REPUBLIC OF THE PHILIPPINES
COMMISSION ON AUDIT
REGIONAL OFFICE NO. I
PROVINCE OF PANGASINAN
PROVINCIAL SATELLITE AUDITING OFFICE
Brgy. Rizal, San Carlos City

Office of the Supervising Auditor

June 19, 2024

Mapandan, Pangasinan
OFFICE OF THE MAYOR
RECEIVED
06/25/2024

HONORABLE KARL CHRISTIAN F. VEGA
Municipal Mayor
Mapandan, Pangasinan

Dear Mayor Vega:

We are pleased to transmit the Annual Audit Report on the results of the audit on the accounts and operations of the Municipality of Mapandan, Pangasinan for calendar year 2023, pursuant to Section 2, Article IX-D of the Philippine Constitution and pertinent Sections of Presidential Decree No. 1445, otherwise known as the Government Auditing Code of the Philippines.

The audit was conducted to: (a) ascertain the level of assurance that may be placed on management's assertions on the financial statements; (b) determine the propriety of transactions as well as the extent of compliance with applicable laws, rules and regulations; (c) recommend agency improvement opportunities; and (d) determine the extent of implementation of prior years' audit recommendations.

The auditor rendered an unmodified opinion on the fairness of presentation of the financial statements.

The audit observations together with the recommended courses of action, which were discussed with the management officials and staffs during the exit conference on May 7, 2024, are presented in Part II of the report.

We request that the recommendations contained in the report be immediately implemented and we appreciate being informed of the actions taken thereon within 60 days from receipt hereof pursuant to Section 99 of the General Provisions of General Appropriations Act of Fiscal Year 2023 (Republic Act No. 11936), using the Agency Action Plan and Status of Implementation (AAPSI) Form attached herewith to be submitted to the Audit Team.

We acknowledge the support and cooperation that you and your staff extended to the Audit Team, thus, facilitating the submission of this report.

Very truly yours,

EVANGELINE R. PICAR
Supervising Auditor

cc: The Director, Department of Interior and Local Government (DILG) Regional Office No. I, City of San Fernando, La Union
The Director, Bureau of Local Government Finance (BLGF) Regional Office No. I, City of San Fernando, La Union
The Director, Department of Budget and Management (DBM) Regional Office No. I, City of San Fernando, La Union
The Presiding Officer, Sangguniang Bayan, Municipality of Mapandan, Pangasinan

MUNICIPALITY OF MAPANDAN
Mapandan, Pangasinan

AGENCY ACTION PLAN and
STATUS OF IMPLEMENTATION
Audit Observations and Recommendations
For the Calendar Year 2023
As of __________________

<table>
<tr><th rowspan="3">Ref</th><th rowspan="3">Audit Observations</th><th rowspan="3">Audit Recommendations</th><th colspan="4">Agency Action Plan</th><th rowspan="3">Status of Implementation</th><th rowspan="3">Reason for Partial/Delay/ Non-Implementation, if applicable</th><th rowspan="3">Action Taken/ Action to be Taken</th></tr>
<tr><th rowspan="2">Action Plan</th><th rowspan="2">Person/Dept. Responsible</th><th colspan="2">Target Implementation Date</th></tr>
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Agency sign-off:

___________________________________ ____________
Name and Position of Accountable Officer **Date:**

Note: Status of Implementation may either be (a) Fully Implemented, (b) Ongoing, (c) Not Implemented, (d) Partially Implemented, or (e) Delayed

REPUBLIC OF THE PHILIPPINES
COMMISSION ON AUDIT
Commonwealth Avenue, Quezon City

ANNUAL AUDIT REPORT

on the

MUNICIPALITY OF MAPANDAN
Province of Pangasinan

For the Year Ended December 31, 2023

EXECUTIVE SUMMARY

A. INTRODUCTION

Mapandan was separated from Mangaldan and became a pueblo in January 1887. The name Mapandan means “a place with many pandan”. It has a total land area of 3,291.75 hectares and comprises 15 Barangays. The total population of the Municipality based on the 2020 national census was 38,234. Wholesale and retail of goods and repair of motor vehicles are the major economic activities of the people. Mapandan is located in the Eastern Central part of Pangasinan. It is bounded on the north by San Jacinto, on the northwest by Mangaldan, on the south by Sta. Barbara, on the south-east by Urdaneta, and on the east by Manaoag. It is accessible via provincial roads. It is about 16 kilometers away from Dagupan City, 8 kilometers away from Urdaneta City, and 5 kilometers away from Our Lady of Manaoag Shrine. The Municipal Hall is located at Pandan Avenue, Barangay Poblacion, Mapandan, Pangasinan.

The personnel of the Local Government Unit (LGU) consists of 12 elective officials, 75 permanent employees, 2 co-terminus, 131 job order workers (JOWs) and 7 contract of services (COS), or a total of 227 municipal officials and employees.

B. OPERATIONAL HIGHLIGHTS

Among the major projects and programs completed by the LGU for calendar year (CY) 2023 which boosted its social, agricultural and economic growth and delivery of basic services were as follows:

Programs/Projects/Activities	Total Cost (₱)
1 unit Backhoe (Trackpad Excavator) delivered at MDRRM Office	3,395,000.00
Construction of One Stop Shop Building Phase 3	2,997,955.38
Purchase of 8,307 sq. meters Lot for Eco Tourism located in Barangay Primicias	1,700,000.00
Covered Drainage Canal along Lawin Ave., Barangay Poblacion	1,499,312.88
Procurement of 1 unit Motor Vehicle Toyota Hilux at Agriculture Office	1,109,760.00
Improvement of Mapandan Public Market Phase III	999,355.01
Construction of One Stop Shop Building Phase 2	994,891.44
Improvement of Public Market-Phase 2	849,163.35
Improvement of Various Roads to Mitigate/Reduce Disaster Risks - (Accident Prone Area/Installation of Solar Led Road Stud)	843,278.14

C. FINANCIAL HIGHLIGHTS

The financial position, financial performance and appropriations and obligations of the LGU for CY 2023, with corresponding figures for CY 2022 are as follows:

Account	2023 (₱)	2022 (₱)	Increase (Decrease) (₱)	% of Change
Assets	563,474,052.65	581,620,079.95	(18,146,027.30)	(3.12)
Liabilities	126,865,514.40	136,437,490.78	(9,571,976.38)	(7.02)
Equity	436,608,538.25	445,182,589.17	(8,574,050.92)	(1.93)
Revenue	159,409,831.58	180,618,300.18	(21,208,468.60)	(11.74)
Expenses	168,264,247.50	166,106,449.20	2,157,798.30	1.30
Excess of Income over Expenses	(8,854,415.92)	14,511,850.98	(23,366,266.90)	(161.02)
Appropriations	172,938,824.38	278,185,226.69	(105,246,402.31)	(37.83)
Obligation	166,578,721.99	260,433,031.29	(93,854,309.30)	(36.04)

D. SCOPE OF AUDIT

The audit covered the operation of the Municipality of Mapandan for CY 2023. It was conducted to ascertain the fairness of presentation of the financial statements, check compliance with existing laws, rules and regulations and determine whether management in the implementation of its programs, projects and activities (PPAs) had attained its goals and objectives in an economical, efficient and effective manner.

The audit included analysis of accounts, review of transactions, test of compliance with existing laws, rules and regulations, review of operating procedures, inspection of programs and projects, interview of officials and employees and such other procedures considered necessary under the circumstances.

E. AUDITOR’S OPINION ON THE FINANCIAL STATEMENTS

The Auditor rendered an unmodified opinion on the fairness of presentation of the financial statements of the Municipality of Mapandan for CY 2023.

F. SUMMARY OF SIGNIFICANT AUDIT OBSERVATIONS AND RECOMMENDATIONS

Summarized below are the most significant audit observations and recommendations.

1. The description of accounts prescribed in the Revised Chart of Accounts for LGUs under COA Circular No. 2015-009 dated December 1, 2015 was not followed in the recording of the costs of construction of drainage canal amounting to ₱1,499,312.88 and various equipment totaling ₱469,020.00; thus, the Road Networks, Information and Communication Technology Equipment and Furniture and Fixtures accounts were overstated by the aforesaid amounts while the Flood Control System, Communication Equipment and Other Machinery and Equipment accounts were understated by ₱1,499,312.88, ₱107,000.00 and ₱362,020.00, respectively.

   We recommended that Management require the Municipal Accountant to draw a Journal Entry Voucher (JEV) to take up the correct classification of constructed drainage canal, camera, speakers, refrigerator, misting fans and smart televisions (TVs) to appropriate Property, Plant and Equipment (PPE) accounts for proper presentation of accounts in the financial statements. The proposed reclassifying journal entries are as follows:

Account	Debit	Credit
Flood Control System	1,499,312.88	
Other Machinery and Equipment	362,020.00	
Communication Equipment	107,000.00	
Accumulated Depreciation - Road Networks	16,659.03	
Accumulated Depreciation - Information and Communication Technology Equipment	5,747.50	
Accumulated Depreciation - Furniture and Fixtures	10,067.47	
Depreciation – Machinery and Equipment	7,193.72	
Furniture and Fixtures		348,020.00
Information and Communication Technology Equipment		121,000.00
Road Networks		1,499,312.88
Accumulated Depreciation - Flood Control System		9,995.42
Accumulated Depreciation - Other Machinery and Equipment		9,354.96
Accumulated Depreciation - Communication Equipment		3,586.26
Depreciation - Infrastructure Assets		6,663.61
Depreciation – Furniture, Fixtures and Books		10,067.47

We, likewise, recommended that Management instruct the Acting Municipal Treasurer to reclassify the above-mentioned PPE in the RPCPPE to reconcile with the balances per books or accounting records.

We further recommended that the Municipal Accountant observe the description of accounts provided in the Revised Chart of Accounts for LGUs to ensure proper recording of financial transactions to appropriate accounts.

2. Completed road network implemented by the Department of Public Works and Highways (DPWH) amounting to ₱4,841,163.36 transferred to the LGU was not recorded in the books of accounts due to non-submission of documents by the DPWH as basis of the LGU in the inspection of the project which is not in accordance with Paragraph 27 of International Public Sector Accounting Standards (IPSAS) 1, thus, the existence of the asset was not verified, affecting the reliability of the PPE account balance in the financial statements.

   We recommended that Management instruct the Municipal Engineer to follow up the As-Built Plan with the DPWH and ask for the assistance of the Project Engineer of the agency to conduct an ocular inspection of the road network project to verify its existence.

   We further recommended that Management require the Municipal Accountant to prepare the adjusting journal entries to take up the transfer of the asset from the DPWH once the project is inspected and accepted by the LGU.

3. Four unimplemented projects with total appropriations of ₱3,500,000.00 funded out of the 20% Development Fund (DF) were realigned to new projects without justifiable reasons which is not in conformity with Sections 332 and 336 of Republic Act (RA) No. 7160, Item b, Section 3, Part 3 of Budget Operations Manual (BOM) for LGUs and Sections 3.2.3 and 4 of DBM, DOF and DILG Joint Memorandum Circular (JMC) No. 1; thus, the benefits to be derived from the said priority projects were not realized.

   We recommended that Management:

   a. Require the Municipal Planning and Development Coordinator (MPDC), with the assistance of the Municipal Engineer, to ensure that all PPAs funded out of the 20% DF are well-planned and procurement-and-implementation ready for efficient execution;

   b. Instruct the Municipal Engineer, with the assistance of the MPDC, to come up with a time frame in the implementation of the development projects to deliver the desired benefits to the constituents on time and attain desirable socio-economic targets and outcomes of the LGU; and

   c. Require the Municipal Budget Officer to adhere with the existing laws, rules and regulations in the realignment of funds.

G. STATUS OF IMPLEMENTATION OF PRIOR YEARS' AUDIT RECOMMENDATIONS

Of the 31 audit recommendations contained in the 2022 Annual Audit Report (AAR), 11 were implemented and 20 were not implemented by the LGU. Unimplemented recommendations were reiterated in this report due to significant effect in the financial statements and operations.

H. STATUS OF SETTLEMENT OF AUDIT SUSPENSIONS, DISALLOWANCES AND CHARGES

As of December 31, 2023, the unsettled balances of suspensions, disallowances and charges of the LGU are as follows:

Notices	**Balance, December 31, 2022 (₱)**	**Issuances for CY 2023 (₱)**		**Balance, December 31, 2023 (₱)**
		NS/ND/NC	**NSSDC**	
Suspensions	-	-	-	-
Disallowances	35,187.00	-	-	35,187.00
Charges	-	-	-	-
Total	**35,187.00**	**-**	**-**	**35,187.00**

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PART I

AUDITED FINANCIAL STATEMENTS

INDEPENDENT AUDITOR'S REPORT

HON. KARL CHRISITIAN F. VEGA
Municipal Mayor
Mapandan, Pangasinan

Unmodified Opinion

We have audited the financial statements of the Municipality of Mapandan, Pangasinan, which comprise the statement of financial position as at December 31, 2023, and the statement of financial performance, statement of changes in net assets/equity, statement of cash flows 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, the accompanying financial statements present fairly, in all material respects, the financial position of the Municipality of Mapandan, Pangasinan as at December 31, 2023, and its financial performance, its cash flows, and its comparison of budget and actual amounts for the year then ended in accordance with IPSAS.

