and in other prescribed inventory and accounting records; and**
- b) **The Management institute appropriate supervisory and control mechanisms, including the designation of additional support personnel and/or the issuance of clear internal directives, to reinforce and assist the Supply Officer in the effective implementation of the corrective measures addressing the above-mentioned deficiency.**

96. The Management committed to strictly enforce the updating, verification, and monitoring of property tagging for the agency properties.

Lapses in Internal Controls in Cash Management

97. **Cash advances granted to the authorized disbursing officer amounting to ₱226,154.00 were inappropriately transferred to various employees that resulted in differences between the established balance of accountability of the**

Accountable Officer (AO) and the actual inventory of cash and allowed cash items at the time of cash examination. This practice poses risk of unaccounted cash advances, possible loss or misappropriation of funds. Moreover, additional cash advances were granted despite non-liquidation of previous cash advances which resulted in the accumulation of unliquidated amounts, thus not in keeping with sound system of internal control as required by PD No. 1445 and pertinent provisions of COA Circular No. 97-002 dated February 10, 1997.

98. Section 101(1) of the PD No. 1445 states that every officer of any government agency whose duties permit or require the possession or custody of government funds or property shall be accountable therefor and for the safekeeping thereof in conformity with law.

99. Section 123 of the same Decree defines internal control as 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.

100. Further, Section 124 of the same Decree states that it shall be the direct responsibility of the agency head to install, implement, and monitor a sound system of internal control.

101. While COA Circular No. 97-002 states the following guidelines on the grant and utilization of cash advances among others: (4.1.2) No additional cash advances shall be allowed to any official or employee unless the previous cash advance given to him is first settled or a proper accounting thereof is made; (4.1.5) Only duly appointed or designated disbursing officers may perform disbursing functions; (4.1.6) Transfer of cash advance from one AO to another shall not be allowed.

102. During the cash examination of the AO of TESDA-API, a discrepancy was identified between the established balance of accountability and the actual inventory of cash and authorized cash items at the time of the examination, amounting to ₱226,154.00.

103. The discrepancy between the established balance of accountability of the AO amounting to ₱485,354.00, and the actual inventory of cash and authorized cash items under the Advances to SDO (IGP Fund), which totals ₱259,200.00. The resulting difference of ₱226,154.00 appeared to have arisen from lapses in internal control, including the inappropriate transfer by the AO of cash advances granted to her to other agency employees. Upon demand however, the Management submitted the liquidation report and supporting documents for unsettled cash advances totaling ₱226,154.00, as evidenced by transmittal letter No. 22 series of 2025 dated July 29, 2025.

104. Our audit also disclosed that the cash advances were handled as follows:

Table 10. Disposition of Cash Advances

Purpose	Disposition
CA for payment of living allowances	Cash is directly given by the AO to the trainees except for Community-Based Training (CBT) wherein the distribution of allowance is

Purpose	Disposition
	delegated by the AO to the trainers.
CA for payment of snacks and meals for TESDA Representative and Assessors and meals and snacks for other various activities	In some instances, the AO delegated cash advances for meals and snacks to employees who were not authorized to disburse them.
CA for supplies and materials for training and other activities	In some instances, the AO delegated cash advances for purchase of supplies and materials to employees who were not authorized to disburse them.

105. It is important to note that delegating cash advances from authorized disbursing officers to other employees introduces significant risks, including the potential for loss or misappropriation of funds. Such delegation also increases the likelihood of unliquidated or unaccounted cash advances, particularly when proper monitoring mechanisms are not in place or when the responsible individuals fail to submit official receipts or liquidation reports on time.

106. The audit team further observed that cash advances were frequently granted at minimal intervals, which is contrary to the rule stipulating that no additional cash advance shall be authorized for any official or employee unless the previous advance has been fully settled or properly accounted for. The audit team noted that only one disbursing officer is currently responsible for managing numerous cash advances for various transactions and purposes. Such a concentration of responsibilities can be overwhelming and difficult to manage effectively.

107. The above-noted deficiencies demonstrate weaknesses in the internal control which should not be taken for granted considering that there were discovered losses and misappropriation of funds in the previous years and such accountabilities were not yet fully settled. The establishment of a sound internal control by Management is crucial to avoid further incurrence of loss and misappropriation due to fraud or error.

108. **We recommended that:**

- a) **The Management stop the practice of transferring cash advances from the designated Accountable Officer to other agency employees; and**
- b) **The Accountant ensure to grant new cash advances only when the previous cash advance is first settled or a proper accounting thereof is made.**

109. The Management committed to strictly enforce the "No Liquidation, No Cash Advance" policy. This fundamental control measure will be institutionalized to avoid recurrence of similar issues and to strengthen the cash management and accountability practices. The Management also committed to improve internal controls and ensure full compliance with rules and regulations relevant to the grant and liquidation of cash advances.

