



Republic of the Philippines
Department of Education
REGION III
SCHOOLS DIVISION OFFICE OF ANGELES CITY

1 Oct 2026

DIVISION MEMORANDUM
No. 382, s. 2026

COMPLIANCE WITH THE RECOMMENDATIONS IN COA AUDIT OBSERVATION
MEMORANDUM NO 2026-011 DAC

To: Assistant Schools Division Superintendent
Chiefs, CID and SGOD
Division Accountant and Accounting Unit Personnel
School Heads and School Bids and Awards Committees
All Others Concerned

1. This Office directs the concerned schools and units to address the recommendations on the last page of the Commission on Audit (COA) Audit Observation Memorandum (AOM) No. 2026-011 DAC dated September 28, 2026. The AOM covers printing and reproduction transactions for July 1 to December 31, 2025, awarded to SCHWARTZ SCHOOL AND OFFICE SUPPLIES TRADING.
2. The AOM reports 19 transactions totaling ₱256,614.90 and notes deficiencies in establishing the supplier's legal and technical qualifications and in selecting firms invited to submit quotations. The concerned school and department entries are listed in Enclosure No. 1.
3. The following recommendations on page 5 of the AOM shall be given priority:
 - a. Supporting legal basis and justification.** Concerned school heads shall submit the legal basis, if any, supporting the approval and disbursement of the printing expenses, or reasonable justifications explaining why the disbursements should not be disallowed in audit, together with the relevant supporting records.
 - b. Screening and evaluation of suppliers.** School heads and Bids and Awards Committees shall exercise prudence and due diligence in all modes of procurement to verify the legal and technical qualifications and capability of prospective suppliers. Only qualified suppliers shall be invited to submit quotations and awarded contracts, consistent with the AOM recommendation.
 - c. Review of claims.** The Division Accounting Unit shall exercise due diligence in reviewing the completeness, validity, and compliance of supporting documents



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before approval of claims. Unsupported or non-compliant claims shall be returned for appropriate action.

4. Concerned school heads shall coordinate with the Division Accounting Unit and submit signed comments, explanations, and supporting documents for consolidation and endorsement to COA within the response period specified in the AOM: fifteen (15) calendar days from receipt thereof. Submission shall be made promptly to allow review and consolidation within that period.
5. The Division Accounting Unit shall reconcile the amount before finalizing the consolidated response: pages 1 to 3 and the transaction table state ₱256,614.90, while recommendation (i) on page 5 states ₱256,641.90. Clarification of this discrepancy shall be sought from the COA Audit Team.
6. Immediate dissemination of and compliance with this Memorandum are directed.


ENGR. EDGARD C. DOMINGO, PhD, CESO V
Schools Division Superintendent

Enclosure: List of schools and departments appearing in the AOM
Reference: COA AOM No. 2026-011 DAC dated September 28, 2026

To be indicated in the Perpetual Index
under the following subjects:

AUDIT OBSERVATION MEMORANDUM

KIP/ADAS3/October 1, 2026



AUDIT OBSERVATION MEMORANDUM

Engr. EDGARD C. DOMINGO PhD, CESO V
Schools Division Superintendent
Schools Division Office of Angeles City

Attention:

Mr. ED LAUREN D. GUIANG
Division Accountant

VARIOUS SCHOOL HEADS
Public Schools

We had audited the liquidation reports of various school heads of the Schools Division Office (SDO) of Angeles City and observed the following:

The failure of the concerned public schools of the SDO of Angeles City to observe applicable procurement rules under Section 2 of Presidential Decree (PD) No. 1445 and Section 34 of the Implementing Rules and Regulations (IRR) of Republic Act (RA) No. 12009 resulted in i) the procurement of ₱256,614.90 worth of printing services from a supplier whose legal capacity and qualifications to render the required services could not be sufficiently established; and ii) sending Request for Quotations (RFQ) to firms whose business activities were inconsistent with the services being procured, exposing government resources to risk of loss and wastage and limiting opportunities to obtain the services from competitive suppliers.

Section 2 of PD No. 1445 states that,

It is the declared policy of the State that all resources of the government shall be managed, expended or utilized in accordance with law and regulations, and safeguarded against loss or wastage through illegal or improper disposition, with a view to ensuring efficiency, economy and effectiveness in the operations of government. The responsibility to take care that such policy is faithfully adhered to rests directly with the chief or head of the government agency concerned.

Section 34 of the IRR of RA No. 12009 sets the requirements for Small Value Procurement, including the selection of qualified suppliers capable of providing the required



goods or services. It requires the procuring entity to ensure that the procurement follows the prescribed rules and that the suppliers considered are appropriate for the procurement.