Bases for Unmodified Opinion

We conducted our audit in accordance with International Standards of Supreme Audit Institutions (ISSAIs). Our responsibilities under those standards are further described in the *Auditor's Responsibilities for the Audit of the Financial Statements* section of our report. We are independent of the agency in accordance with the ethical requirements that are relevant to our audit of the financial statements, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide bases for our opinions.

Responsibilities of Management and Those Charged with Governance for the Financial Statements

Management is responsible for the preparation and for the fair presentation of the financial statements in accordance with IPSAS, and for such internal control as management determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

Those charged with governance are responsible for overseeing the LGU's financial reporting process.

Auditor's Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISSAIs will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

COMMISSION ON AUDIT
By:

ALDRICH O. NACIN
OIC - Audit Team Leader

May 30, 2024

STATEMENT OF MANAGEMENT'S RESPONSIBILITY FOR FINANCIAL STATEMENTS

The Management of the **Local Government of Mapandan, Pangasinan** is responsible for all information and representation contained in the accompanying Statement of Financial Position as of **December 31, 2023** and related Statement of Financial Performance, Statement of Cash Flows, Statement of Comparison of Budget and Actual Amounts and the Statement of Changes in Net Assets/Equity for the year then ended. The financial statements have been prepared in conformity with the International Public Sector Accounting Standards and reflect amounts that are based on best estimates and informed judgment of management with an appropriate consideration of 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.

RUTH B. SOTTO	**KARL CHRISTIAN F. VEGA**
Municipal Accountant	Municipal Mayor
February 12, 2024	February 12, 2024
Date Signed	Date Signed

Notes to the Financial Statements

1. General Information/Agency Profile

Mapandan was separated from Mangaldan and became a pueblo in January 1887. The name Mapandan means “a place with many pandan”. It has a total land area of 3,291.75 hectares and comprises 15 Barangays. The total population of the Municipality based on the 2020 national census was 38,234. Wholesale and retail of goods and repair of motor vehicles are the major economic activities of the people. Mapandan is located in the Eastern Central part of Pangasinan. It is bounded on the north by San Jacinto, on the northwest by Mangaldan, on the south by Sta. Barbara, on the south-east by Urdaneta, and on the east by Manaoag. It is accessible via provincial roads. It is about 16 kilometers away from Dagupan City, 8 kilometers away from Urdaneta City, and 5 kilometers away from Our Lady of Manaoag Shrine. The Municipal Hall is located at Pandan Avenue, Barangay Poblacion, Mapandan, Pangasinan.

The personnel of the LGU consists of 12 elective officials, 75 permanent employees, 2 co-terminus, 131 JOWs and 7 COS, or a total of 227 municipal officials and employees.

2. The consolidated financial statements of the LGU have been prepared in accordance with the IPSAS. The condensed financial statements are presented in Philippine Peso, which is the functional and reporting currency of the LGU.

3. Summary of significant accounting policies

3.1 Basis of accounting

The consolidated financial statements are prepared on an accrual basis of accounting in accordance with IPSAS.

3.2 Consolidation

The LGU maintains General, Special Education and Trust Funds.

3.3 Revenue recognition

Revenue from non-exchange transactions

Taxes, fees and fines

Taxes and fines are recognized when the event occurs and the asset recognition criteria are met.

Revenue from exchange transactions

Rendering of services

The LGU recognizes revenue from services rendered by reference to the stage of completion when the outcome of the transaction can be estimated reliably.

3.4 Property, plant and equipment

All PPE are stated at cost less accumulated depreciation.

Depreciation on assets is charged on a straight-line basis over the useful life of the asset.

3.5 Cash and cash equivalents

Cash and cash equivalents comprise cash on hand and cash in bank.

3.6 Inventories

Inventory is measured at cost upon recognition. Inventories are recognized as an expense when deployed for utilization or consumption in the ordinary course of operation of the LGU.

3.7 Changes in accounting policies and estimates

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

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

3.8 Related parties

The LGU regards a related party as a person or an entity with the ability to exert control individually or jointly, or to exercise significant influence over the LGU, or vice versa. Members of key management are regarded as related parties which include the Mayor, Vice-Mayor, Sanggunian Bayan Members, Committee Officials and Members, Accountants, Treasurers, Budget Officers, General Services and all Chiefs of Departments/Divisions.

3.9 Budget information

The annual budget is prepared on the modified cash basis, that is, all planned costs and income are presented in a single statement to determine the needs of the LGU. As a result of the adoption of the Modified cash basis for budgeting purposes, there are basis, timing or entity differences that would require reconciliation between the actual comparable amounts and the amounts presented as a separate additional financial statement in the statement of comparison of budget and actual amounts. Explanatory comments are provided in the notes to the annual financial statements; first, the reasons for overall growth or decline in the budget are stated, followed by details of overspending or underspending on line items.

4. Cash and Cash Equivalents

	2023	2022 (Restated)
Cash in Bank - Local Currency		
Cash in Bank - Local Currency, Current Account (LCCA)	40,762,404.06	46,353,369.35
Total	**40,762,404.06**	**46,353,369.35**

4.1 The depository bank of the LGU is the Land Bank of the Philippines (LBP) which is located in Calasiao, Pangasinan. Breakdown of Cash in Bank - LCCA of the LGU for CY 2023 and 2022 are as follows:

Fund	Bank	Amount	
		2023	2022 (Restated)
General Fund	LBP	26,544,756.43	38,988,833.71
SEF	LBP	1,842,674.44	1,708,475.92
Trust Fund			
LDRRMF	LBP	6,690,038.33	3,579,123.14
Building Permit		262,412.27	432,877.91
Professional Fees		40,580.00	43,280.00
Hospital Charges Income		27,363.52	27,363.52
Trust Fund Proper		5,354,579.07	1,573,415.15
Total		**40,762,404.06**	**46,353,369.35**

4.2 Cash in bank earns interest based on the prevailing bank deposit rates.

5. Current Receivables

	2023	2022 (Restated)
Loans and Receivable Accounts		
Real Property Tax Receivable	552,540.49	399,375.03
Special Education Tax Receivable	552,540.49	399,375.03
Intra-Agency Receivables		
Due from Other Funds	80,557.42	48,108.93
Other Receivables		
Receivables - Disallowances/Charges	81,187.00	81,187.00
Due from Officers and Employees	14,711.30	14,711.30
Other Receivables	2,769.82	3,161.62
Total	**1,284,306.52**	**945,918.91**

5.1 As at December 31, 2023, the ageing analysis of current exchange receivables is as follows:

Account	Totals	Neither past due or impaired	Past due but not impaired		
			<30 days	30-60 days	>60 days
Real Property Tax Receivable	552,540.49	552,540.49	-	-	-
Special Education Tax Receivable	552,540.49	552,540.49	-	-	-
Due from Other Funds	80,557.42	76,925.05	-	-	3,632.37
Receivables - Disallowances and Charges	81,187.00	-	-	-	81,187.00
Due from Officers and Employees	14,711.30	-	-	-	14,711.30
Other Receivables	2,769.82	-	-	-	2,769.82
Total	**1,284,306.52**	**1,182,006.03**	**-**	**-**	**102,300.49**

6. Inventories

	2023	2022 (Restated)
Inventory Held for Distribution		
Welfare Goods for Distribution	21,450.00	-
Inventory Held for Consumption		
Office Supplies Inventory	623,607.79	179,227.41
Accountable Forms, Plates and Stickers	46,083.00	49,793.00

	2023	2022 (Restated)
Drugs and Medicines Inventory	144,427.00	33,530.00
Medical, Dental and Laboratory Supplies Inventory	141,452.00	2,795.00
Total	**977,019.79**	**265,345.41**

6.1 No inventory items were pledged as security during the current or in prior year.

7. Investments

	2023	2022 (Restated)
Financial Assets - Others		
Guaranty Deposits	**37,074.91**	**37,074.91**

8. Non-Current Receivables

	2023	2022
Inter-Agency Receivables		
Due from NGAs	92,140.81	92,140.81
Due from LGUs	169,146.67	169,146.67
Other Receivables		
Other Receivables	352,348.33	352,348.33
Total	**613,635.81**	**613,635.81**

9. Property, Plant and Equipment

Account	2023	Additions/ (Reductions)	2022 (Restated)
Land	54,708,020.00	1,700,000.00	53,008,020.00
Other Land Improvements	1,081,056.29	-	1,081,056.29
Road Networks	360,110,996.94	4,582,552.67	355,528,444.27
Water Supply Systems	2,524,221.17	-	2,524,221.17
Parks, Plazas and Monuments	12,618,649.39	-	12,618,649.39
Other Infrastructure Assets	14,887,979.59	1,939,861.70	12,948,117.89
Buildings	41,034,996.34	(994,891.44)	42,029,887.78
School Buildings	986,806.75	-	986,806.75
Markets	52,576,299.55	5,284,092.14	47,292,207.41
Slaughterhouses	8,708,533.63	-	8,708,533.63
Other Structures	114,119,169.06	2,901,657.36	111,217,511.70
Machinery	13,500,000.00	-	13,500,000.00
Office Equipment	5,593,200.00	575,185.00	5,018,015.00

Account	2023	Additions/ (Reductions)	2022 (Restated)
Information and Communication Technology Equipment	15,163,465.12	2,196,667.00	12,966,798.12
Agricultural and Forestry Equipment	4,023,000.00	-	4,023,000.00
Communication Equipment	1,148,350.00	315,000.00	833,350.00
Construction and Heavy Equipment	8,735,431.50	-	8,735,431.50
Disaster Response and Rescue Equipment	7,549,657.51	3,474,000.00	4,075,657.51
Medical Equipment	1,773,267.32	87,950.00	1,685,317.32
Other Machinery and Equipment	2,449,650.00	-	2,449,650.00
Motor Vehicles	13,269,226.35	1,999,079.64	11,270,146.71
Furniture and Fixtures	2,291,092.59	377,320.00	1,913,772.59
Books	229,299.80	-	229,299.80
Construction in Progress - Buildings and Other Structures	5,990,499.99	(983,586.73)	5,006,913.26
Other Property, Plant and Equipment	14,371,505.05	115,240.00	14,256,265.05
Total	**759,444,373.94**	**25,537,300.80**	**733,907,073.14**
Less: Accumulated Depreciation	240,767,262.38		201,624,837.58
Net Book Value	**518,677,111.56**		**532,282,235.56**

Road Networks account consists of the following:

Project Name	Location	Cost
Concreting of Core Local Roads	Brgys. Amanoaoac, Baloling and Torres	5,143,428.36
Construction/Rehabilitation of Farm to Market Roads	Brgys. Poblacion, Golden and Pias	7,163,198.52
Concrete Paving of Mabolo St.	Brgy. Golden	126,448.12
Improvement of Rosal St.	Brgy. Poblacion	695,775.97
Rehabilitation/Improvement of Farm to Market Roads	Brgys. Luyan, Jimenez, Golden and Baloling	1,419,345.95
Construction/Rehabilitation/ Repair of Farm to Market Roads	Brgys. Aserda, Luyan and Golden	9,650,000.00
Construction/Rehabilitation of Farm to Market Roads	Brgys. Golden, Aserda and Luyan	9,694,819.69

Project Name	Location	Cost
Construction/Rehabilitation of Farm to Market Roads	Brgys. Primicias, Lambayan, Baloling, Poblacion and Pias	9,996,376.80
Concrete Paving of Mabolo St.	Brgy. Golden	964,751.48
Concreting of Rose St.	Brgy. Poblacion	256,050.65
Construction/Rehabilitation of Farm to Market Roads	Brgys. Luyan, Pias, Poblacion and Primicias	9,696,790.08
Concreting of Farm to Market Roads	Brgys. Pias, Luyan, Poblacion and Primicias	8,730,000.00
Concreting of Farm to Market Roads	Brgys. Pias, Lambayan, Jimenez, Baloling and Torres	5,146,458.10
Construction/Rehabilitation/ Improvement of Acacia St.	Brgy. Luyan	2,898,511.47
Construction/Rehabilitation/ Improvement of Rose St.	Brgy. Poblacion	9,032,672.04
Rehabilitation of Local Access Road with Slope Protection at Cosmos St.	Brgy. Nilombot	2,781,765.87
Rehabilitation of Local Access Road with Drainage Improvement and Slope Protection at Caimito St.	Brgy. Aserda	3,749,756.99
Rehabilitation of Local Access Road with Slope Protection at Camote St.	Brgy. Lambayan	2,263,858.04
Local Bridge Rehabilitation/Improvement in Barangay Jimenez-Torres Phase 1	Brgys. Jimenez and Torres	2,421,089.40
Local Bridge Rehabilitation/Improvement in Barangay Jimenez-Torres Phase 2	Brgys. Jimenez and Torres	3,717,299.16
Local Access Road Rehabilitation/Improvement of Agayep St., Barangay Primicias	Brgy. Primicias	4,159,544.59
Local Access Road Upgrading of Chico St. Ext. Brgy. Luyan	Brgy. Luyan	3,565,237.19
Local Access Road Rehabilitation/Improvement of Caimito St., Brgy. Aserda	Brgy. Aserda	3,882,983.27
Local Bridge Rehabilitation/Improvement at Barangay Jimenez Torres Phase 3	Brgy. Torres	699,634.83
Drainage System along Pico Ave., Barangay Coral	Brgy. Coral	799,487.48