Other Compliance Areas

Implementation of Gender and Development (GAD)

110. The TESDA-API GAD Focal Point System (GFPS) fully implemented their plans and programs from the amount allocated of at least 5 percent from their existing budget appropriation as of December 31, 2025. Details are as follows:

Table 11. Gender and Development Accomplishment

PAPs Objectives	Plans and Programs		Accomplishments	
	No. of Activity	Budget	No. of Activity	Expenditure
A. Client-Focused	8	987,414.00	8	1,035,450.25
B. Organizational Focused	3	228,586.00	3	600,549.75
C. Attributed Programs	0	0.00	0	0.00
GAA Appropriation				32,720,000.00
Percentage				5%

Withholding and Remittances of Deductions to BIR, GSIS, Pag-IBIG and PhilHealth

111. For CY 2025, TESDA-API has strictly enforced compliance with tax laws relative to the withholding and remittance of taxes to BIR. TESDA-API was also compliant in withholding personnel contributions representing employees and employer shares and loan repayments to GSIS, Pag-IBIG and PhilHealth. Details are as follows:

Table 12. Summary of Amounts Withheld and Remitted

Gover nment Instit ution	Beginning Balance	Total Withholding/ Deductions	Total Remittances	Ending Balance	Remarks
BIR	₱400,486.84	₱2,223,629.89	₱2,260,420.13	₱363,696.60	Balance remitted on January, 2026
GSIS	12,778.30	6,964,263.30	6,924,437.69	52,603.91	Unremitted balance is due to the step increment, newly promoted and hired employees. The Management committed that remittance will be made within 1st quarter of CY2026.
Pag-IBIG	2,000.00	558,143.39	555,543.39	4,600.00	
Phil-Health	40,053.98	1,187,300.66	1,195,882.29	31,472.35	

112. The ending balances of the related payable accounts are properly reflected in the FS.

Enforcement and Settlement of Notices of Suspensions (NSs), Notices of Disallowances (NDs) and Notices of Charge (NC)

113. The Statement of Audit Suspensions, Disallowances and Charges as of December 31, 2025 is in the following table:

Table 13. Statement of Audit Suspensions, Disallowances and Charges

Particulars	January 1, 2025 Balance	January 1 to December 31, 2025		Balance as of December 31, 2025
		Issuances	Settlement	
Notice/s of Suspension	₱ 0.00	₱ 0.00	₱ 0.00	₱ 0.00
Notice/s of Disallowance	0.00	0.00	0.00	0.00
Notice/s of Charges	1,648,337.70	0.00	440,482.86	1,207,854.84
Total	₱1,648,337.70	₱ 0.00	₱440,482.86	₱1,207,854.84

Status of Implementation of Prior Years' Audit Recommendations

114. An evaluation was made on the status of implementation of prior years' recommendations and all of the seven prior years' audit recommendations were fully implemented.

115. The results of the validation of the implementation of prior years' recommendations are presented in Annex H.

Acknowledgement

116. We wish to express our appreciation to the Management and staff of TESDA-API, Maura, Aparri, Cagayan, for the cooperation and assistance extended to our audit team during the audit.

117. We would appreciate receiving information, both in hard and electronic copies, of the actions taken on the audit recommendations within sixty (60) days from receipt of this letter using the attached form on the Agency Action Plan and Status of Implementation (AAPSI) pursuant to Section 100 of the General Provisions of Republic Act No. 12116, otherwise known as the General Appropriations Act of Fiscal Year 2025.

Very truly yours,

COMMISSION ON AUDIT

By:


ADELINE P. BAARDE
Director III
Regional Supervising Auditor

Technical Education and Skills Development Authority
Aparri Polytechnic Institute
AGENCY ACTION PLAN AND STATUS OF IMPLEMENTATION (AAPSI)
For the Calendar Year 2025
As of _____, 2026

Ref.	Audit Observati on	Audit Recomm endation					Status of Imple mentati on	Reason for Partial/Delay/ Non – Implementatio n, if applicable	Action Taken / Action to be taken
			Action Plan	Person/ Dept. Respons ible	Target Implementation				
					From	To			

Prepared by:

Signature Over Printed Name
Position

Date: _____

Note: Status of Implementation may either be Fully Implemented or Not Implemented.



TECHNICAL EDUCATION AND SKILLS DEVELOPMENT AUTHORITY

APARRI POLYTECHNIC INSTITUTE

Rizal Street, Maura, Aparri, Cagayan, 3515
www.tesda-api.net email address: api@tesda.gov.ph
 Telephone Number: (078) 888-0064 and (078) 888-0041



STATEMENT OF MANAGEMENT'S RESPONSIBILITY FOR FINANCIAL STATEMENTS

The Management of APARRI POLYTECHNIC INSTITUTE is responsible for all information and representations contained in the accompanying Statement of Financial Position as at December 31, 2025 and the related Statement of Financial Performance, Statement of Cash Flows, Statement of Financial Performance, Statement of Cash Flows, Statement of Changes in Net Assets/Equity, and Statement of Comparison of Budget and Actual Amounts, for the year then ended, and Notes to the Financial Statements, including a summary of significant accounting policies. 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.

JONATHAN C. TORIO
Accountant I

Date: January 30, 2026

FRANCISCO GRINGO C. TAGABI
Vocational School Administrator III

Date: January 30, 2026

Vision

"To become a Polytechnic College by 2028."

Mission

"To pursue excellence in education, innovation, and community participation by producing certified multi-skilled workers for technical careers for local and global markets."

