



Republic of the Philippines
North Eastern Mindanao State University

MEMORANDUM FROM THE OFFICE OF THE PRESIDENT

No. 09-001, s. 2024

**TO: Vice President for Administration and Finance
Chief Administrative Officer- Finance
Supervising Administrative Officer- Finance**

DATE: August 28, 2024

**SUBJECT: AUDIT ON THE UNIVERSITY'S FINANCIAL REPORTS &
FINANCIAL REPORTING PROCESSES FOR THE YEAR ENDED
December 31, 2024**



Greetings of peace and solidarity.

Pursuant to the Philippine Constitution of 1987, Article IX-D, Section 2, the Commission on Audit (COA) shall examine, audit, and settle all accounts pertaining to the revenue and receipts of, and expenditures or uses of funds and property, owned or held in trust by, or pertaining to, the Government, or any of its subdivisions, agencies, or instrumentalities.

In this connection, the COA Audit Team will audit NEMSU's University financial reports and financial reporting processes for the year ended December 31, 2024.

The Offices of the VPAF, CAO and SAO Finance, are hereby assigned as the focal persons to facilitate meetings and requests relative to the audit, including among others, the following functions:

- Preparing schedules or analyses and providing needed documents
- Conferring with NEMSU officials and staff to facilitate understanding of the agency operation
- Access to the work of internal auditors to facilitate the review of internal control and risk assessment related to audit of financial information
- Workspace for the duration of the audit as required
- Facilitating requirements of the audit team/s assigned to conduct field inspections and observations

Utmost cooperation is desired.

For the grassroots and in the spirit of vibrant leadership,

NEMESIO G. LOAYON
SUC President III

Cc: Letter from COA dated August 15, 2024



REPUBLIC OF THE PHILIPPINES
COMMISSION ON AUDIT
REGIONAL OFFICE NO. XIII
South Montilla Boulevard, Butuan City



August 15, 2024

Dr. NEMESIO G. LOAYON
SUC President III
North Eastern Mindanao State University
Tandag City, Surigao del Sur

Attention: **Dr. ABUNDIO C. MIRALLES**
Vice President for Administration and Finance

Mr. CAMILO D. MALONG, JR., CPA, DBA
Chief Administrative Officer

Ms. LEORELIE KIM D. ESTRADA, CPA
Supervising Administrative Officer - Finance

Dear President Loayon:

Pursuant to the Philippine Constitution of 1987, Article IX-D, Section 2, the Commission on Audit (COA) shall examine, audit, and settle all accounts pertaining to the revenue and receipts of, and expenditures or uses of funds and property, owned or held in trust by, or pertaining to, the Government, or any of its subdivisions, agencies, or instrumentalities. In this connection, the COA Audit Team will audit your University's financial reports and financial reporting processes for the year ended December 31, 2024.

A. Audit Objectives

1. The objectives of this audit are as follows:

- 1.1. Express an opinion on whether your financial statements are fairly presented, in all material respects, in accordance with International Public Sector Accounting Standards (IPSAS).
- 1.2. Communicate whether the internal control, particularly those affecting accounting and financial reporting systems, are operating effectively to provide reasonable assurance that misstatements, losses, or non-compliance would be reported in a timely basis.
- 1.3. Communicate the results of tests of compliance with selected provisions of laws and regulations, including budgets and accountability issues, and details of audit suspensions, charges and disallowances identified during the audit.

B. Auditor's responsibilities

2. We will conduct our audits in accordance with International Standards of Supreme Audit Institutions (ISSAIs) issued by the International Organization of Supreme Audit Institutions (INTOSAI) to which the Commission is a member. Those standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement and comply with applicable laws and regulations.
3. We will perform procedures to obtain audit evidence about amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including assessment of the risks of material misstatement of the financial statements; whether due to fraud or error. In making those risk assessments, we will limit internal control testing to those controls over financial reporting and compliance issues which we consider critical based on our experienced professional judgment. However, we will not test compliance with all laws and regulations applicable to the Agency. We caution that non-compliance may occur and not be detected by these tests and that such testing may not be sufficient for other purposes.
4. Our procedures will include internal control review; examination of documents/records/reports; analysis, confirmation and inspection of selected accounts, transactions and projects, as necessary.
5. We will communicate in writing any significant deficiencies and material weaknesses that come to our attention as a result of the audit. In addition, we will communicate suggestions to improve agency operations and address control deficiencies identified during our audit.