Project Name	Location	Cost
Improvement/Concreting/ Completion of Rose St., Poblacion	Brgy. Poblacion	1,199,097.41
Farm to Market Roads at Amanoaoac, Golden, Luyan, Pias, Poblacion and Primicias	Brgys. Golden, Luyan, Pias, Poblacion and Primicias	14,072,674.08
Concrete Line Canal w/ Cover at Rose St., Poblacion	Brgy. Poblacion	1,144,105.18
Drainage of Dama De Noche and Rose St., Poblacion	Brgy. Poblacion	3,002,899.27
Construction/Rehabilitation of Drainage System along Pandan Ave., Poblacion	Brgy. Poblacion	1,999,560.16
Box Culvert crossing Fire Tree Ave., Corner Rose St., Poblacion	Brgy. Poblacion,	499,581.79
Drainage System along Rose St., Poblacion	Brgy. Poblacion	1,997,837.33
Drainage System along Caimito St., Brgy. Aserda	Brgy. Aserda	998,193.38
Covered Side Walk with Box Culvert, Curb, and Gutter at Pico Ave., Poblacion	Brgy. Poblacion	4,404,134.26
Construction/Improvement of Primicias Canal Lining (DA RO1)	Brgy. Primicias	1,452,750.00
Construction for Proposed Covered Sidewalk with Box Culvert, Curb and Gutter - Phase 3 at Pico Ave., Poblacion	Brgy. Poblacion	1,498,091.65
Construction/Rehabilitation of Drainage System along Pandan Ave., Poblacion	Brgy. Poblacion	1,408,497.30
Construction/Rehabilitation of Drainage System along Pandan Ave., Poblacion	Barangay Poblacion	593,423.22
232.9 meters Concrete Paving of Golden-Nilombot Road, Cosmos St.	Brgys. Golden and Nilombot	3,734,699.79
387.30 meters Concrete Paving of Pakwan St., Brgy. Pias	Brgy. Pias	2,705,975.96
Construction of Local Road at Brgy. Pias - DPWH Project-completed 7/8/2022	Brgy. Pias	4,831,057.69

Project Name	Location	Cost
Construction of Local Road at Brgy. Nilombot to Amanoaoac - DPWH Project - completed 7/18/2022	Brgys. Nilombot to Amanoaoac	6,762,333.73
Construction/Improvement of Access Road leading to declared Tourism Destination, Pandan Ave., and Firetree Ave., leading to Minor Basilica of Our Lady of Manaoag Shrine at Brgy. Nilombot - DPWH Project - completed 2/25/2021	Brgy. Nilombot	70,434,728.81
Construction/Improvement of Access Road leading to declared Tourism Destination, Access Road leading to Minor Basilica of Our Lady of Manaoag Shrine, Sta. Barbara to Mapandan to Manaoag Road Pang. - DPWH Project - completed 2/25/2021	Sta. Barbara to Mapandan to Manaoag Road	68,950,733.29
Construction/Improvement of Access Road leading to Declared Tourism Destination (Tourism Road Infrastructure Program - TRIP) - Pandan Ave., Firetree Ave., Leading to Minor Basilica of Our Lady of Manaoag Shrine, Brgy. Nilombot - DPWH Project - completed 11/7/2021	Barangay Nilombot	33,692,010.00
Construction/Improvement of Access Road leading to Declared Tourism Destination (Tourism Road Infrastructure Program - TRIP) - Pandan Ave., Firetree Ave., leading to Minor Basilica of Our Lady of Manaoag Shrine, Sta. Barbara to Mapandan to Manaoag Road Pang. - DPWH Project - completed 12/4/2021	Sta. Barbara to Mapandan to Manaoag Road	19,300,000.00
Road Widening along Apayas St., Brgy. Apaya, Map. Extension Area 115.72 Sq.M and Drainage volume 156.9 Sq.M	Brgy. Apaya	1,498,452.51

Project Name	Location	Cost
Covered Sidewalk with Box Culvert, Curb and Gutter Phase 4 Central School Barangay Poblacion	Brgy. Poblacion	692,323.41
Improvement of Brgy. Road/ Drainage Canal-Maya St., Amanoaoac (94.70 meters)	Brgy. Amanoaoac	406,245.52
Improvement of Brgy. Road /Drainage Canal - Caimito Ext. Aserda (110.50 meters)	Brgy. Aserda	499,446.94
Improvement of Brgy. Road/ Drainage Canal - Orchid St. Nilombot (60.50 meters)	Brgy. Nilombot	699,280.27
Improvement of Brgy. Road/ Drainage Canal Phase 2 - Orchid St., Nilombot	Brgy. Nilombot	575,406.62
Covered Drainage Canal along Lawin Ave., Barangay Poblacion	Brgy. Poblacion	1,499,312.88
Improvement of Brgy. Road/ Drainage Canal - Apayas St. Apaya (50.13 meters)	Brgy. Apaya	406,149.47
Improvement of Brgy. Road/ Drainage Canal - Bougainvillia St., Poblacion (38.72 meters)	Brgy. Poblacion	496,710.97
Total		**360,110,996.94**

10. Biological Assets

	2023	2022 (Restated)
Breeding Stocks	**110,000.00**	**110,000.00**

11. Intangible Assets

	2023	2022 (Restated)
Computer Software	**1,012,500.00**	**1,012,500.00**

12. Financial Liabilities – Current

	2023	2022 (Restated)
Accounts Payable	10,387,590.75	16,322,487.36
Loans Payable – Domestic	11,606,726.25	11,609,429.97
Total	**21,994,317.00**	**27,931,917.33**

12.1 Accounts Payable is composed of unpaid obligation to suppliers, creditors and employees.

12.2 Details of the Loans Payable – Domestic account are as follows:

Purpose of Loan	Current Portion	Non-Current Portion	Total Loans Payable
Acquisition of Heavy Equipment and MRF Machines	1,928,571.44	1,928,571.36	3,857,142.80
Improvement/Extension of Public Market	1,732,753.92	10,396,523.85	12,129,277.77
Construction of Municipal Motorpool Building and Reinforced Concrete Wall - up to 4th release	1,448,104.60	8,688,627.70	10,136,732.30
Construction of Mapandan Municipal Cemetery Extension 2 with Lot Purchase	6,497,296.29	64,972,962.86	71,470,259.15
Total	**11,606,726.25**	**85,986,685.77**	**97,593,412.02**

12.3 Shown below is the individual loan profile, all of which were granted by the LBP:

Purpose of Loan	Principal	Date Granted	Maturity Date	Payment Terms	Interest Rate	Balance
Acquisition of Heavy Equipment and MRF Machines	13,500,000.00	12/18/ 2018	12/18/ 2028	Quarterly for 10 years.	6.5%	3,857,142.80
Improvement/ Extension of Public Market	15,594,785.61	12/29/ 2020	12/27/ 2030	Quarterly for 10 years.	4% subject to annual repricing	12,129,277.77
Construction of Municipal Motorpool Building and Reinforced Concrete Wall	12,892,407.78	12/29/ 2020	12/27/ 2030	Quarterly for 10 years.	4.5% subject to annual repricing	10,136,732.30
Construction of Mapandan Municipal Cemetery Extension 2 with Lot Purchase	77,967,555.44	01/20/ 2022	01/20/ 2032	Quarterly for 10 years.	6.5% subject to annual repricing	71,470,259.15

13. Inter-Agency Payables

	2023	2022 (Restated)
Due to BIR	955,167.07	766,094.00
Due to GSIS	882,316.05	860,536.13
Due to Pag-IBIG	218,109.49	178,049.91
Due to PhilHealth	167,727.28	220,302.80
Due to NGAs	2,570,516.15	1,302,128.47
Due to LGUs	4,363,842.43	1,558,426.98
Total	**9,157,678.47**	**4,885,538.29**

13.1 The first four accounts represent the amount deducted from the salaries of officials and employees and other entities and were remitted to the respective government agencies immediately in the following month. While the remaining accounts represent balances of funds received by the LGU for specific purposes.

14. Intra-Agency Payables

	2023	2022 (Restated)
Due to Other Funds	**80,557.42**	**48,108.93**

15. Trust Liabilities

	2023	2022 (Restated)
Trust Liabilities	163,438.47	414,196.31
Trust Liabilities- Disaster Risk Reduction and Management Fund	6,624,085.46	3,514,635.85
Bail Bonds Payable	841.24	841.24
Total	**6,788,365.17**	**3,929,673.40**

16. Deferred Credits/Unearned Income

	2023	2022 (Restated)
Deferred Real Property Tax	552,540.49	399,375.03
Deferred Special Education Tax	552,540.49	399,375.03
Total	**1,105,080.98**	**798,750.06**

17. Other Payables

	2023	2022 (Restated)
Other Payables	**1,752,829.59**	**1,252,794.47**

18. Financial Liabilities - Non-Current Liabilities

	2023	2022 (Restated)
Loans Payable - Domestic	**85,986,685.77**	**97,590,708.30**

19. Tax Revenue

	2023	2022 (Restated)
Tax Revenue - Individual and Corporation		
Community Tax	647,037.51	598,666.30
Tax Revenue-Property		
Real Property Tax - Basic	2,940,663.29	3,088,340.90
Discount on Real Property Tax -Basic	(346,935.44)	(377,769.67)
Special Education Tax	3,675,829.23	3,860,426.29
Discount on Special Education Tax	(433,669.34)	(472,212.21)
Tax Revenue-Goods and Services		
Business Tax	2,731,059.16	2,687,816.93
Tax Revenue - Fines and Penalties Taxes on Individual and Corporations		
Tax Revenue -Fines and Penalties - Other Taxes	96,040.45	26,933.73
Total	**9,310,024.86**	**9,412,202.27**

20. Share from Internal Revenue Collections

	2023	2022 (Restated)
Share from Internal Revenue Collections	**136,225,782.00**	**159,268,760.00**

21. Other Share from National Taxes

	2023	2022 (Restated)
Share from Tobacco Excise Tax (RA Nos. 7171 and 8240)	**150,756.50**	**2,035,171.50**

22. Service and Business Income

	2023	2022 (Restated)
Service Income		
Permit Fees	3,232,840.68	3,952,311.11
Registration Fees	217,916.50	328,772.00
Clearance and Certificate Fees	82,159.75	124,090.00
Fees for Sealing and Licensing of	15,850.00	16,938.00

	2023	2022 (Restated)
Weights and Measures		
Other Service Income	265,970.00	162,424.90
Business Income		
Receipts from Market Operation	3,253,198.37	3,221,939.17
Receipts from Slaughterhouse Operation	563,780.75	320,642.00
Receipts from Cemetery Operation	4,272,118.00	931,700.00
Garbage Fees	310,220.50	207,823.50
Interest Income	22,108.32	21,818.78
Total	**12,236,162.87**	**9,288,459.46**

23. Shares, Grants and Donations

	2023	2022 (Restated)
Donations		
Grants and Donations in Kind	**889,319.64**	**-**

24. Other Income

	2023	2022 (Restated)
Miscellaneous Income	**597,785.71**	**613,706.95**

25. Personal Services

	2023	2022 (Restated)
Salaries and Wages		
Salaries and Wages - Regular	34,813,368.26	31,743,277.96
Salaries and Wages- Casual/Contractual	-	-
Other Compensation		
Personal Economic Relief Allowance	2,110,354.84	1,946,889.40
Representation Allowance	1,744,354.84	1,736,516.12
Transportation Allowance	1,744,354.84	1,736,516.12
Clothing/Uniform Allowance	534,000.00	540,000.00
Subsistence Allowance	245,758.06	254,271.37
Laundry Allowance	23,400.00	21,488.71
Productivity Incentive Allowance	426,000.00	428,000.00
Honoraria	-	958,880.00
Year-End Bonus	5,828,614.20	5,238,357.40
Hazard Pay	284,825.85	234,656.95
Cash Gift	442,000.00	509,300.00
Personnel Benefit Contribution		
Retirement and Life Insurance Premiums	4,191,441.36	3,805,060.06
Pag-IBIG Contribution	105,600.00	97,700.00
PhilHealth Contribution	688,749.23	682,424.89

	2023	2022 (Restated)
Employees Compensation Insurance Premiums	105,600.00	97,599.14
Other Personnel Benefit		
Terminal Leave Benefits	654,468.29	12,193,280.23
Other Personnel Benefits	1,276,500.00	904,000.00
Total	**55,219,389.77**	**63,128,218.35**