Goals

1. Produce certified multi-skilled and job-ready Filipino workforce for local and global markets.
2. Capacitate Human Resources (Teaching and Non-teaching Staff)
3. Modernization of Infrastructure, Equipment, and Facilities
4. Strengthen linkages with industries and stakeholders
5. Enhance the image and reputation and amplify brand visibility and credibility of the institution
6. Manage Resources to support Programs, Projects & Activities

**Sa TESDA,
KayangKaya**

TECHNICAL EDUCATION AND SKILLS DEVELOPMENT AUTHORITY
APARRI POLYTECHNIC INSTITUTE
DETAILED STATEMENT OF FINANCIAL POSITION
ALL FUNDS
As at December 31, 2025
(With comparative figures for CY 2024)

	CY 2025	CY 2024
1 ASSETS		
1 CURRENT ASSETS		
01 CASH and Cash Equivalents	₱ 3,805,511.11	₱ 3,101,334.59
02 Cash in Bank - Local Currency		
Cash in Bank - Local Currency, Current Account	3,479,151.55	2,749,761.79
04 Treasury/Agency Cash Accounts		
Cash- Tax Remittance Advice	326,359.56	351,572.80
03 RECEIVABLE	5,584,198.84	5,243,959.03
01 Loans and Receivable Accounts		
Accounts Receivable	0.00	0.00
04 Intra - Agency Receivables		
Due from Operating Units	3,592,640.58	3,298,340.58
05 Other Receivables		
Receivables - Disallowances/Charges	1,891,432.58	683,058.74
Due from Officers and Employees	90,034.35	1,252,468.38
Other Receivables	10,091.33	10,091.33
04 INVENTORIES	1,132,245.21	743,696.17
02 Inventory Held for Distribution		
Other Supplies and Materials for Distribution	855,645.21	743,696.17
05 Semi Expendable Machinery and Equipment		
Semi-Expandable Office Equipment	215,000.00	0.00
Semi-Expandable ICT Equipment	61,600.00	0.00
TOTAL CURRENT ASSETS	10,521,955.16	9,088,989.79
06 PROPERTY, PLANT AND EQUIPMENT	9,200,484.10	9,863,121.80
01 Land		
Land	0.00	0.00
02 Land Improvements		
Other Land Improvements	259,812.50	55,582.50
Accumulated depreciation-Buildings	(109,344.28)	(23,222.90)
	150,468.22	32,359.60
04 Buildings and Other Structures		
Buildings	1,650,731.27	0.00
Accumulated depreciation-Buildings	(402,326.25)	0.00
	1,248,405.02	
School Buildings	14,885,369.00	14,885,369.00
Accumulated depreciation-School Buildings	(13,880,778.17)	(13,173,723.14)
	1,004,590.83	1,711,645.86
Other Structures	260,004.00	260,004.00
Accumulated depreciation-Other Structures	(138,801.18)	(126,450.99)
	121,202.82	133,553.01
05 Machinery and Equipment		
Office Equipment	0.00	0.00
Accumulated depreciation-Office Equipment	0.00	0.00
	0.00	0.00
Information and Communication Technology Equipment	604,062.00	735,172.00
Accumulated depreciation-ICTE	(459,584.12)	(438,830.04)
	144,477.88	296,341.96

	CY 2025	CY 2024
Technical and Scientific Equipment	1,614,295.00	1,338,695.00
<i>Accumulated depreciation-Technical</i>	<i>(925,927.91)</i>	<i>(781,297.22)</i>
	<u>688,367.09</u>	<u>557,397.78</u>
Other Machinery and Equipment	0.00	310,000.00
<i>Accumulated depreciation-Other</i>	<i>0.00</i>	<i>(19,633.33)</i>
	<u>0.00</u>	<u>290,366.67</u>
06 Transportation and Equipment		
Motor Vehicles	5,231,025.00	5,280,525.00
<i>Accumulated depreciation-Motor Vehicles</i>	<i>(1,768,126.73)</i>	<i>(1,270,837.35)</i>
	<u>3,462,898.27</u>	<u>4,009,687.65</u>
07 Furnitures, Fixtures and Books		
Furnitures and Fixtures	0.00	0.00
<i>Accumulated depreciation-Furnitures</i>	<i>0.00</i>	<i>0.00</i>
	<u>0.00</u>	<u>0.00</u>
10 Construction in Progress		
Construction in Progress-Buildings and Other Structures	2,380,073.97	2,831,769.27
07 BIOLOGICAL ASSET	52,500.00	52,500.00
01 Bearer Biological Assets		
Breeding Stocks	52,500.00	52,500.00
TOTAL NON-CURRENT ASSETS	9,252,984.10	9,915,621.80
TOTAL ASSETS	₱ 19,774,939.26	₱ 19,004,611.59
2 LIABILITIES		
2 LIABILITIES		
01 Financial Liabilities	1,031.53	1,456.92
01 Payables		
Accounts Payable	0.00	0.00
Due to Officers and Employees	1,031.53	1,456.92
02 Inter-Agency Payables	452,372.86	455,319.12
01 Inter-Agency Payables		
Due to BIR	363,696.60	400,486.84
Due to GSIS	52,603.91	12,778.30
Due to PAG - IBIG	4,600.00	2,000.00
Due to PHILHEALTH	31,472.35	40,053.98
03 Intra-Agency Payables	91,960.00	0.00
01 Intra-Agency Payables		
Due to Operating Units	91,960.00	0.00
99 Other Payables	238,786.75	231,298.28
99 Other Payables		
Other Payables	238,786.75	231,298.28
TOTAL LIABILITIES	784,151.14	688,074.32
3 EQUITY		
3 EQUITY		
01 Government Equity		
01 Government Equity		
Accumulated Surplus (Deficit)	18,990,788.11	18,316,537.27
TOTAL EQUITY	18,990,788.11	18,316,537.27
TOTAL LIABILITES and NET ASSETS/EQUITY	₱ 19,774,939.26	₱ 19,004,611.59

TECHNICAL EDUCATION AND SKILLS DEVELOPMENT AUTHORITY
APARRI POLYTECHNIC INSTITUTE
Notes to Financial Statements
For the Year-ended December 31, 2025

1. General Information/Agency Profile

The financial statements of TESDA-Aparri Polytechnic Institute (TESDA-API) were authorized for issue on January 31, 2025 as shown in the Statement of Management Responsibility for Financial Statements signed by Francisco Gringo C. Tagabi, the Vocational School Administrator III.