The concerned public schools, as procuring entities, are responsible for ensuring that prospective suppliers considered for procurement possess the qualifications necessary to undertake a particular procurement. This requires the schools to exercise due diligence in determining whether the suppliers have the legal and technical capacity to provide the goods or perform the services required.

The Audit Team reviewed the printing transactions of various public schools under the SDO of Angeles City for the period July 1 to December 31, 2025 that were procured through Small Value Procurement (SVP). The deficiencies noted are as follows:

a. Insufficient basis to establish the qualifications of the winning supplier

The Audit Team noted 19 printing and reproduction transactions totaling ₱256,614.90 that were awarded to SCHWARTZ SCHOOL AND OFFICE SUPPLIES TRADING, as shown in the table below:

School	Date Issued	Check/ ADA No.	Project / Activity	Amount Paid
CUTUD ES	20-Aug-25	1256182	Payment for the printing of 1st Quarter Summative Test	₱23,550.26
CUTUD ES	08-Jul-25	1256162	Payment for the printing of literacy worksheet expenses	6,605.16
Leoncia Village ES	28-Oct-25	1306710	Payment for the copying/printing of 2nd quarter test paper for elementary.	6,565.63
M.NEPOMUCENO ES	05-Sep-25	1269546	Payment for printing of test paper for 1st quarter for S.Y 2025-2026	18,265.50
Northville 15 JH	15-Jul-25	1299701	Payment for the reproduction of Grade 7 and 8 Report Card.	7,680.00
Northville 15 SHS	15-Jul-25	1299814	Payment for the reproduction of SF9 (Report Card) for Senior High School.	11,520.00
Pulungbulu ES	27-Oct-25	13000733	Payment for the Reproduction of Test Papers for the Conduct of Rapid Mid-Year Assessment (RMYA)	7,512.60
Pulungbulu ES	20-Nov-25	1300751	Payment for the Reproduction of Test Papers for the Conduct of Rapid Mid-Year Assessment (RMYA)	11,880.32
Pulungbulu ES	27-Aug-25	1300717	Check Payment for the Quarterly Examination / Reproduction of Test Papers	9,799.72
Pulungbulu ES	27-Oct-25	1300733	Check Payment for the Quarterly Examination / Reproduction of Test Papers	7,512.60
Sitio Pader ES	29-Oct-25	1307716	Payment for the printing of Quarterly Examination (October 2025)	10,554.88
Sitio Pader ES	12-Dec-25	1307725	Payment for the Reproduction of Regional Mid-Year Assessment (RMYA) Materials	24,912.80
Sitio Pader ES	12-Dec-25	1307725	Payment for the Reproduction of Regional Mid-Year Assessment (RMYA) Materials	24,912.80
Sto Domingo IS -ES	24-Sep-25	1184550	Payment for the reproduction of test paper for the 1st quarterly exam for the school year 2025-2026	21,820.31
Sto Domingo IS -JH	24-Sep-25	1238850	Payment for the reproduction of test papers for the 1st quarterly exam for the school year 2025-2026 as per SI#0000683 dtd 9/24/2025	25,536.00



School	Date Issued	Check/ ADA No.	Project / Activity	Amount Paid
Sto Domingo IS -SH	24-Sep-25	1238994	Payment for the reproduction of test papers for the 1st Quarterly Exam for the S.Y. 2025-2026 as per SI#0000682 dtd 9/24/2025	6,087.60
Tacondo ES	17-Nov-25	1300518	payment for the printing of Activity Sheets relative to Regional Mid Year Assessment	10,139.16
Virgen Delos Remedios Elementary School	11-Nov-25	1282498	Payment for the printing of test papers for the SY 2025-2026 for Regional Mid-Year Assessment (RMYA).	14,137.52
Virgen Delos Remedios Elementary School	27-Oct-25	1282490	Payment for the printing of test papers for the SY 2025-2026 second periodical exams.	7,622.04
			Total	P256,614.90

While the trade name of a supplier by itself may not conclusively establish its incapacity to undertake a particular procurement, it indicates the business the supplier holds itself out to be in, giving the procuring entity reason to verify whether the supplier has the requisite legal and technical capacity to deliver the required goods or services.

Likewise, on its face, the trade name of the supplier indicates that its business is school and office supplies trading rather than printing and reproduction services. The Audit Team therefore checked its registered line of business. However, the schools' liquidation reports lacked the supplier's business permit and BIR Certificate of Registration (COR); hence, Audit Team could not verify its registered line of business from the attached documents. In view of the foregoing deficiencies, the Audit Team requested copies of the supplier's current BIR COR and Business Permit from the Division Accountant to verify its registered line of business.