26. Maintenance and Other Operating Expenses

	2023	2022 (Restated)
Traveling Expenses		
Traveling Expenses - Local	3,697,375.01	3,350,619.86
Traveling Expenses - Foreign	186,561.45	-
Training and Scholarship Expenses		
Training Expenses	510,260.00	230,500.00
Supplies and Material Expenses		
Office Supplies Expenses	1,788,807.47	1,820,237.49
Accountable Forms Expenses	97,830.00	91,951.00
Food Supplies Expenses	2,999,229.95	2,453,018.00
Welfare Goods Expenses	139,734.00	3,158,076.83
Drugs and Medicines Expenses	1,624,463.00	867,586.15
Medical, Dental and Laboratory Supplies Expenses	144,467.00	185,104.00
Fuel, Oil and Lubricant Expenses	2,947,583.35	3,354,958.24
Chemical and Filtering Supplies Expenses	-	398,400.00
Other Supplies and Materials Expenses	2,053,165.40	1,260,212.92
Utility Expenses		
Water Expenses	1,654,057.65	1,105,219.33
Electricity Expenses	6,412,261.80	5,159,399.28
Communication Expenses		
Postage and Courier Service	1,382.00	1,347.00
Telephone Expenses	1,552,778.44	1,560,930.57
Internet Subscription Expenses	365,118.68	379,419.75
Awards/Rewards and Prizes		
Prizes	1,268,130.00	484,500.00
Survey, Research, Exploration and Development Expenses		
Survey Expenses	-	63,000.00
Research, Exploration and Development Expenses	-	184,405.00
Confidential, Intelligence and Extraordinary Expenses		
Extraordinary and Miscellaneous Expenses	24,778.97	39,182.33

	2023	2022 (Restated)
Professional Services		
Consultancy Services	482,000.00	420,000.00
General Services		
Other General Services	11,241,685.75	10,567,760.50
Repairs and Maintenance		
Repairs and Maintenance -Infrastructure Assets	1,121,989.00	2,278,172.43
Repairs and Maintenance -Buildings and Other Structures	6,894,094.36	4,678,816.52
Repairs and Maintenance -Machinery and Equipment	197,644.00	239,360.00
Repairs and Maintenance - Transportation Equipment	1,198,924.00	1,628,261.78
Taxes, Insurance Premiums and Other Fees		
Fidelity Bond Premiums	164,782.50	5,000.00
Insurance Expenses	155,487.05	178,393.85
Other Maintenance and Operating Expenses		
Advertising Expenses	45,500.00	-
Printing and Publication Expenses	348,289.00	164,533.12
Rent Expenses	238,040.00	86,500.00
Donations	3,062,464.75	5,617,050.35
Other Maintenance and Operating Expenses	7,696,636.75	9,070,178.93
Total	**60,315,521.33**	**61,082,095.23**

27. Non-Cash Expenses

Depreciation Expenses	2023	2022 (Restated)
Depreciation-Infrastructure Assets	23,684,134.49	13,062,464.13
Depreciation-Buildings and Other Structures	8,558,165.41	5,540,290.00
Depreciation-Machinery and Equipment	5,700,517.82	5,883,707.97
Depreciation-Transportation Equipment	983,504.00	714,663.36
Depreciation-Furniture, Fixtures and Books	193,731.53	415,355.78
Depreciation-Other Property, Plant and Equipment	22,371.55	25,080.00
Total	**39,142,424.80**	**25,641,561.24**

28. Financial Expenses

	2023	2022 (Restated)
Interest Expenses	5,988,492.15	2,154,971.19

Bank Charges	4,421.66	4,363.76
Other Financial Charges	-	621,648.00
Total	**5,992,913.81**	**2,780,982.95**

29. Transfers, Assistance and Subsidy To

	2023	2022 (Restated)
Assistance and Subsidy		
Subsidy to NGAs	935,449.18	865,511.16
Subsidy to Other Local Government Units	450,000.00	2,433,750.00
Subsidies – Others	3,099,099.00	8,448,180.00
Transfers		
Transfers of Unspent Current Year DRRM Funds to the Trust Funds	3,109,449.61	1,726,150.27
Total	**7,593,997.79**	**13,473,591.43**

30. Prior Period Errors

Below are the details of prior period errors adjusted as of December 31, 2023:

Transaction	Amount
Over estimate of Payables for 2022 for the Payroll for Garong - Reference: Disbursement Voucher 100-23-03--0095a	100.00
Depreciation Expenses for Parks, Plazas and Monument and Other Infrastructures #1 (AOR 2022)	(4,054,885.42)
Depreciation for Road Networks #2 (AOR 2022)	(3,846.24)
Over Depreciation for Office Equipment, ICT Equipment and Motor Vehicle #1 (AOR 2022)	6,099,047.06
Accumulated Depreciation for ICT Equipment that was reclassify to Computer Software #3 (AOR 2022)	961,875.00
Removal from the PPE account the items with a unit cost of below ₱15,000.00 #4 (AOR 2022)	(1,593,058.97)
Total	**1,409,231.43**

31. Reconciliation of Net Cash Flows from Operating Activities to Surplus/(Deficit)

	2023	2022 (Restated)
Surplus/ (Deficit)	(8,854,415.92)	14,511,850.98
Non-cash transactions		
Depreciation	39,142,424.80	25,641,561.24
Increase/ (Decrease) in payables	(3,395,358.98)	4,932,941.28
(Increase) Decrease in current assets	(711,674.38)	(144,523.26)
(Increase) Decrease in receivables	(338,387.61)	1,021,665.96
Net Cash Flows from Operating Activities	**25,842,587.91**	**45,963,496.20**

32. Local Disaster Risk Reduction and Management Fund (LDRRMF)

The LDRRMF represents the amount set aside by the LGU to support its disaster risk management activities pursuant to RA No. 10121, otherwise known as the “Philippine Disaster Risk Reduction and Management Act of 2010”. The amount available and utilized during the year totaled ₱15,451,159.93 and ₱8,439,151.73.

Particulars	Available	Utilized	Balance
Current Year Appropriation			
Quick Response Fund (QRF)	2,212,281.96	-	2,212,281.96
Mitigation Fund (MF)			
MOOE	2,470,991.25	1,573,823.60	897,167.65
Capital Outlay	2,691,000.00	2,584,131.02	106,868.98
Sub-total	**7,374,273.21**	**4,157,954.62**	**3,216,318.59**
Continuing Appropriation	4,562,250.87	4,281,197.11	281,053.76
Transferred to Trust Fund			
CY 2022	1,726,150.27	-	1,726,150.27
CY 2021	715,812.14	-	715,812.14
CY 2020	976,149.89	-	976,149.89
CY 2019	96,523.55	-	96,523.55
Total	**15,451,159.93**	**8,439,151.73**	**7,012,008.20**

33. Reconciliation between actual amounts on a comparable basis as presented in the Statement of Comparison of Budget and Actual Amounts and in the Statement of Financial Performance for the Year Ended December 31, 2023.

Particulars	Income	Personnel Services	MOOE	Financial Expenses	Capital Outlay
Comparison Statement of Budget and Actual	**158,520,511.94**	**55,219,389.77**	**67,709,282.81**	**17,595,218.40**	**26,054,831.01**
Entity Differences	-	-	-	-	-
Basis Differences:	**889,319.64**	**0.00**	**39,342,661.11**	**(11,602,304.59)**	**(26,054,831.01)**
Income not considered budgetary items					
Non-cash Income	889,319.64	-	-	-	-
Non-cash expenses:					
Depreciation	-	-	39,142,424.80	-	-
Debt Service (Loan Amortization, Retirement of Debt Instruments)	-	-	-	(11,606,726.25)	-
Bank Charges charged to MOOE	-	-	(4,421.66)	4,421.66	-
Capital Expenditures	-	-	-	-	(26,054,831.01)
Timing Differences:					
Obligations charged from previous years appropriations but delivered in the current year	-	-	1,410,901.11	-	-
Obligations charged to current appropriations but not yet delivered (not included in Payables)	-	-	(494,568.76)	-	-
Unconsumed Inventories charged to current appropriations	-	-	(977,019.79)	-	-

Particulars	Income	Personnel Services	MOOE	Financial Expenses	Capital Outlay
Consumed Inventories and deferred charges charged to prior period appropriations	-	-	265,345.41	-	-
Per Statement of Financial Performance	**159,409,831.58**	**55,219,389.77**	**107,051,943.92**	**5,992,913.81**	**-**

PART II

OBSERVATIONS AND RECOMMENDATIONS

OBSERVATIONS AND RECOMMENDATIONS

A. FINANCIAL AND COMPLIANCE AUDIT

Salaries, personnel benefits, travel expenses and reimbursements of other expenses of officials and employees recorded as Accounts Payable - ₱1,083,923.90

1. The year-end balance of the Accounts Payable account included liabilities incurred for salaries, personnel benefits, travel expenses and reimbursements of other expenses of officials and employees totaling ₱1,083,923.90 which is not in conformity with the provision of Section 111(2) of Presidential Decree (PD) No. 1445 and the description of accounts in the Revised Chart of Accounts for LGUs prescribed in COA Circular No. 2015-009, affecting proper presentation of accounts in the financial statements.

1.1 Section 111(2) of PD No. 1445 provides that “The highest standards of honesty, objectivity and consistency shall be observed in the keeping of accounts to safeguard inaccurate or misleading information.”

1.2 Further, Annex B of the Revised Chart of Accounts for LGUs prescribed in COA Circular No. 2015-009 describes Accounts Payable as an account used to record receipt of goods or services on account in the normal course of trade and business operation. On the contrary, the Due to Officers and Employees account is described as an account used to record incurrence of liability to officers and employees for salaries, benefits and other emoluments.

1.3 As at December 31, 2023, the Statement of Financial Position showed that the Accounts Payable account has a balance of ₱10,387,590.75. Examination of the supporting schedule for the said liability account, however, disclosed that the liabilities incurred for salaries, personnel benefits, travel expenses and reimbursements of other expenses of officials and employees totaling ₱1,083,923.90 was included in the year-end balance of the Accounts Payable account.

1.4 As provided in the Revised Chart of Accounts for LGUs, the transactions involving receipt of goods or services on account in the normal course of trade and business operation are recorded as Accounts Payable. Thus, the recognition of liabilities incurred for salaries, personnel benefits, travel expenses and reimbursements of other expenses of officials and employees as Accounts Payable rendered the said liability account overstated by the amount of ₱1,083,923.90 and the Due to Officers and Employees account understated by the same amount affecting the proper presentation of accounts in the financial statements.

1.5 **We recommended that Management require the Municipal Accountant to draw a JEV to record the liabilities incurred for salaries, personnel benefits, travel expenses and reimbursements of other expenses of officials and employees under the Due to Officers and Employees account, as follows:**

Account	Debit	Credit
Accounts Payable	**1,083,923.90**	
Due to Officers and Employees		**1,083,923.90**

1.6 **We further recommended that the Municipal Accountant observe the description of accounts provided in the Revised Chart of Accounts for LGUs to ensure proper recording of financial transactions to appropriate accounts.**

1.7 Supplemented in the Management's reply is an adjusting entry dated May 10, 2024 under JEV No. 100-24-05-0017 to present the correct balances of the Accounts Payable and Due to Officers and Employees accounts. Only ₱918,505.56 were adjusted because the ₱165,418.34 were already paid prior to the adjustment. Moreover, the Municipal Accountant acceded to the recommendation to observe the description of accounts provided in the Revised Chart of Accounts for LGUs to ensure proper recording of transactions.

Non-recording of completed road network - ₱4,841,163.36

2. **Completed road network implemented by the Department of Public Works and Highways (DPWH) amounting to ₱4,841,163.36 transferred to the LGU was not recorded in the books of accounts due to non-submission of documents by the DPWH as basis of the LGU in the inspection of the project which is not in accordance with Paragraph 27 of IPSAS 1, thus, the existence of the asset was not verified, affecting the reliability of the PPE account balance in the financial statements.**

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

2.2 Review of records forwarded by the DPWH to the Audit Team revealed that the road network project in Barangay Sta. Maria costing ₱4,841,163.36 was completed on May 29, 2023 and transferred to the LGU on October 9, 2023. Upon inquiry with the Municipal Engineer, the non-submission of As-Built Plan from the DPWH was the reason of the delay of inspection to verify the existence of the asset and record the transfer thereof in the books of accounts of the Municipality. The transfer was made in October 2023 giving the LGU the ample time for verification.

2.3 Non-recording of the completed road project transferred to the LGU due to non-submission of the As Built-Plan as basis of the inspection thereof to verify its existence, affected the reliability of the PPE account balance in the financial statements.

2.4 **We recommended that Management instruct the Municipal Engineer to follow up the As-Built Plan with the DPWH and ask for the assistance of the Project Engineer of the agency to conduct an ocular inspection of the road network project to verify its existence.**

2.5 **We further recommended that Management require the Municipal Accountant to prepare the adjusting journal entries to take up the transfer of the asset from the DPWH once the project is inspected and accepted by the LGU.**

2.6 Management, in their written reply, transmitted a letter to the DPWH to request the As Built-Plan and conduct an ocular inspection to verify the road project in order to record the asset in the books of the LGU.