The TESDA-API is operating units renamed on October 18, 2012 by RA 10227 and operates under the authority of the RA 7796 otherwise known as the Technical Education and Skills Development Act of 1994. The mandate of TESDA-API is to provide relevant, accessible, high quality and efficient technical education and skills development training. The Agency's registered office is located in Maura, Aparri, Cagayan.

Its mission is to exist as “The Center of Technical Excellence”. As such it endeavors to make available quality technical vocational education and trainings and ensures the inculcation of upright attitude towards work among all those who pass through its portals.

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 July 21, 2021.

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 Flow;
- 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 on the basis of historical cost, unless stated otherwise. The Statement of Cash Flows is prepared using the direct method.

All financial transactions and reports were prepared in compliance with the Unified Accounts Code Structure (UACS), Revised Chart of Accounts (RCA), and Government Accounting Manual (GAM) to ensure standardized classification, accurate reporting, and adherence to government accounting regulations

3. Summary of Significant Accounting Policies

3.1 Basis of accounting

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

3.2 Cash and Cash Equivalents

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

3.3 Inventories and Semi-Expendables Machineries and Equipment

Inventories and Semi-Expendables Machineries and Equipment are recognized as an expense when deployed for utilization or consumption in the ordinary course of operations of TESDA-API.

3.4 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.

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-API recognizes such parts as individual assets with specific useful lives and depreciates them accordingly. Likewise, when a major repair/replacement is done, its cost is recognized in the carrying amount of the plant and equipment as a replacement if the recognition criteria are satisfied.

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

Depreciation

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

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

Initial Recognition of Depreciation

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

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

Depreciation Method

The straight line method of depreciation is adopted.

Estimated Useful Life

The TESDA-API uses the Schedule on the Estimated Useful Life of PPE by classification prepared by COA as follows:

Asset class	Estimated useful life (in years)
Land	N/A
Land Improvements	10
Buildings and Other Structures	20
Machinery and Equipment	5
Transportation Equipment	10
Furniture, Fixtures and Books	5
Other Property, Plant and Equipment	10

The TESDA-API uses a residual value equivalent to at least five percent (5%) of the cost of the PPE.

3.5 Revenue from non-exchange transactions

Assets arising from the transaction are recognized when it is probable that future economic benefits or service potential will flow to the entity, and the fair value of the asset can be measured reliably.

Revenue is recognized to the extent that the entity has satisfied any present obligations or conditions attached to the received resources.

3.6 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.

The Annual Budget of the Institution is Appropriations approved in the General Appropriation Act 2023, Special Allotment Release Order (SARO) from Department of Budget and Management (DBM) and sub-allotment released by the TESDA-Central and Regional Office.

3.7 Employee Benefits

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

The TESDA-API recognizes the undiscounted amount of short term employee benefits, like salaries, wages, bonuses, allowance, etc., as expense unless capitalized, and as a liability after deducting the amount paid.

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

3.8 Changes in accounting policies and estimates

The TESDA-API recognizes the effects of changes in accounting policy retrospectively. The effects of changes in accounting policy were applied prospectively if retrospective application is impractical.

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

The TESDA-API 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 Business/Service Income

Measurement of Revenue

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

Business/Service Income are income collected from training fee, assessment fee, interest income, income from hostels/dormitories, sales from canteen operations, school fees and other business income not classified with the above mentioned classification of income.

3.10 Related Party Transaction

TESDA-API did not enter into any transactions with related parties, nor were there any outstanding balances arising from related party transactions.

4. Changes in Accounting Policies

TESDA-API adopted the following new accounting policy:

4.1 Increase in the capitalization threshold from ₱15,000 to ₱50,000.00

On July 01, 2022, TESDA-API adopted the increase in the capitalization threshold from ₱15,000 to ₱50,000.00 for the recognition of Property, Plant and Equipment (PPE), in accordance with COA Circular No. 2022-004 dated May 31, 2022.

This accounting change had significant impact on TESDA-API's financial statements.

5. 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 accounts. No prior period adjustments for CY2025.

6. Cash and Cash Equivalents

Accounts	2025	2024
Cash in Bank-Local Currency Current Account	₱3,479,151.55	₱2,749,761.79
Cash- Tax Remittance Advice	326,359.56	351,572.80
Total Cash and Cash Equivalents	₱3,805,511.11	₱3,101,334.59

Cash and Cash Equivalents Balance is composed of Cash in Bank from SSP Fund and Cash for constructive receipt of Tax Remittance Advice under General Fund as of December 31, 2025.