A supplier's BIR COR, issued by the Bureau of Internal Revenue (BIR), and its Business Permit, issued by the local government unit (LGU), show the line or nature of business in which the supplier is authorized to operate. The registration documents obtained for Schwartz show the following:

Supplier	BIR Registration	Business Permit
SCHWARTZ SCHOOL AND OFFICE SUPPLIES TRADING	47739 -OTHER RETAIL SALE OF NEW GOODS IN SPECIALIZED STORES, N.E.C	TRADING

Neither document mentions printing or reproduction. All 19 transactions, however, were for printing of test papers, report cards, assessment materials, and other school documents. Clearly, the transactions go beyond Schwartz's registered line of business as shown in its BIR COR and Business Permit.

Section 34.3(c) of the IRR of RA No. 12009 requires the Bids and Awards Committee (BAC), under Small Value Procurement (SVP), to prepare and send Requests for Quotation (RFQs) or Requests for Proposal (RFPs) to at least three suppliers, contractors, or consultants of known qualifications. *Qualifications* means that the supplier possesses the characteristics relevant to successfully performing the procurement requirements. *Known*



means that the procuring entity has a reasonable basis for knowing or establishing those qualifications.

The Audit Team noted that the concerned procuring entities had insufficient basis to establish that Schwartz was a supplier of known qualifications capable of undertaking the required printing services. The awards were made contrary to Section 34.3(c) of the IRR of RA No. 12009, as the procurement lacked supporting documents establishing the supplier's known qualifications. Moreover, the related disbursements may constitute irregular expenditures.

Consequently, government resources were exposed to risk of uneconomic and inefficient procurement. In particular, the supplier may have lacked the technical capability or resources to print the materials itself and merely sourced the printing from another entity. If so, the procuring entities may have paid mark-ups that added no value to the services received.

b. Securing RFQs from business firms that may not be engaged on selling of items being procured.

The Audit Team further noted that the procuring entities sent RFQs to firms that may not be directly engaged in the printing and reproduction business, among them firms engaged in consumer goods and general merchandise trading.

It's noteworthy that printing and reproduction require technical expertise to address the needed specifications of the procuring entities. By sending RFQs to firms that are not engaged in this business, the procuring entities deprived the government of quotations from capable suppliers and of the savings that competition among them could have derived.

The Audit Team emphasized that under the IRR of RA No. 12009, the procuring entity has the responsibility to ensure that suppliers considered for procurement possess the qualifications necessary to undertake the particular procurement. Accordingly, the identification of prospective suppliers should not be limited to their ability to submit price quotations, but should be supported by a reasonable basis that they are legally and technically capable of delivering the required goods or performing the required services.

Lastly, Section 4 (6) of PD No. 1445 requires that claims against government funds shall be supported with complete documentation. The documents are integral part of the disbursement vouchers to prove/check the legality, validity and correctness of the claim as well as the reasonableness of the cost.

The Audit Team underscored the importance of complete documentation in determining the validity and reliability of expenditures in support to claims against the government. It is the responsibility of Management and its finance division to ensure that complete supporting documents are attached, the absence of which may cast doubts on whether public funds were disbursed in undertaking official government operations.



In view of the foregoing observations, we recommend that Management:

- i. provide legal basis supporting the approval and disbursement of printing expenses totaling ₱256,641.90 awarded to an unqualified supplier, if any, or provide reasonable justifications on why the disbursements should not be disallowed in audit;**
- ii. exercise prudence and due diligence in screening and evaluating prospective suppliers in all modes of procurement to verify their legal and technical qualifications and capability to provide the required goods and services, and ensure that only qualified suppliers are invited to submit quotations and awarded contracts, thereby promoting competitiveness and safeguarding government resources; and**
- iii. direct the Division Accounting Unit to exercise due diligence in reviewing the completeness, validity, and compliance of supporting documents prior to the approval of claims, and ensure that unsupported or non-compliant claims are returned for appropriate action, thereby strengthening internal controls.**

May we have your comments on the foregoing audit observations within fifteen (15) calendar days from receipt hereof.

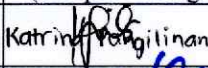
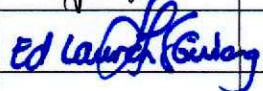

JOHN CARLO S. CAPATI
State Auditor II
OIC - Audit Team Leader

COA Signed
2026-09-30
15:30:00


THELMA S. TIMBOL
State Auditor V
Regional Supervising Auditor

COA Signed
2026-09-30
15:32:28

Proof of Receipt of AOM No.: 2026-011

Name	Position/Designation	Received by: (Pls. print & sign)	Date
Engr. Edgard C. Domingo	SDS	 Katrine Pangilinan	9-30-26
Mr. Ed Lauren D. Guiang	Division Accountant	 Ed Lauren D. Guiang	9/30/26
Various Public School Heads			