Unreleased checks not recognized in the corresponding liability accounts - ₱794,266.85

3. **Twenty four disbursement vouchers (DVs) with unreleased checks at year-end totaling ₱794,266.85 were not recognized in the corresponding liability accounts which is not in accordance with Section 74 of PD No. 1445, understating the Cash in Bank – LCCA, Accounts Payable and Due to LGUs accounts by ₱794,266.85, ₱556,530.45, and ₱237,736.40, respectively.**

3.1 Section 74 of PD No. 1445 provides:

> At the close of each month, depositories shall report to the agency head, in such form as he may direct, the condition of the agency account standing on their books. The head of the agency shall see to it that reconciliation is made between the balance shown in the reports and the balance found in the books of the agency.

3.2 Likewise, basic accounting principle requires the restoration to the cash account of all unreleased check and the recognition of the corresponding liability account at year-end.

3.3 During CY 2023, 24 DVs with unreleased checks totaling ₱794,266.85 were only claimed by the payees in January 2024 as evidenced by the official receipts (OR) and collection receipts (CR) attached thereto and the acknowledgment of receipt of payment on the DVs summarized in the next page.

No. of DVs	Amount (₱)	Accounts Affected
19	556,530.45	Accounts Payable
5	237,736.40	Due to LGUs
Total	**794,266.85**	

3.4 The foregoing data clearly indicate that payments for the various transactions were only made to the respective creditors in the ensuing year, which signify that at the end of the year, the obligation of the LGU still exists and the corresponding cash was not released.

3.5 Hence, the non-adjustment of the total amount of unreleased checks at year-end resulted in the understatement of the Cash in Bank – LCCA, Accounts Payable and Due to LGUs accounts by ₱794,266.85, ₱556,530.45, and ₱237,736.40, respectively.

3.6 **We recommended that Management require the Acting Municipal Treasurer to submit a list of unreleased checks at year-end to the Accounting Office as basis for the preparation of JEV by the Municipal Accountant to take up the necessary adjustment.**

3.7 **We further recommended that Management instruct the Municipal Accountant to draw a JEV to restore cash and recognize liability in the appropriate cash and liability accounts. Below are the proposed adjusting journal entries:**

Cash in Bank - LCCA	**794,266.85**	
Accounts Payable		**556,530.45**
Due to LGUs		**237,736.40**

3.8 Management, in their reply, agreed to comply with the recommendations and ensure to record and recognize unreleased checks at year-end as liability. Further, the Acting Municipal Treasurer adhered to provide list of unreleased checks to the Accounting Office at year-end.

Recording of PPEs prescribed in the Revised Chart of Accounts for LGUs was not followed – ₱1,968,332.88

4. **The description of accounts prescribed in the Revised Chart of Accounts for LGUs under COA Circular No. 2015-009 dated December 1, 2015 was not followed in the recording of the costs of construction of drainage canal amounting to ₱1,499,312.88 and various equipment totaling ₱469,020.00; thus, the Road Networks, Information and Communication Technology Equipment and Furniture and Fixtures accounts were overstated by the aforesaid amounts while the Flood Control System, Communication Equipment and Other Machinery and Equipment accounts were understated by ₱1,499,312.88, ₱107,000.00 and ₱362,020.00, respectively.**

4.1 Annex B of the Revised Chart of Accounts for LGUs prescribed in COA Circular No. 2015-009 describes the Road Networks, Information and Communication Technology Equipment and Furniture and Fixtures accounts as follows:

> Road Networks - This account is used to record the cost incurred in the purchase or construction fair value, if acquired through donation or transfers without cost, of roads, highways and bridges, railways, subways, and other road network facilities such as footbridge, traffic lights and road signages for public use.
>
> Information and Communication Technology Equipment - This account is used to record the cost incurred in the purchase of information and communication technology equipment, which includes hardware (computers, printers, scanners, and the like) and pre-loaded software such as but not limited to operating systems which are included in the cost of the computer hardware. This also includes data communications equipment and such other peripherals and auxiliary equipment necessary to put the system into operational mode.
>
> Furniture and Fixtures - This account is used to record the cost of acquisition or assembly, or fair value, if acquired through donation or transfers without cost, of furniture and fixtures for use in government operations.

4.2 Likewise, the Flood Control System, Communication Equipment and Other Machineries and Equipment accounts are described in the said Revised Chart of Accounts as follows:

> Flood Control System - This account is used to record the cost incurred in the purchase or construction or fair value, if acquired through donation or transfers without cost, of seawalls, river walls, and other flood control system facilities for public use.
>
> Communication Equipment - This account is used to record the cost incurred in the purchase or assembly or fair value, if acquired through donation or transfers without cost, of communication equipment for use in government operations.
>
> Other Machinery and Equipment - This account is used to record the cost incurred in the purchase or assembly or fair value, if acquired through donation or transfers without cost, of other machinery and equipment, not otherwise classified under the specific equipment accounts.

4.3 Review of the Schedule of PPE and Report on the Physical Count of Property, Plant and Equipment (RPCPPE) as of December 31, 2023 disclosed that the following transactions were recorded and subject for reclassification to their appropriate PPE accounts as follows:

Particulars	Initial Recognition	Correct Account Classification	Acquisition Cost (₱)
Covered Drainage Canal along Lawin Ave., Poblacion, Mapandan	Road Networks	Flood Control Systems	1,499,312.88
Smart TV 65 inches Devan	Information and Communication Technology Equipment	Other Machinery and Equipment	75,000.00
1 unit Canon Camera 4000D DSLR w/ tripod	Information and Communication Technology Equipment	Communication Equipment	46,000.00
Bluetooth Speaker	Furniture and Fixtures	Communication Equipment	16,500.00
Refrigerator (LG) 8 cu. ft., 2 door inverter	Furniture and Fixtures	Other Machinery and Equipment	25,000.00
Misting Fan for Tulagan Gym	Furniture and Fixtures	Other Machinery and Equipment	49,555.00
Misting Fan for Tulagan Gym	Furniture and Fixtures	Other Machinery and Equipment	49,555.00
Misting Fan for Tulagan Gym	Furniture and Fixtures	Other Machinery and Equipment	49,555.00
Misting Fan for Tulagan Gym	Furniture and Fixtures	Other Machinery and Equipment	49,555.00
Bluetooth Speaker - JBL	Furniture and Fixtures	Communication Equipment	44,500.00
55" Smart 4K TV with heavy duty frame stand	Furniture and Fixtures	Other Machinery and Equipment	63,800.00
Total			**1,968,332.88**

4.4 Guided by the description of accounts in the Revised Chart of Accounts for LGUs, the following accounts were understated and overstated affecting the proper presentation of accounts in the financial statements.

Affected Accounts	Understated (₱)	Overstated (₱)
Flood Control Systems	1,499,312.88	
Communication Equipment	170,800.00	
Other Machinery and Equipment	298,220.00	

Affected Accounts	Understated (₱)	Overstated (₱)
Road Networks		1,499,312.88
Information and Communication Technology Equipment		121,000.00
Furniture and Fixtures		348,020.00

4.5 **We recommended that Management require the Municipal Accountant to draw a JEV to take up the correct classification of constructed drainage canal, camera, speakers, refrigerator, misting fans and smart TVs to appropriate PPE accounts for proper presentation of accounts in the financial statements. The proposed reclassifying journal entries are as follows:**

Account	Debit	Credit
Flood Control System	**1,499,312.88**	
Other Machinery and Equipment	**362,020.00**	
Communication Equipment	**107,000.00**	
Accumulated Depreciation - Road Networks	**16,659.03**	
Accumulated Depreciation - Information and Communication Technology Equipment	**5,747.50**	
Accumulated Depreciation - Furniture and Fixtures	**10,067.47**	
Depreciation – Machinery and Equipment	**7,193.72**	
Furniture and Fixtures		**348,020.00**
Information and Communication Technology Equipment		**121,000.00**
Road Networks		**1,499,312.88**
Accumulated Depreciation - Flood Control System		**9,995.42**
Accumulated Depreciation - Other Machinery and Equipment		**9,354.96**
Accumulated Depreciation - Communication Equipment		**3,586.26**
Depreciation - Infrastructure Assets		**6,663.61**
Depreciation – Furniture, Fixtures and Books		**10,067.47**

4.6 **We, likewise, recommended that Management instruct the Acting Municipal Treasurer to reclassify the above-mentioned PPE in the RPCPPE to reconcile with the balances per books or accounting records.**

4.7 **We further recommended that the Municipal Accountant observe the description of accounts provided in the Revised Chart of Accounts for LGUs to ensure proper recording of financial transactions to appropriate accounts.**

4.8 Attached in the written reply is an adjusting entry dated May 10, 2024 under JEV No. 100-24-05-0018 to take up the correct classification of the PPE. Further, the Municipal Accountant, consented to the recommendation to observe the description of accounts provided in the Revised Chart of Accounts for LGUs to ensure proper recording of transactions. Likewise, the Acting Municipal Treasurer agreed to reclassify the above-mentioned PPE in the RPCPPE and coordinate with the Accounting Office on the list of the said adjustment.

B. COMPLIANCE AUDIT

Liquidated damages (LD) were not imposed - ₱127,767.63

5. **Liquidated damages in the total amount of ₱127,767.63 were not imposed on the contractor which incurred delay in the completion of the project with a total contract cost of ₱12,893,708.92 which is not in accordance with Item 8.1, Annex E of 2016 Revised Implementing Rules and Regulations (IRR) of RA No. 9184; hence, hampered the timely utilization of the projects by the intended beneficiaries and at the disadvantage of the LGU.**

5.1 Item 8.1, Annex E of 2016 Revised IRR of RA No. 9184 states that:

> Liquidated damages - Once the contract duration expires, including any time extension duly granted, and the contractor refuses or fails to satisfactorily complete the work, the Procuring Entity shall impose upon the contractor in default liquidated damages. Liquidated damage is an amount equal to at least one tenth (1/10) of one (1) percent of the cost of the unperformed portion of the works for every day of delay.

5.2 Likewise, Item 8.3 of the same Annex provides that "To be entitled to such liquidated damages, the Procuring Entity does not have to prove that it has incurred actual damages. Such amount shall be deducted from any money due or which may become due the contractor under the contract or collect such liquidated damages from the retention money or other securities posted by the contractor, or a combination thereof, whichever is convenient to the Procuring Entity."

5.3 The Audit Team requested for technical review and inspection of the construction of motorpool and RC wall fence located in Barangay Aserda, Mapandan, for a contract cost ₱12,893,708.92. Result of inspection and evaluation by the Regional Technical Audit Group of COA Regional Office No.

1 revealed that the project was completed in accordance with variation order No.1 and as-built plan. However, the project was delayed in its completion incurring total LD of ₱127,767.63 as shown in the table below.

Contract Period	Notice to Proceed	Date of completion		No. of days delayed	Contract Cost (₱)	Percentage of Unaccomplished Portion	Liquidated Damages (₱)
		Target	Actual				
275 CD + 111 (time extension) or 386 CD	December 21, 2020	January 17, 2022	March 25, 2022	67 days	12,893,708.92	14.79 %	**127,767.63**

5.4 Details of computation of LD are shown hereunder.

<u>LD:</u>
LD = 1/10 (1%) x unfinished portion x no. of days delayed
X (As of Target Completion Date) = Percentage of Accomplished Portion

By Ratio and Proportion:
X/Contract Duration = 100/(Contract Duration + No. of days delayed)

% of Accomplished Portion/386 days = 100/(386 days +67 days)
% of Accomplished Portion = .22075 x 386
% of Accomplished Portion = 85.21%
%of Unaccomplished Portion = 14.79%
Unfinished portion = 12,893,708.92 x 14.79%
Unfinished portion = 1,906,979.55
LD = 1/10 (1%) x 1,906,979.55 x 67 days
LD = <u>₱127,767.63</u>

5.5 The delayed completion of the project deprived the intended beneficiaries of the timely use of the facilities and non-imposition of LD is disadvantageous to the LGU.

5.6 **We recommended that Management:**

a. **Instruct the Municipal Accountant, in coordination with the Acting Municipal Treasurer, to collect LD totaling ₱127,767.63 from the concerned contractor by deducting the same from any money due or which may become due to him; and**

b. **Instruct the Municipal Accountant to ensure that LD are strictly imposed on the contractors for delayed completion of projects.**

5.7 Added to the Management's written reply are copies of DV, statement of work accomplished and computation of LD. Management verified that LD of ₱44,628.55 was charged to the contractor. The computation was based on the extended deadline which was February 9, 2022 based on Time Extension No. 2 until the actual completion on March 25, 2022.