MDS Account	Amount
Notice of Cash Allocation Received from DBM	₱33,567,000.00
Notice of Transfer Allocation received from TESDA-CO	3,869,043.88
Tax Remittance Advice	1,773,924.95
Total	39,209,968.83
Less: Disbursement During the year	38,883,609.27

Unused Notice of Cash/Transfer Allocation	0.00
Ending Balance-December 31, 2025	₱326,359.56
Local Currency-Current Account	
Beginning Balance- January 1, 2025	2,749,761.79
Add: Total Collections during the year	19,869,012.18
Total	22,618,773.97
Less: Total Disbursements during the year,	19,139,622.42
Ending Balance-December 31, 2025	₱3,479,151.55

7. Receivables

Accounts	2025	2024
Due from Operating Units	₱3,592,640.58	₱3,298,340.58
Receivables – Disallowances/Charges	1,891,432.58	683,058.74
Due from Officers and Employees	90,034.35	1,252,468.38
Other Receivables	10,091.33	10,091.33
Total	₱5,584,198.84	₱5,243,959.03

The Receivables-Disallowances of ₱ 683,058.74 are disallowances before CY 1994 from officers and employees of Aparri Polytechnic Institute formerly Aparri School of Arts and Trade which could not be reconciled/collected due to absence of records pertaining to the receivable. While the remaining receivable-disallowances/charges amounting to ₱1,208,373.84 is collectible from employee which is the subject of NC Nos. 2023-001-SSP and 2023-002-SSP dated September 12, 2023 and November 27, 2023, respectively.

8. Inventories

Accounts	Inventories carried at the lower of cost and net realizable value
Other Supplies and Materials for Distribution	
Carrying Amount, January 1, 2025	₱743,696.17
Additions/Acquisitions during the year	3,737,505.87
Expensed during the year except write-down	3,625,556.83
Write-down during the year	0.00
Reversal of Write-down during the year	0.00
Carrying Amount, December 31, 2025	₱855,645.21
Semi-Expandable Office Equipment	
Carrying Amount, January 1, 2025	₱0.00
Additions/Acquisitions during the year	215,000.00
Expensed during the year except write-down	0.00
Write-down during the year	0.00
Reversal of Write-down during the year	0.00
Carrying Amount, December 31, 2025	₱215,000.00
Semi-Expandable ICT Equipment	
Carrying Amount, January 1, 2025	₱0.00
Additions/Acquisitions during the year	61,600.00
Expensed during the year except write-down	0.00
Write-down during the year	0.00
Reversal of Write-down during the year	0.00
Carrying Amount, December 31, 2025	₱61,600.00
Grand total	₱1,132,245.21

9. Property, Plant and Equipment

Particulars	Land Improvements	Buildings and Other Structures	Machinery and Equipment
Carrying Amount, January 1, 2025	₱32,359.60	₱1,845,198.87	₱1,144,106.41
Additions/Acquisitions/Adjustments	204,230.00	1,650,731.27	275,600.00
Total	236,589.60	3,495,930.14	1,419,706.41
<i>Less: Adjustments</i>	0.00	0.00	131,110.00
<i>Depreciation (As per Statement of Financial Performance)</i>	21,448.55	970,493.43	240,117.47
<i>Adjustment of Accumulated Depreciation</i>	64,672.83	151,238.04	215,633.97
Carrying Amount, December 31, 2025 (As per Statement of Financial Position)	<u>₱150,468.22</u>	<u>₱2,374,198.67</u>	<u>₱832,844.97</u>
Gross Cost (Asset Account Balance per Statement of Financial Position)	₱259,812.50	₱16,796,104.27	₱2,218,357.00
Less : Accumulated Depreciation	109,344.28	14,421,905.60	1,385,512.03
Allowance for Impairment	0.00	0.00	0.00
Carrying Amount, December 31, 2025(As per Statement of Financial Position)	<u>₱150,468.22</u>	<u>₱2,374,198.67</u>	<u>₱832,844.97</u>

	Transportation Equipment	Construction in Progress	Total
Carrying Amount, January 1, 2025	₱4,009,687.65	₱2,831,769.27	₱9,863,121.80
Additions/Acquisitions	0.00	965,662.10	3,096,223.37
Total	₱4,009,687.65	₱3,797,431.37	₱12,959,345.17
<i>Less: Adjustments</i>	49,500.00	1,417,357.40	1,597,967.40
<i>Depreciation (As per Statement of Financial Performance)</i>	497,289.38	0.00	1,729,348.83
<i>Adjustment of Accumulated Depreciation</i>	0.00	0.00	431,544.84
Carrying Amount, December 31, 2025 (As per Statement of Financial Position)	<u>₱3,462,898.27</u>	<u>₱2,380,073.97</u>	<u>₱9,200,484.10</u>
Gross Cost (Asset Account Balance per Statement of Financial Position)	₱5,231,025.00	₱2,380,073.97	₱26,885,372.74
Less : Accumulated Depreciation	1,768,126.73	0.00	17,684,888.64
Allowance for Impairment	0.00	0.00	0.00
Carrying Amount, December 31, 2025(As per Statement of Financial Position)	<u>₱3,462,898.27</u>	<u>₱2,380,073.97</u>	<u>₱9,200,484.10</u>

Property, Plant and Equipment that is already fully depreciated has been derecognized from the books of accounts but still accounted in the Report on Physical Count of PPE.

10. Biological Assets

Particulars	2025	2024
Breeding Stocks	₱52,500.00	₱52,500.00
Total	₱52,500.00	₱52,500.00

11. Financial Liabilities

Particulars	2025	2024
Due to Officers and Employees	₱1,031.53	₱1,456.92
Total	₱1,031.53	₱1,456.92

12. Inter-Agency payables

Particulars	2025	2024
Due to BIR	₱363,696.60	₱400,486.84
Due to GSIS	52,603.91	12,778.30
Due to Pag-IBIG	4,600.00	2,000.00
Due to PhilHealth	31,472.35	40,053.98
Total	₱452,372.86	₱455,319.12

Unremitted amount of Due to GSIS, Due to Pag-IBIG and Due to PhilHealth is due from salary differentials from step increments, promotions and newly appointed officials.

