



CENTRAL PHILIPPINE UNIVERSITY

OFFICE OF THE PRESIDENT

March 25, 2017

Greetings to all Centralians! It is my hope and prayer that you and your families are doing well. I would like to share with you some of the developments at CPU as of today. It is best that I send you the information through a Question and Answer format.

1. Who is the External Auditor of CPU? How can one obtain a copy of the CPU externally audited Financial Report of Past years?

ANSWER:

- CPU's External Auditor is R.G. Manabat & Co. a member firm of KPMG International. The audited financial report becomes a public record after submission to the Security and Exchange Commission (SEC) so anybody can obtain a copy from SEC even for past Financial Reports.
- CPU also considers requests from any member of the corporation, faculty, staff, student, and alumni for a copy from the office of the Vice President for Finance and Administration. Each FINANCIAL REPORT is more than 20 pages because it contains a lot of notes to clarify items on the financial statements.

2. A copy of the October 15, 2016 financial report was posted on Positively Centralian. Is it complete & also for public consumption?

ANSWER:

- **The revenue includes** collectibles from students for the first semester's tuition and fees. Most students pay just before the final exam which was in November 2016. In other words the revenue as stated includes collectibles.
- Most of the expenses of the University occurs in December (Christmas bonus, 13th month pay, rice allowance) **and** then in April and May for their two months summer bonus or summer pay.
- Every Faculty receives two months summer pay. So the total annual salary of a Teacher is equivalent to 13 months salary for less than 10 months teaching work.
- If they have teaching load during the summer months they can earn a salary equivalent to one to three months of basic pay depending on the teaching load for less than two months work.
- There are also payables such as payroll of personnel doing renovation and construction work, building materials for the renovation of buildings, equipment and supplies for offices and laboratories.
- There are also payables to Contractors.
- Hence the net income will be much smaller or there could be a deficit at the end of the fiscal year.

- **Therefore** the October 15, 2016 financial statement is not an accurate indicator of the university's finances. It was done so that the management can review and evaluate the first semester's operation.
- Only the Financial Report at the end of the school year is submitted to the SEC. Hence, the October 15, 2016 Financial Report is not a public document. However for transparency sake it is available to the BOT including BOT representatives of the students, alumni, faculty, staff, and CPBC.

3. Is the information a good basis for what the faculty & staff are trying to negotiate on or does it create misunderstanding?

ANSWER:

- It is **misleading** because the revenue includes collectibles from students, and expenses do not include payables, 13th month pay, Christmas Bonus, rice allowance, summer bonus or summer pay for faculty and staff.

4. Does the Government have any say on the percentage that CPU and other Private Schools are supposed to pay for salaries & benefits of all employees?

ANSWER:

- The government recognizes that tuition fee is the primary source for operational, and capital expenses of the private universities hence the government mandated a 70-30 sharing, 70% for salaries and benefits of all employees.
- CPU is sharing 76% as agreed by the FA, Staff Union and the Administration.

5. Does CPU have IOUs, and Government Requirements to comply with?

ANSWER:

- CPU has paid all its loans in the construction of the Engineering Building, Loreto D. Tupaz Hall, and the University Gym.
- The University has been saving for current & future developments and as hedge fund for unexpected events such as the implementation of Grades 11 & 12, **compliance to government requirements** such as automatic fire alarms and sprinkler systems for all buildings, fire hydrants, and Persons with Disability (PWD) compliant restrooms.
- The installation of fire alarms and sprinkler systems is ongoing

6. Is there "corruption" at CPU?

ANSWER:

- I don't know what happened before November 3, 2008 since I was out of the country for so many years.
- CPU is transparent with all its dealings, and CPU is International Organization for Standardization (ISO)- certified. An **Internationally Accredited ISO Auditor** does a yearly audit of the university. All processes and procedures are fully documented. Also for financial matters, there is a very active Internal Audit team which is closely monitored by the BOT Audit Committee.