Non-submission of contracts and supporting documents within the prescribed period - ₱4,867,655.90

6. **Contracts and supporting documents of four projects with total cost of ₱4,867,655.90 were not submitted within the prescribed period which is not in conformity with Section 3.1.1 of COA Circular No. 2009-001 dated February 12, 2009, thus, Management was deprived of the benefits of facilitating the review and evaluation process and obtaining suggested corrective measures on the defects and deficiencies noted in the contracts and their supporting documents relevant in decision making.**

6.1 Section 3.1.1 of COA Circular No. 2009-001 provides that "within five working days from the execution of a contract by the government or any of its subdivisions, agencies or instrumentalities, including government-owned and controlled corporations and their subsidiaries, a copy of said contract and each of all the documents forming part thereof by reference or incorporation shall be furnished to the Auditor of the agency concerned." The copies of documents required to be submitted together with the contract are enumerated in Section 3.1.2 of the said COA Circular.

6.2 Among the purposes of the submission of the copy of contract and its supporting documents are provided in Sections 1.1 and 3.1.4 of the said COA Circular which state that:

> 1.1 [T]o facilitate the review and evaluation processes, particularly in the technical aspects, COA Memorandum No. 91-704 was issued and was later restated and updated by COA Memorandum No. 2005-027, defining the documentary and information requirements, and providing therein the checklists for all types of technical evaluation covered by the memorandum.
>
> 3.1.4 The Auditor concerned shall call the immediate attention of management regarding defects and deficiencies noted in the contract and suggest corrective measures as are appropriate and warranted. Where the defect or deficiency is not susceptible of rectification and renders the contract totally or partially void the head of the agency shall be notified…

6.3 Moreover, Section 4.1 of the same Circular states that "any unjustified failure of the officials and employees concerned to comply with the requirements herein imposed shall be subject to the administrative disciplinary action provided in (a) Section 127 of Presidential Decree No. 1445; (b) Section 55, Title 1-B, Book V of the Revised Administrative Code of 1987; and (c) Section 11 of Republic Act No. 6713."

6.4 Records showed that copies of the perfected contracts and supporting documents of four projects of the Municipality with total contract cost of ₱4,867,655.90 were not submitted within five working days from the execution of the contract, thus, incurring delays ranging from 15 to 84 days.

6.5 In order for the Audit Team to implement a systematic and effective review process with a view of generating timely and relevant audit results, timely submission of the contract and its supporting documents are necessary. On the other hand, late submission deprives Management of the benefits of facilitating the review and evaluation process and obtaining suggested corrective measures relevant in decision making.

6.6 **We recommended that Management require the Chairman of the Bids and Awards Committee (BAC), with the assistance of the BAC Secretariat, to observe the prescribed period of submission of five working days from the execution of a contract to facilitate timely review and evaluation thereof.**

6.7 Management, in their reply, assured to implement the said recommendation for the submission of copies of contracts and supporting documents to the Audit Team within the prescribed period to attain effective review process on timely submission of contracts.

Awarding of contracts to the same contractors - ₱2,741,031.15

7. **Several contracts totaling ₱2,741,031.15 were awarded to the same contractors that led to overlapping of project implementation, including duplication of key personnel and equipment committed to these contracts, which is not in accordance with pertinent provisions of 2016 Revised IRR of RA No. 9184, thus, may create potential risks to the government, due to potential delays in the completion of projects and may compromise the quality of work delivered.**

7.1 Section 34 of 2016 Revised IRR of RA No. 9184 provides that:

> Objective and Process of Post-Qualification
>
> 34.1. The Lowest Calculated Bid/Highest Rated Bid shall undergo post-qualification in order to determine whether the bidder concerned complies with and is responsive to all the requirements and conditions as specified in the Bidding Documents.

7.2 Likewise, Section 34.3 of the same Act states that:

> 34.3. The post-qualification shall verify, validate, and ascertain all statements made and documents submitted by the bidder with the Lowest Calculated Bid/Highest Rated Bid, using non-

discretionary criteria, as stated in the Bidding Documents. These criteria shall consider, but shall not be limited to, the following:

a) Legal Requirements. To verify, validate, and ascertain licenses, certificates, permits, and agreements submitted by the bidder, and the fact that it is not included in any "blacklist" as provided in Section 25.3 of this IRR. For this purpose, the GPPB shall maintain a consolidated file of all "blacklisted" suppliers, contractors, and consultants.

b) Technical Requirements. To determine compliance of the goods, infrastructure projects, or consulting services offered with the requirements specified in the Bidding Documents, including, where applicable:

i) Verification and validation of the bidder's stated competence and experience, and the competence and experience of the bidder's key personnel to be assigned to the project, for the procurement of Infrastructure Projects and Consulting Services…

7.3 Review of the bidding documents of various infrastructure projects revealed that the contract agreements between the agency and contractors were simultaneously implemented. Further, it was discovered that some key personnel were the same personnel that were listed in the simultaneous projects, to wit:

Particulars	Contract Amount (₱)	Date Awarded	Terms	Position
Improvement of Various Roads to Mitigate/Reduce Disaster Risk, Brgy. Poblacion and Brgy. Nilombot, Mapandan, Pangasinan	843,278.14	September 25, 2023	30 CD	Safety Officer
				Construction Foreman
Construction of Land Bank ATM Hub bat Pandan Avenue, Poblacion, Mapandan, Pangasinan	398,401.57	September 25, 2023	40 CD	Safety Officer
				Construction Foreman
Improvement of Mapandan Public Market Phase 3, Mapandan, Pangasinan	999,355.01	December 15, 2023	33 CD	Safety Officer
				Construction Foreman
Improvement of Mapandan Tennis Club House, Mapandan, Pangasinan	499,996.43	December 15, 2023	25 CD	Safety Officer
				Construction Foreman

7.4 The Audit Team noted various projects awarded to contractors where the personnel included in the Manpower Utilization Report of all contracts are the Project Engineer, Materials Engineer, Safety Officer, and Construction Foreman who were assigned throughout the duration of all the projects resulting in the overlapping of functions which directly contradicted the commitment made in their submitted affidavit. Hence, it would lead to challenges in effectively supervising and managing the awarded projects.

7.5 Moreover, it was discovered that some equipment of contractor pledged to the contracts proved to be simultaneously utilized as evidenced by the plate and body number of the equipment. Details are shown in the table below.

Particulars	Date Awarded	Terms	List of Equipment	
			Description	**Plate No./ Body No.**
Improvement of Mapandan Public Market Phase 3, Mapandan, Pangasinan	December 15, 2023	33 CD	Welding Machine (17,500.00 each)	12567931 12548674
			Cutting Outfit (9,000.00)	00760L2017
Improvement of Mapandan Tennis Club House, Mapandan, Pangasinan	December 15, 2023	25 CD	Welding Machine (17,500.00)	12567931/ 12548674
			Cutting Outfit (9,000.00)	00760L2017

7.6 The deployment of the aforementioned equipment at the project sites all at the same time would be impossible given the simultaneous duration of the projects. Apparently, the Technical Working Group (TWG) did not consider the above conditions during the post-qualification in the determination of the responsive bids which should have been valid grounds for the disqualification of the said bidder in other contracts with simultaneous contract period.

7.7 In Non-Policy Matter (NPM) No. 024-2018, the Government Procurement Policy Board (GPPB) explained that:

> [D]isqualification during Post-Qualification stage is covered by Section 84 of the 2016 IRR, where the Bids and Awards Committee (BAC) verifies, validates and ascertains all statements made and the documents submitted by the bidder with the Lowest Calculated Bid (LCB) or Highest Rated Bid (HRB), as the case may be, using non-discretionary pass/fail criteria.[T]he verification under the post-qualification stage is not limited to the examination of documents submitted by the bidder, but also includes inspection of the subject equipment vis-à-vis the technical specifications specified in the bidding documents.
>
> In the event that the verification, validation, and ascertainment conducted by the Procuring Entity (PE) yield a negative result, or on the scheduled date of inspection, the bidder fails to present the

sample good or equipment for examination or evaluation, the BAC has the prerogative to declare the bidder post-disqualified for failure to comply with the requirements…

7.8 With reference to the above statements, the TWG, with the assistance of the BAC, should verify and validate the list of equipment owned and/or leased by the contractor to be used in each project and the key personnel to be assigned by the contractor to avoid potential delays and reduction in the quality of work of each project.

7.9 **We recommended that Management:**

a. **Direct the TWG, with the assistance of the BAC, to include in their post-qualification a comparative evaluation showing the key personnel listed and assigned by the same bidder, and list of equipment for different projects with simultaneous date of implementation; and**

b. **Instruct the BAC to set limits for the number of contracts to be handled by key personnel to ensure reasonableness of performance without sacrificing quality and timeliness in the completion of the projects.**

7.10 Management expressed their willingness to apply the recommendations of the Audit Team. Even though the Management checked the documents of the contracts and noted that there were no delays incurred, they will immediately implement the said recommendations to ensure reasonableness of performance without sacrificing quality and timeliness of the projects.

Contracts for infrastrusture projects not supported with duly approved Construction Safety and Health Program (CSHP) by the Department of Labor and Employment (DOLE) – ₱9,056,520.03

8. **Various contracts for infrastrusture projects were not supported with duly approved CSHP by the DOLE which is not in accordance with DOLE Deparment Order (DO) No. 198 Series of 2018 and Section 37.2.3 (f) of the 2016 Revised IRR of RA No. 9184; thus, the safety and protection of construction workers were not adequately provided.**

8.1 DOLE DO No. 198 Series of 2018, IRR of RA No. 11058 entitled "An Act Strengthening Compliance with Occupational Safety and Health Standards and Providing Penalties for Violations Thereof", requires every construction project to have a suitable Construction and Health Program, in accordance with Occupational Safety and Health Law and other related issuances by the Department. CSHP is a set of detailed rules to cover the processes, practices and personnel responsible that shall be utilized in a specific construction site. A suitable CSHP specific for each construction project shall be submitted to concerned DOLE-Regional Office or Field Office for its approval to start of the project. The penalties for violations are also included in the said DO.

8.2 Section 37.2.3 (f) of the 2016 Revised IRR of RA No. 9184 provides that, "other contract documents that may be required by existing laws and / or the procuring entity concerned in the Bidding Documents, such as . . . , construction safety and health program approved by the Department of Labor and Employment, and PERT/CPM or other acceptable tools of project scheduling for infrastructure projects. "

8.3 It was observed in audit that the following contracts were not supported with CSHP duly approved by the DOLE or if supported, these were not signed or approved by the DOLE. Details are presented hereunder.

Pariculars	Contract Cost (₱)	Remarks
Installation of Solar along Pandan Avenue, Brgy. Poblacion	598,897.12	No attached CSHP approved by DOLE
Improvement of Multi-Purpose Covered Court in Brgy. Sta. Maria and Brgy. Baloling	995,014.52	No attached CSHP approved by DOLE
Improvement of Barangay Road and Drainage Canal at Orchids St., Nilombot Phase 2	575,405.85	No attached CSHP approved by DOLE
Improvement of Mapandan Public Market Phase 3	999,355.01	No attached CSHP approved by DOLE
Improvement of Mapandan Tennis Club House	499,996.43	No attached CSHP approved by DOLE
Rehabilitation of Multi-Purpose Building in Brgy. Apaya	1,194,982.71	Submitted CSHP were not signed or approved by DOLE
Construction of Covered Drainage Canal along Lawin St., Brgy. Poblacion	1,494,636.38	Submitted CSHP were not signed or approved by DOLE
Improvement of Various Roads to Mitigate/Reduce Disaster Risk, Brgy. Poblacion and Brgy. Nilombot	843,278.14	Submitted CSHP were not signed or approved by DOLE
Construction of Land Bank ATM Hub bat Pandan Avenue, Brgy. Poblacion	398,401.57	Submitted CSHP were not signed or approved by DOLE
Additional Illumination at Mapandan Town Plaza	497,686.45	Submitted CSHP were not signed or approved by DOLE
Construction of One (1) Stop Shop Building Phase 3	958,865.85	Submitted letter of CSHP application duly received by DOLE dated October 16, 2023

8.4 The deficiencies noted provide no assurance that the contractors conformed with the Occupational Safety and Health Standards set by the DOLE, risking the protection, safety and welfare of all employed construction workers and also the general public that is within or around the construction site.

8.5 **We recommended that Management instruct the BAC to require the contractor to submit CSHP duly approved by the DOLE to ensure protection and welfare of the workers at the construction site and in compliance with Occupational Safety and Health Standards set by the DOLE.**

8.6 Management replied that they will take immediate steps to rectify the situation.

Lapses in the procurement of goods and infrastructure projects through public bidding - ₱9,848,362.46 and ₱16,345,173.65, respectively

9. **The mandatory requirements and procedures in the procurement of goods and infrastructure projects totaling ₱9,848,362.46 and ₱16,345,173.65, respectively, were not strictly adhered to which is not in accordance with certain provisions of 2016 Revised IRR of RA No. 9184, Manual of Procedures for the Procurement of Goods (Volume II) and Infrastructure Projects (Volume III) and other relevant issuances of the GPPB, thus, the propriety and regularity of the transactions could not be ascertained.**

9.1 The Audit Team has evaluated various perfected contracts and bidding documents submitted by the Municipality for the procurement of goods and infrastructure projects through competitive bidding totaling ₱9,848,362.46 and ₱16,345,173.65, respectively, in CY 2023. Details are summarized as follows:

Particulars	Quantity	Contract Price (₱)
Procurement of Goods	8	9,848,362.46
Procurement of Infrastructure Projects	15	16,345,173.65
Total	**23**	**26,193,536.11**

9.2 Verification of the above procurement activities revealed that some provisions of 2016 Revised IRR of RA No. 9184, Manual of Procedures for the Procurement of Goods (Volume II) and Infrastructure Projects (Volume III) and other relevant issuances of GPPB were not complied with as shown below.