13. Intra-Agency Payable

Particulars	2025	2024
Due to Operating Units	₱91,960.00	₱0.00
Total	₱91,960.00	₱0.00

14. Other Payables

Particulars	2025	2024
Other Payables	₱238,786.75	₱231,298.28
Total	₱238,786.75	₱231,298.28

Other Payables Account Balance is from deduction of Healthcard from the grant of Collective Negotiation Agreement for 51 qualified employees of TESDA-API.

15. Service and Business Income

Particulars	2025	2024
Service Income	₱4,475.00	₱5,540.00
Clearance and Certification Fees	4,475.00	5,540.00
Business Income	15,691,567.50	19,626,625.13
Examination Fees	2,826,730.80	2,170,906.60
Seminar/Training Fees	12,801,396.70	17,145,557.53
Income from Hotels and Other Like Facilities	35,850.00	68,730.00
Other Business Income	27,590.00	81,231.00
Total Revenue	₱15,696,042.50	₱19,471,965.13

Clearance and certification fees are income collected from payment of training certificates and other kinds while training fee and examination fee are income collected from the payment of training fee and assessment fee of the different qualifications offered by this Institute.

Income from hotels are collections for accommodation of trainees, employees and other personnel. Meanwhile, the other service and business income are sales from training cum

production like sales from the output of Bread and Pastry Production, Hilot Wellness, Organic Agriculture Production and others.

16. Personnel Services

Particulars	2025	2024
Salaries and Wages-Regular	₱23,966,809.67	₱22,838,467.77
Other Compensation	8,858,329.91	8,120,187.55
Personnel Benefit Contributions	3,596,289.08	3,309,477.04
Other Personnel Benefits	417,000.00	1,500,000.00
Total Personnel Services	₱36,838,428.66	₱35,768,132.36

16.1 Salaries and Wages

Particulars	2025	2024
Salaries and Wages-Regular	₱23,966,809.67	₱22,838,467.77
Total Salaries and Wages	₱23,966,809.67	₱22,838,467.77

16.2 Other Compensation

Particulars	2025	2024
Personal Economic Relief Allowance (PERA)	₱1,265,090.91	₱1,215,181.81
Representation Allowance (RA)	72,000.00	72,000.00
Transportation Allowance (TA)	72,000.00	72,000.00
Clothing/Uniform Allowance	357,000.00	350,000.00
Subsistence Allowance	10,800.00	10,800.00
Laundry Allowance	1,500.00	1,500.00
Mid-Year Bonus	1,910,281.00	1,626,407.00
Year End Bonus	1,977,658.00	1,888,928.10
Cash Gift	264,500.00	254,500.00
Productivity Enhancement Incentive	267,500.00	255,000.00
Other Bonuses and Allowances	1,064,000.00	15,000.00
Collective Negotiation Agreement	1,596,000.00	1,552,500.00
Performance Based Bonus	0.00	806,370.64
Total Other Compensation	₱8,858,329.91	₱8,120,187.55

16.3 Employees Future Benefits

The TESDA-API and its employees contribute to the GSIS in accordance with the GSIS Act. The Government Service Insurance System administers the plan, including payment of pension benefits to employees to whom the act applies.

16.4 Personnel Benefit Contributions

Particulars	2025	2024
Retirement and Life Insurance Premiums	₱2,801,390.76	₱2,627,898.01
PhilHealth Contributions	607,798.32	517,679.03
Employees Compensation Insurance Premiums	61,900.00	59,900.00
HD MF Contributions	125,200.00	104,000.00
Total Personnel Benefit Contributions	₱3,596,289.08	₱3,309,477.04

16.5 Other Personnel Benefits

Particulars	2025	2024
Other Personnel Benefits-Anniversary Bonus	₱0.00	₱480,000.00
Other Personnel Benefits-Loyalty Pay	60,000.00	0.00
Other Personnel Benefits-Medical Allowance	357,000.00	0.00
Other Personnel Benefits-Service Recognition Incentive	0.00	1,020,000.00
Total Other Personnel Benefits	₱417,000.00	₱1,500,000.00

17. Maintenance and Other Operating Expenses

Particulars	2025	2024
Traveling Expenses	₱2,152,338.09	₱1,455,988.66
Training and Scholarship Expenses	187,387.65	95,402.00
Supplies and Materials Expenses	5,183,694.39	7,056,282.78
Utility Expenses	741,282.11	765,674.19
Communication Expenses	305,508.54	471,742.94
Professional Services	1,125,675.16	747,094.16
General Services	2,317,802.12	2,284,906.13
Repairs and Maintenance Expenses	2,081,190.76	1,305,839.18
Taxes, Insurance Premiums and Other Fees	₱94,329.69	69,713.50
Other Maintenance and Operating Expenses	1,933,082.82	1,268,250.31
Total Maintenance and Other Operating Expenses	₱16,122,291.33	₱15,520,893.85

17.1 Traveling Expenses

Particulars	2025	2024
Traveling Expenses-Local	₱2,152,338.09	₱1,455,988.66
Total Traveling Expenses	₱2,152,338.09	₱1,455,988.66