C. Agency Financial Management Performance

6. As part of the audit, we will assess agency financial management performance.

D. Audit Limitations

7. Although the audit is designed to provide reasonable assurance of detecting errors and irregularities that are material to the financial statements, it is not designed and cannot be relied upon to disclose all fraud, defalcations, or other irregularities. However, we will inform you of any material errors, and all irregularities or illegal acts, unless they are clearly inconsequential, that come to our attention.

E. Agency's responsibilities

8. Management is responsible for:
 - 8.1 The preparation and fair presentation of the, following financial statements in accordance with PPSAS/PFRS and submission of the same on deadlines set by the Commission on Audit:
 - Statement of Financial Position

- Statement of Financial Performance / Statement of Comprehensive Income / Statement of Profit or Loss
 - Statement of Cash Flows
 - Statement of Changes in Net Assets/ Equity / Statement of Changes in Equity
 - Statement of Comparison of Budget and Actual Amounts
 - Notes to Financial Statements
- 8.2 Making all financial records and reports, and related information available to us and for adjusting the financial statements to correct material misstatements, and other information as required under ISSAI 1720.
- 8.3 Issuing the Management Representation Letter (MRL) as near as practicable to, but not after, the date of the auditor's report on the financial statements as there are events occurring up to the date of the auditor's report that may require adjustment to or disclosure in the financial statements. The MRL should be signed by the Chief Accountant / Head of Finance Group and the Head of the Agency. (Format attached for your reference)
- 8.4 Submitting status of any pending claims and litigation involving the Agency, breakdown of related party transactions and subsequent events which have to be adjusted and /or disclosed in the Notes to Financial Statements.
9. Management is encouraged to confer with the Auditor as to the required formats of the financial statements to facilitate compliance with the presentation requirements of the IPSAS.

F. Assistance from Management

10. We will request assistance for the following, among others:
- 10.1 Assignment of focal person/s to facilitate meetings and requests relative to the audit
 - 10.2 Preparing schedules or analyses and providing needed documents
 - 10.3 Conferring with your officials and staff to facilitate understanding of the agency operation
 - 10.4 Access to the work of internal auditors to facilitate review of internal control and risk assessment related to audit of financial information
 - 10.5 Workspace for the duration of the audit as required
 - 10.6 Facilitating requirements of the audit team/s assigned to conduct field inspections and observations.

G. Use and reproduction of COA audit reports

11. The working papers for this engagement are the property of the Commission on Audit and constitute confidential information. However, certain documents may be made available upon request subject to pertinent COA issuances. The Annual Audit Report, once released, will be published in the COA website, for information of the public.

H. Audit Timelines



12. Subject to availability of requirements contained in this Letter, we expect to complete our audit and transmit the required audited financial statements and report to management on or before June 30, 2024.

I. Auditee's Feedback on Audit Team's Performance

13. After completion of the audit, the COA Regional Office XIII will send a Feedback Sheet to assess the team's performance as a way of improving the quality of our audits and our service to our audit clients. Please send the filled in sheet duly signed by your Designated Official to the Regional Director, COA Regional Office No. XIII, South Montilla Boulevard, Butuan City.

We look forward to your full cooperation during the audit.

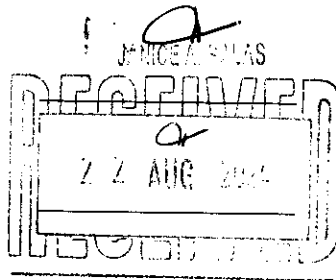
Sincerely,

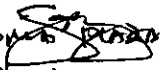

MERNE T. PEÑARANDA
Director IV
Regional Director 

Date Received by the Agency:

By: Name and Signature:

Stamp date and signed received:



VPA: 

8/22/2024

CAO-Finan:  J1

8/22/2024