9.3 **Non-submission of Procurement Planning Requirements documents**

9.3.1 Section 7 of 2016 Revised IRR of RA No. 9184 provides and requires government agencies that procurement activities should be meticulously and judiciously planned. Furthermore, the procuring entity's Annual

Procurement Plan (APP) shall be formulated and revised only in accordance with the following guidelines of the said section.

9.3.2 Documents of Procurement Planning Requirements such as final APP and its printout copy in prescribed forms received by GPPB and posted in GPPB website were not attached to the contracts.

9.4 **Non-submission of minutes of pre-procurement conference and non-conduct of pre-procurement conference within the prescribed period**

9.4.1 Prior to the advertisement or the issuance of the Invitation to Bid (ITB) for each procurement undertaken through a competitive bidding, the BAC, through its Secretariat, shall call for a pre-procurement conference. The pre-procurement conference shall be attended by the BAC, the Secretariat, the unit or officials, including consultants hired by the Procuring Entity, who prepared the Bidding Documents and the draft ITB for each procurement.

9.4.2 Section 20.2 of 2016 Revised IRR of RA No. 9184 requires the holding of a pre-procurement conference for procurement of goods with an Approved Budget for the Contract (ABC) of more than ₱2,000,000.00. However, the Audit Team could not determine whether the required conference was conducted by the BAC within the prescribed period relative to the project, Support to Farmers - Hybrid Yellow Assistance with an ABC of ₱2,100,000.00, as the minutes of pre-procurement conference was not attached to the contract.

9.4.3 Further, pre-procurement conference in the procurement of one unit of backhoe with an ABC of ₱3,400,000.00 was not conducted prior to the date of first posting of ITB which is not in consonance with Section 20.1 of 2016 Revised IRR.

9.5 **Non-issuance of notification letter to all bidders who submitted their bid proposal**

9.5.1 Section 25.7 of 2016 Revised IRR of RA No. 9184 requires that the BAC Secretariat shall notify in writing all bidders whose bids it has received through its PhilGEPS-registered physical address or official e-mail address. The notice shall be issued within 7 calendar days from the date of the bid opening.

9.5.2 Nevertheless, the BAC Secretariat failed to dispatch a letter informing all bidders who had submitted their bid proposals for the aforementioned procurement activities. Even in cases where there was only a single bidder for each procurement, it is imperative that the BAC Secretariat is mandated to issue a notification letter to the sole bidder.

This measure is essential to uphold transparency and provide an accurate representation of the acknowledgment of their bid submission in compliance with the provisions of the revised IRR.

9.6 **Non-submission of minutes of bid evaluation**

9.6.1 Minutes of bid evaluation were not attached to the Abstracts of Bids as Calculated. Section 32.3 of 2016 Revised IRR of RA No. 9184 states that "After all bids have been received, opened, examined, evaluated, and ranked, the BAC shall prepare the corresponding Abstract of Bids. All members of the BAC shall sign the Abstract of Bids and attach thereto all the bids with their corresponding bid securities and the minutes or proceedings of the bidding." However, the minutes or proceedings of the bid evaluation were not attached to the Abstracts of Bids as Calculated in any of the public bidding conducted by the Municipality as aforementioned.

9.7 **Procedures undertaken in the conduct of post-qualification and reporting thereof were deemed improper.**

9.7.1 Section 34.3 of the same IRR and Step 6 – Post Qualification section of Manual of Procedures for the Procurement of Goods and Infrastructure Projects provide the specific activities that the procuring entity, primarily by the TWG, shall undertake to ascertain the genuineness, validity and accuracy of the legal, technical and financial documents of the bidders with LCB. It was also emphasized therein the necessary information that must be reported in the Post-Qualification Evaluation Reports (PQER).

9.7.2 For CY 2023 procurement activities of the Municipality, the PQER prepared by the TWG did not show the specific findings based on the documents submitted by the bidders, thus, it could not be determined whether the TWG properly conducted the post-qualification process.

9.8 **No project specific certification from the Insurance Commission (IC) was required in the submission of surety bonds as performance securities.**

9.8.1 The performance securities, manifested as Surety Bonds callable upon demand by the winning bidders, contractors, or suppliers, lacked the necessary project specific certification from the IC which is not in adherence with Section 39.2(c) of the 2016 Revised IRR of RA No. 9184 and IC Circular Letter No. 2020-01 dated January 24, 2020, which placed the procuring entity in a potentially disadvantageous situation if the winning bidders, contractors, or suppliers fail to fulfill their contractual obligations.

9.8.2 GPPB NPM 17-2012 dated February 2, 2012 provides the clarification as regards the prescribed format and the required information of the certification that should accompany a surety bond submitted as a bid or performance security. The said NPM provides:

> With respect to the format of the certification, please be informed that since the authority to issue such certification belongs with the Insurance Commission, it has the prerogative to determine the format therefore.
>
> As regards the content of the certification, please note that as discussed in a previous opinion and in compliance with Sections 27.2 (c) and 39.2 (c), the certification which must be submitted by the bidder together with the surety bond must (i) unequivocally state that the surety or insurance company is specifically authorized to issue surety bonds callable on demand, and (ii) must be issued by the Insurance Commission. Further, we wish to note that since the surety bond required under Sections 27.2 (c) and 39.2 (c) is required to be project specific, the certification from the Insurance Commission must also be project specific.

9.8.3 The lack of a specific certification from the IC raised concerns about whether the surety or insurance company is duly authorized to provide a callable-in-demand surety bond as performance security. This situation poses a potential disadvantage for the procuring entity, particularly if the winning bidders failed to perform their obligations under the contract.

9.9 **The validity of posted performance securities by the winning bidders did not cover the defects liability period.**

9.9.1 Performance securities posted by the winning bidders for four infrastructure projects with total project cost of ₱2,673,654.41 were valid only for one year from the date of posting thereof which did not cover the defects liability period resulting in non-compliance with Section 39.4 of the same IRR, thus, exposing the LGU to risk in the event the contractor failed to perform its obligation after completion of the project.

9.9.2 Section 39.4 of the Revised IRR emphasizes that the performance security shall remain valid until issuance by the Procuring Entity of the Certificate of Final Acceptance.

9.9.3 Likewise, Section 62.2.2.2 states that:

> The defects liability period shall be covered by the Performance Security of the contractor required in Section

39.1 of this IRR, which shall guarantee that the contractor performs his responsibilities stated in the immediately preceding Section. If the contractor fails to comply with its obligations under Section 62.2.2.1 of this IRR, the Procuring Entity shall forfeit its performance security, subject its property(ies) to attachment or garnishment proceedings, and perpetually disqualify it from participating in any competitive bidding. All payables of the GoP in his favor shall be offset to recover the costs.

9.9.4 The surety liability of the contractor on the posted performance securities for four infrastructure projects covered only one year from the date of posting thereof. It did not cover the defects liability period or one year from project completion or target project completion up to final acceptance. Said performance bonds were deficient in required period coverage by 62, 35 and 34 days for the three completed projects and 26 for one ongoing project.

9.9.5 In this regard, Management should have required another performance bond from the said contractors for the remaining uncovered period pursuant to the aforecited regulations.

9.9.6 It is vital to consider the validity period of the bond since the security covers the defects liability period wherein the contractor shall undertake the repair works, at his own expense, of any damage to the infrastructure on account of the use of materials of inferior quality, if any. Otherwise, it will put the agency in further jeopardy whenever a defect in a project manifests.

9.9.7 Thus, it is essential for the BAC to meticulously examine the performance securities to be submitted by the winning bidders, ensuring that the validity of these securities cover the defects liability period as explicitly provided therein.

9.10 **Delays were incurred in the posting of Notice of Award (NOA), Notice to Proceed (NTP) and approved contract in the PhilGEPS website.**

9.10.1 Posting of NOA, NTP and approved contracts in the website of the PhilGEPS within 3 and 15 calendar days from issuance thereof, respectively, were not fully complied with in the procurement of goods which is not in consonance with Sections 37.1.6 and 37.4.2 of the same IRR. Posting was delayed by 1 to 34 days.

9.10.2 Likewise, delay was also incurred in the posting of NOA, NTP and approved contracts in the procurement of infrastructure projects by 3 to 63 days.

9.11 **Deficiencies in the issued certifications by the BAC Secretariat on the advertisement of ITB and posting of NOA, Contract Agreement and NTP at any conspicuous place in the premises of the LGU**

9.11.1 The certifications from the BAC Secretariat regarding the advertisement of ITB and posting of NOA, Contract Agreement and NTP did not indicate the exact locations where the said documents were advertised/posted within the procuring entity's premises. Furthermore, these certifications did not include accompanying pictures or other evidence to substantiate the actual placement of the advertisements and postings, hence, full compliance of the BAC with the posting requirements of 2016 Revised IRR of RA No. 9184 could not be ascertained.

9.12 **We recommended that Management:**

a. Require the BAC Secretariat to:

- **Submit final APP and its printout copy in prescribed forms received by GPPB and posted in GPPB website as well as minutes of Bid Evaluation for the aforementioned procurement activities;**

- **Submit minutes of pre-procurement conference relative to procurement on Support to Farmers - Hybrid Yellow Assistance with an ABC of ₱2,100,000.00;**

- **Hold pre-procurement conference prior to the date of first posting of Invitation to Bid in the succeeding transactions;**

- **Issue a notification letter to all bidders who have submitted their bid proposal in the succeeding procurement activities;**

- **Observe the prescribed periods in the posting of NOA, NTP and Approved Contract in the website of PhilGEPS; and**

- **Ensure that the certifications on the advertisement of ITB and posting of NOA, Contract Agreement and NTP at conspicuous places in the premises of the agency are duly supported with pictures/evidence.**

b. Instruct the BAC and TWG to strictly observe the guidelines in the conduct and preparation of PQER to include the result of verification and validation of all the statements made and documents submitted by the winning bidder to establish properly the eligibility of the participating bidders.

c. **Direct the BAC to:**

- **Ensure the compliance of winning bidders in the posting of surety bonds callable upon demand as performance securities duly certified by the Insurance Commission before the awarding and signing of the contract;**

- **Ensure that the validity of the performance bond posted by the winning bidders would cover the defects liability period equivalent to one year from project completion up to final acceptance of the project;**

- **Keep abreast with the relevant GPPB issuances to be updated with the new policies and guidelines regarding procurement processes.**

9.13 Management informed the Audit Team that they will advise all the BAC members along with the BAC Secretariat members including the TWG to be more diligent to observe and monitor each document submitted by the winning bidder. Likewise, Management will ensure proper procedures of procurement process and will keep in guidance with the relevant GPPB issuances.

Improper and incomplete documentation for payments for infrastructure projects and goods procured through public bidding - ₱18,758,287.20 and ₱9,598,324.00, respectively

10. **Payments for various infrastructure projects and goods totaling ₱18,758,287.20 and ₱9,598,324.00, respectively, procured through public bidding were made without proper and complete supporting documents contrary to Section 4(6) of PD No. 1445 and COA Circular No. 2012-001 dated June 14, 2012, thus, the validity and propriety of the claims could not be established.**

10.1 Section 4(6) of PD No. 1445 expressly states that "Claims against government funds shall be supported with complete documentation."

10.2 In addition, COA Circular No. 2012-001 dated June 14, 2012 was issued to prescribe the revised guidelines and documentary requirements for common government transactions.

10.3 Verification of transaction documents disclosed that payments for infrastructure projects and goods procured through public bidding totaling ₱18,758,287.20 and ₱9,598,324.00, respectively, were made even without proper and complete supporting documents. The details of deficiencies noted in audit were previously communicated to Management.

10.4 Compliance with the foregoing provisions could facilitate the verification of documents as well as the determination of the validity and propriety of the transactions.

10.5 **We recommended that Management instruct the Municipal Accountant, in coordination with the Municipal Engineer, to immediately submit the lacking documents for evaluation of the Audit Team.**

10.6 **We, likewise, recommended that the Municipal Accountant ensure that all payments are properly supported with complete documentation.**

10.7 Management, in their written reply, agreed to comply and submit the necessary lacking documents. The Municipal Accountant agreed to the recommendations and ensure that all disbursements are properly supported with complete documents.