17.2 Training and Scholarship Expenses

Particulars	2025	2024
Training Expenses	₱187,387.65	₱95,402.00
Total Training and Scholarship Expenses	₱187,387.65	₱95,402.00

17.3 Supplies and Materials Expenses

Particulars	2025	2024
Office Supplies Expenses	₱355,184.37	₱569,480.93
Accountable Forms Expenses	16,880.00	0.00
Drugs and Medicines Expenses	0.00	53,182.25
Fuel, Oil and Lubricants Expenses	474,495.25	351,771.82
Agricultural and Marine Supplies Expenses	94,119.74	4,300.00
Semi-Expendable Office Equipment	100,717.88	148,651.00
Semi-Expendable Information and Communication Equipment	622,235.00	235,195.00
Semi-Expendable Other Machinery and Equipment	0.00	84,800.00
Semi-Expendable Furniture, Fixtures and Books	117,217.00	149,695.00
Other Supplies and Materials Expenses	3,402,845.15	5,459,206.78
Total Supplies and Materials Expenses	₱5,183,694.39	₱7,056,282.78

17.4 Utility Expenses

Particulars	2025	2024
Electricity Expenses	₱741,282.11	₱765,674.19
Total Utility Expenses	₱741,282.11	₱765,674.19

17.5 Communication Expenses

Particulars	2025	2024
Telephone Expenses	₱297,708.54	₱469,417.94
Cable, Satellite, Telegraph and Radio Expenses	7,800.00	2,325.00
Total Communication Expenses	₱305,508.54	₱471,742.94

17.6 Professional Services

Particulars	2025	2024
Other Professional Services	₱1,125,675.16	₱747,094.16
Total Professional Services	₱1,125,675.16	₱747,094.16

17.7 General Services

Particulars	2025	2024
Other General Services	₱2,317,802.12	₱2,284,906.13
Total General Services	₱2,317,802.12	₱2,284,906.13

17.8 Repairs and Maintenance

Particulars	2025	2024
Repairs and Maintenance-Land Improvements	₱75,340.00	₱0.00
Repairs and Maintenance-Buildings and Other Structures - Buildings	1,452,024.14	871,174.49
Repairs and Maintenance-Machinery and Equipment – Office Equipment	36,164.45	0.00
Repairs and Maintenance-Transportation Equipment – Motor Vehicle	504,775.05	354,214.69
Repairs and Maintenance – Furniture and Fixtures	0.00	80,450.00
Repairs and Maintenance – Semi-Expendable Machinery & Equipment	12,887.12	0.00
Total Repairs and Maintenance Expenses	₱2,081,190.76	₱1,305,839.18

17.9 Taxes, Insurance Premiums and Other Fees

Particulars	2025	2024
Taxes, Duties and Licenses	₱16,060.98	₱24,713.50
Fidelity Bond Premiums	40,875.00	45,000.00
Insurance Expenses	37,393.71	0.00
Total Taxes, Insurance Premiums and Other Fees	₱94,329.69	₱69,713.50

17.10 Other Maintenance and Operating Expenses

Particulars	2025	2024
Printing and Publication Expenses	₱0.00	₱0.00
Representation Expenses	400,753.95	501,382.09
Transportation and Delivery Expenses	0.00	1,655.54
Other Maintenance and Operating Expenses –Website	12,489.00	6,944.00
Other Maintenance and Operating Expenses	1,519,839.87	758,268.68
Total Other Maintenance and Operating Expenses	₱1,933,082.82	₱1,268,250.31

18. Non-Cash Expenses

18.1 Depreciation

Particulars	2025	2024
Depreciation- Land Improvements	₱21,448.55	₱5,280.34
Depreciation - Buildings and Other Structures - School Buildings	958,143.24	707,055.03
Depreciation - Buildings and Other Structures - Other Structures	12,350.19	12,350.19
Depreciation - Machinery and Equipment - ICT Equipment	95,486.78	86,620.11
Depreciation - Machinery and Equipment - Technical and Scientific Equipment	144,630.69	313,040.08
Depreciation - Machinery and Equipment - Other Machinery and Equipment	0.00	19,633.33
Depreciation-Transportation Equipment	497,289.38	266,589.79
Total Depreciation	₱1,729,348.83	₱1,410,568.87

19. Net Financial Assistance/Subsidy

Particulars	2025	2024
Subsidy from National Government	₱39,209,968.77	₱36,009,188.02
Subsidy from Central Office	164,860.00	0.00
Subsidy from Regional Office/Staff Bureau	3,737,505.87	0.00
Total Financial Assistance/Subsidy from NGAs, LGUs, GOCCs	₱43,112,334.64	₱36,009,188.02

Subsidy from National Government composed of Notice of Cash Allocation released by Department of Budget and Management, Notice of Fund Transfer from Central and Regional Office and Tax Remittance Advice (net of reversion to Bureau of Treasury amounting to Eighty-Three Pesos and 65/100 (₱83.65).