- There is an External Auditor that does the yearly financial audit including an interim audit in October of each year. Fiscal year is June 1 to May 31 of the following year.
- Those who declare that there is corruption in the University should be more specific and provide proof. We are glad that Positively Centralian (PC) has more than 8,000 members and are aware of what is going on at CPU. I hope that those who know about “corruption” in the university should communicate with University president.

6. How much is the accumulated collectibles from students and graduates?

ANSWER:

- As of May 31, 2016, the accumulated collectibles from students and graduates is more than 89 Million pesos.
- This includes 23 Million pesos owed by 1748 graduates.

8. How does CPU cope with the reality of having Grade 11 and 12, no income from 1st & 2nd year of college, the need for a building to house the High School Senior, building maintenance & other expenses?

ANSWER:

- In the school year 2016-2017 CPU offered 6 programs for the freshman year (Nursing, Pharmacy, IT, Business Management, Education, and Social Work because of demand and the total enrolment for first year college was 400 compared to 3500 the previous year.
- The first semester enrolment of Grade 11 was 713 thus the net **decrease** in total university enrollment was only 1334.
- The university is making sure that there are savings for capital expenditures and unexpected expenses.
- CPU suffered financial losses of more than 60 M pesos in 2008 due to typhoon Frank and received only 19 M pesos settlement from insurance companies.
- Total projected deficits due to the implementation of Grades 11 &12 may exceed 150 Million pesos.
- We are reviewing and updating the financial impact considering that there are a lot of uncertainties; thus, **savings is very important.**
- Offering of Grades 11 and 12 is one of our solutions to avoid terminating the employment of any employee especially faculty, so a building for the Senior High School is necessary.
- Currently we are using college classrooms due to very few first year college students.
- Teachers in Senior High School are College faculty with no teaching load or very light teaching load in College.
- The building will cost approximately 170 M pesos which will be funded from savings. The design will be completed in April 2017 and construction will start after the bidding is completed. **So savings is very important.**
- The 170 million does not include cost of chairs, tables, computer equipment, laboratory equipment, LCD projectors, and other needs for offices, laboratories and classrooms.
- The **Faculty Association** wants to use the savings for salary increases not realizing that increases should be sustainable.

9. Is CPU offering salary increase to the Faculty and Staff for this school year's Collective Bargaining Agreement?

ANSWER:

- The university offers the following:
 - SY 2016-2017 – salary increase of 100 pesos per month due to TFI (**already given**) plus **2,500** pesos one-time gift. The TFI was only for Kindergarten 1, Grade 1, Grade 7 and First year College students.
 - SY 2017-2018 – Tuition will increase for those whose tuition was not increased the previous school year. The total Salaries and Benefits for Faculty & Staff (based on 76% of Tuition Fee Increase) will increase by approximately 7.5 Million pesos if the enrollment projection holds.
 - SY 2018-2019 – Negotiations with the Faculty and Staff Unions

10. Why will CPU not share the savings for salary increases of the Faculty and Staff?

ANSWER:

- With the implementation of Grade 11 and Grade 12, deficits are projected for the following school years: SY 2016-2017, SY 2017-2018, SY 2018-2019, SY 2019-2020.
- There is a need to have reserved funds to pay for these projected deficits.
- The salaries and benefits of all employees have to be paid.
- Salary Increases have to be sustainable.
- A new building has to be built for the Senior High School.
- The new building requires chairs, tables, equipment, etc.
- The operational expenses of the university remain approximately the same regardless of the enrollment.
- There is also a need for renovations and improvements of physical facilities including government mandated requirements such as fire alarms and sprinkler systems, and PWD compliant restrooms.

11. What would have happened if CPU did not offer Grade 11?

ANSWER:

- Without Grade 11, **many College Teachers would have been laid off.**
- College enrollment in school year 2018-2019 may be negatively affected because the Grade 10 completers would go to other schools and many may not enroll at CPU for their college degree.

. For additional questions please contact the university president at:

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