Particulars	Amount
DBM released	₱33,567,000.00
RO/CO released	3,869,043.88
TRA	1,773,924.95
Assistance from LGU	164,860.00
Subsidy from Regional Office/Staff Bureau	3,737,505.87
Net Amount	₱43,112,334.70

20. Non- Operating Income, Gain or Losses

20.1 Non-Operating Income/Gain

Particulars	2025	2024
Gain on Sale of Unserviceable Properties	₱0.00	₱160,200.00
Total Non-Operating Income/Gain	₱0.00	₱160,200.00

**STATUS OF IMPLEMENTATION OF PRIOR YEARS' AUDIT
RECOMMENDATIONS
As of December 31, 2025**

All of the seven prior years' audit recommendations were fully implemented. Details are as follows:

Audit Observations and Recommendations	Reference	Management's Action	Status of Implementation and Results of Auditor's Validation
Receipt of 868 sets of starter toolkits and distribution of 846 thereof amounting to ₱3,737,505.87 and ₱3,625,556.83, respectively, were not recorded in the books of the agency inconsistent with the provision of Item 8, Part IX of the TESDA Circular No. 009, series of 2023, thus resulting in the misstatement of assets and equity in the financial statements as of December 31, 2024. 1. We have recommended that the Accountant prepare the following adjusting entries as prescribed in TESDA Circular No. 009, series of 2023 to present the correct balance of the Other Supplies and Materials for Distribution Account: Debit: Other Supplies and Materials for Distribution ₱3,737,505.87 Credit: Subsidy from Regional Office ₱3,737,505.87 <i>To record the 868 toolkits received throughout years 2022 and 2023</i>	ML 2024 AOM No. 2025-02 dated February 26, 2025	The Management, through the Accountant, recorded the recommended adjusting entries to present the correct balance of the Other Supplies and Materials for Distribution account in the books of accounts under the General Journal of the SSP Fund, with JEV Nos. 2025-05-031 and 2025-05-032 dated May 31, 2025.	Fully Implemented

Audit Observations and Recommendations	Reference	Management's Action	Status of Implementation and Results of Auditor's Validation
Debit: Accumulated Surplus/(Deficit) ₱3,625,556.83 Credit: Other Supplies and Materials for Distribution ₱3,625,556.83 <i>To record the 846 issued toolkits to beneficiaries</i>			
Cash advances granted to various officers and employees totaling ₱1,838,111.10 were accounted as liquidated in the books of accounts by the Accountant without receipt of the complete liquidation reports and supporting documents from the AO/Trainor, contrary to Sections 5.2 and 5.3 of COA Circular No. 97-002, thus rendering the financial reports unreliable. We have recommended that: 2. The Accountant coordinate with the AOs/Trainor to submit the liquidation reports with complete supporting documents, moving forward; 3. The Accountant check the completeness and accuracy of the liquidation reports and attachments upon receipt from the AO before recording thereof in the books of the agency to reflect the correct account	ML 2024 AOM No. 2025-04 dated March 19, 2025	The Management submitted the Liquidation reports for cash advances totaling ₱1,838,111.10. Also, the Management, committed to strengthening controls over the recording and monitoring of cash advances. The Accountant also coordinated closely with the concerned AOs/Trainers to ensure the timely submission of complete liquidation reports with all required supporting documents.	Fully Implemented Fully Implemented

Audit Observations and Recommendations	Reference	Management's Action	Status of Implementation and Results of Auditor's Validation
balances; and 4. The Accountant transmit to the office of the auditor all the unsubmitted liquidations reports totaling ₱1,838,111.10.			Fully Implemented
Deficiencies were noted in the Notes to FS of the TESDA-API for the year-ended December 31, 2024 which are not consistent with the requirements of the IPSAS 1 and the GAM for NGAs, thus diminishing the reliability and understandability of the financial statements taken as a whole and could affect interpretation of users of FS. 5. We have recommended that the Accountant effect the corrections in the Notes to FS for the year-ended December 31, 2024 as detailed and presented in order to enhance the understandability and reliability of the financial statements in conformity with the requirements of IPSAS 1 and related provisions of the GAM for NGAs.	ML 2024 AOM No. 2025-03 dated March 06 2025	The Management submitted the Revised Notes to Financial Statement for the year ended December 31, 2024. The revisions in the Notes to FS were undertaken to enhance the understandability, accuracy, and reliability of the financial statements in conformity with the requirements of IPSAS 1 and the relevant provisions of the GAM. Management likewise ensured closer review and compliance in the preparation of the Notes to FS.	Fully Implemented
TESDA-API granted monthly communication allowance in an aggregate amount of ₱132,307.69 for the period from January 2023 to December 2024 to its personnel who are not among the authorized claimants and the provisions	ML 2024 AOM No. 2025-01 dated January 13, 2025	Management discontinued the grant of communication allowance to the Accountant, Administrative Officer IV, and Vocational	

Audit Observations and Recommendations	Reference	Management's Action	Status of Implementation and Results of Auditor's Validation
of which were not approved by the Regional Director as set forth under Section 10 of TESDA Circular No. 11 series of 2023, thus constituting irregular expenditures. We have recommended that the Management: 6. Stop the provision of communication allowances to personnel not authorized under TESDA Circular No. 11, series of 2023 since the transaction has no legal basis and considered irregular, thus should be disallowable in audit. 7. Strictly adopt the guidelines on the payment of communication expenses of certain government personnel prescribed in DBM Circular No. 2024-2 dated August 2, 2024 effective January 1, 2025.		Instruction Supervisor-Designate. The related cellular plan expenses have been treated as personal liabilities of the concerned personnel. Accordingly, the individuals concerned have assumed full responsibility for these accounts and have been settling the corresponding billings in cash with the Cashier's Office on each due date. Meanwhile, Management justified and retained the grant of communication allowance for personnel under the Supply, Registrar, and Assessment Office, considering the nature and operational requirements of their functions.	Fully Implemented Fully Implemented