Unimplemented projects were realigned to new project without justifiable reasons - ₱3,500,000.00

11. **Four unimplemented projects with total appropriations of ₱3,500,000.00 funded out of the 20% DF were realigned to new projects without justifiable reasons which is not in conformity with Sections 332 and 336 of RA No. 7160, Item b, Section 3, Part 3 of BOM for LGUs and Sections 3.2.3 and 4 of DBM, DOF and DILG JMC No. 1; thus, the benefits to be derived from the said priority projects were not realized.**

11.1 Sections 322 and 336 of RA No. 7160 provide the following on the reversion of continuing appropriations and use of appropriated funds and savings –

> [H]owever, appropriations for capital outlays shall continue and remain valid until fully spent, reverted or the project is completed. Reversions of continuing appropriations shall not be allowed unless obligations therefor have been fully paid or otherwise settled.
> Funds shall be available exclusively for the specific purpose for which they have been appropriated. No ordinance shall be passed authorizing any transfer of appropriations from one item to another. However, the local chief executive or the presiding officer of the sanggunian concerned may, by ordinance, be authorized to augment any item in the approved annual budget for their respective offices from savings in other items within the same expense class of their respective appropriations.

11.2 Likewise, Item b, Section 3, Part 3 of BOM for LGUs provides the meaning of savings in the instance of non-commencement of the program, activity and projects for which the appropriation is released. For this purpose, non-commencement shall refer to the inability of the agency or its duly authorized procurement agent to obligate the released allotment and implement the P/A/P due to natural or man-made calamities or other causes not attributable to the fault or negligence of the agency concerned during the validity of the appropriations.

11.3 Further, Section 3.2.3 of DBM-DOF-DILG JMC No. 1 states that the LGUs shall ensure that the development projects to be funded out of the 20% DF are well-planned and procurement-and-implementation ready.

11.4 Section 4.0 of the same JMC provides that "the responsibility and accountability in ensuring that the development projects funded under the 20% DF comply with the guidelines under this JMC and optimally contribute to the attainment of desirable socio-economic targets and outcomes of the LGU shall rest upon the local chief executive and other officials concerned."

11.5 For CY 2023, the 20% DF of the LGU was earmarked to implement various PPAs with total appropriations of ₱27,244,545.00. Included are four priority projects with total appropriations of ₱6,500,000.00, the details of which are shown hereunder.

Name of PPAs	Appropriation (₱)	Amount Realigned (₱)
1. Replacement of Boulevard Lights at Pandan Avenue	1,000,000.00	1,000,000.00
2. LDF – Construction of One (1) Stop Shop Building – Phase 3	4,000,000.00	1,000,000.00
3. LDF – Renovation of Plaza Café	1,000,000.00	1,000,000.00
4. Emerging and Re-emerging Diseases	500,000.00	500,000.00
TOTAL	**6,500,000.00**	**3,500,000.00**

11.6 Scrutiny of Supplemental Budget for CY 2023 disclosed that portion of appropriations for the four projects stated above totaling ₱3,500,000.00 were realigned to provide appropriations for other development projects per Appropriation Ordinance No. 1 series of 2023 dated August 7, 2023, as shown hereunder. However, the justifications for the said realignment of funds were not specifically stated therein.

Name of PPAs	Amount (₱)
1. Construction of Landbank ATM Hub	400,000.00
2. Improvement of Barangay Road / Drainage – Orchid Street, Nilombot Phase 2	576,000.00
3. Additional Illumination of Mapandan Town Plaza	500,000.00
4. LDF – LGU Payment of Loan	2,024,000.00
TOTAL	**3,500,000.00**

11.7 Inquiry with the Municipal Engineer and Municipal Budget Officer disclosed that Management opted to realign part of the appropriations for these various projects to new PPAs to cover the insufficient amount budgeted for the payment of interest on loan. They explained that the purchase of lot and construction of cemetery was funded through loan with the LBP with interest that is based on the prevailing interest rate. The interest rate for CY 2023 has increased; hence, the amount budgeted for payment of interest was not sufficient. However, the justification stated would not suffice for the non-commencement of the various projects and the realignment of funds is not in accordance with the provision of Section 322 of RA No. 7160 and Item b, Section 3, Part 3 of BOM for LGUs which requires the continuity of capital outlays and only allows non-commencement of PPAs due to natural or man-made calamities or other causes not attributable to the fault or negligence of the agency concerned during the validity of the appropriations, respectively.

11.8 **We recommended that Management:**

11.8.1 **Require the MPDC, with the assistance of the Municipal Engineer, to ensure that all PPAs funded out of the 20% DF are well-planned and procurement-and-implementation ready for efficient execution;**

11.8.2 **Instruct the Municipal Engineer, with the assistance of the MPDC, to come up with a time frame in the implementation of the development projects to deliver the desired benefits to the constituents on time and attain desirable socio-economic targets and outcomes of the LGU; and**

11.8.3 **Require the Municipal Budget Officer to adhere with the existing laws, rules and regulations in the realignment of funds.**

11.9 Management, in their reply, provided justifications for the realignment of funds from their 2023 AIP, yet assured that all of the recommendations will be fully considered in their next planning actions.

C. OTHER AUDIT AREAS

Payments of honoraria of hired consultants whose functions could be performed by the regular employees - ₱500,000.00

12. **The Municipality paid a total amount of ₱500,000.00 for the honoraria of six hired consultants whose functions could be performed by regular employees of the Municipal Government which is not in conformity with Section 7 of CSC, COA and DBM Joint Circular No. 1 s. 2017 dated June 15, 2017, Section 4 of COA Circular No. 2012-003 dated October 29, 2012 and Annex B, General Principles on Consulting Services of the 2016 Revised IRR of RA No. 9184, resulting in unnecessary expenditures.**

12.1 Section 7 of CSC, COA and DBM Joint Circular No. 1 s. 2017 dated June 15, 2017 provides that:

> "Hiring under contract of service shall be limited to consultants, learning service providers, and/or other technical experts to undertake special project or job within a specific period. The project or job is not part of the regular functions of the agency, or the expertise is not available in the agency, or it is impractical or more expensive for the government agency to directly undertake the service provided by the individual or institutional contractor."

12.2 Also, Section 4 of COA Circular No. 2012-003 dated October 29, 2012 defines and enumerates the examples of "unnecessary" government expenditures. The list is contained in Annex "C" thereof where item number 4 provides:

> "Hiring of consultants whose functions are redundant to the respective functions of concerned officials, for example hiring of procurement consultant, financial consultant or media consultant."

12.3 Moreover, Annex B, General Principles on Consulting Services of the 2016 Revised IRR of RA No. 9184 provides that "the services of consultants may be engaged by any procuring entity for government projects or related activities of such magnitude and/or scope as would require a level of expertise or attention beyond the optimum in-house capability of the procuring entity concerned and consistent with the Government's policy not to compete with the private sector."

12.4 For CY 2023, the Municipality incurred a total amount of ₱500,000.00 for the payment of honoraria to six consultants. As shown in their contracts of service, they were hired as executive and legislative assistants in various areas with a contract duration of one year.

Area Covered	**No. of Consultants**	**Total Amount (₱)**
1. Culture and Arts Affairs	1	40,000.00
2. General Local Government Affairs	1	90,000.00
3. Legislative Affairs	1	88,000.00
4. Media Affairs	1	90,000.00
5. Public Affairs	1	96,000.00
6. Senior Citizen Affairs	1	96,000.00
TOTAL		**₱500,000.00**

12.5 Evaluation of the covering contracts on the hiring of the consultants and their corresponding accomplishment reports revealed that their duties and functions are already being performed by officials and/or employees of the Municipal Government.

12.6 Thus, if the duties and functions are ordinary/regular services that can be carried out by permanent, co-terminus and contractual employees and other linked agencies, hiring of consultants may not be necessary and the payment totaling ₱500,000.00 for CY 2023 falls within the scope of unnecessary expenditures as provided in COA Circular No. 2012-003 dated October 29, 2012.

12.7 **We recommended that Management limit the hiring of experts to its actual need of consultancy services taking into consideration the specific work requiring highly specialized or technical expertise in a field of special knowledge or training required for the government project or related activities that are not available in the agency and are not redundant to the functions of the existing offices or regular employees of the Municipal Government to avoid incurrence of unnecessary expenditures.**

12.8 Management, in their letter-reply, agreed to comply with the recommendation and notify the concern departments to limit the hiring of experts to its actual need of consultancy services taking into consideration the specific work requiring highly specialized or technical expertise in a field of special or technical expertise and are not redundant to the functions of the existing offices or regular employees of the Municipality.

Payment of wages, incentives and benefits was made through cash advances granted to the disbursing officer

13. **Payment of wages of JOWs and COS, and incentives and benefits of municipal officials and employees and Sangguniang Bayan (SB) members was made through cash advances granted to the disbursing officer which is not considered as an effective system of internal control and not in accordance with Sections 123 and 124 of PD No. 1445, hence, exposing its resources to possible risks of loss to the disadvantage of the Municipality.**

13.1 Section 123 of PD No. 1445 states that "Internal control is the plan of organization and all the coordinate methods and measures adopted within an organization or agency to safeguard its assets, check the accuracy and reliability of its accounting data, and encourage adherence to prescribed managerial policies."

13.2 Likewise, Section 124 of the same Decree requires the installation of internal control system in government and prescribes that "It shall be the direct responsibility of the agency head to install, implement and monitor a sound system of internal control."

13.3 The Municipality adopted the payment of salaries of municipal officials and employees through Automated Teller Machine (ATM) payroll system and it is more efficient and economically effective to adopt the same payroll system in the payment of wages of JOWs and incentives and benefits of permanent officials and employees and SB members.

13.4 Review of the process of paying the wages of 132 JOWs and six COS, as well as incentives and benefits of permanent officials and employees and SB members of the Municipality disclosed that the payments are still made by way of cash payment payroll wherein the disbursing officer draws a cash advance for the payment of wages instead of adopting the ATM Payroll System.

13.5 During the year, a total of ₱12,053,875.50 was granted as cash advances for the payment of payroll. Details are presented as follows:

Period Covered	References	Cash Advances for Wages of JOWs (₱)
January 2023	Check Nos. 484962/ 484984/ 485010/ 485009	938,886.25
February 2023	Check Nos. 485088/ 485106/ 485119/ 437122	1,038,115.00
March 2023	Check Nos. 485166/ 485218/ 485281	1,071,392.75
April 2023	Check Nos. 485316/ 485307/ 485391/ 485393/ 437130/ 437133	975,665.00
May 2023	Check Nos. 485446/ 485487/ 437138	1,028,272.50
June 2023	Check Nos. 485542/ 485568/ 485611/ 485616/ 437146	986,315.00
July 2023	Check Nos. 485676/ 485708/ 485737/ 437156	1,001,610.00
August 2023	Check Nos. 485797/ 485863/ 437175	1,024,944.00
September 2023	Check Nos. 485929/ 486002/ 437190	1,002,630.00
October 2023	Check Nos. 486065/ 486093/ 437195	1,023,115.00
November 2023	Check Nos. 486157/ 486227/ 437205	978,660.00
December 2023	Check Nos. 486296/ 519204/ 437210	984,270.00
	Total	**12,053,875.50**

13.6 The ATM payroll system is an efficient and economically effective way of paying wages to JOWs and COS as well as incentives and benefits of municipal officials and employees and SB members. It is a sound internal control instead of preparing payroll and withdrawing cash in huge amount. It will reduce the cost of supplies needed and provides convenience to the claimants as there is no need to line up at the Municipal Treasury Office to receive their pay.

13.7 **We recommended that Management employ the use of ATM Payroll System for the payment of wages to JOWs and COS, as well as incentives and benefits of officials and employees and SB members to deter possible risks of loss of government funds through misapplication, robbery or other similar incidents.**

13.8 **Furthermore, we recommended that Management, through the Human Resource Management Office, coordinate with the authorized government depository bank to facilitate the enrolment of the 132 JOWs and six COS to the ATM Payroll accounts.**

13.9 Management, in their written reply, informed the Audit Team that they have already arranged the installation of the new payroll system to upgrade existing system of the LGU for the JOWs and COS. Budgetary requirements for the said purpose is also included in the supplemental budget and forwarded to the SB for review. Likewise, coordination with the LBP for the enrolment of the JOWs and COS to ATM payroll account will be arranged upon approval of the Resolution by the SB.

PPAs identified in the Gender and Development (GAD) Plan and Budget for CY 2023 not clearly address gender-related issues and concerns - ₱5,207,681.40

14. **PPAs identified in the GAD Plan and Budget for CY 2023 totaling ₱5,207,681.40 did not clearly address gender-related issues and concerns contrary to the provision of Section 36 of RA No. 9710, defeating the purpose of addressing gender issues towards gender equality and women's empowerment. Likewise, the utilization of GAD funds had not been optimized since PPAs presented in the GAD Plan were not fully implemented.**

14.1 Section 36 of RA No. 9710 or the Magna Carta of Women states that:

> Gender Mainstreaming as a Strategy for Implementing the Magna Carta of Women. Within a period prescribed in the implementing rules and regulations, the National Commission on the Role of Filipino Women (NCRFW) shall assess its gender mainstreaming program for consistency with the standards under this Act. It shall modify the program accordingly to ensure that it will be an effective strategy for implementing this Act and attaining its objectives.
>
> All departments, including their attached agencies, offices, bureaus, state universities and colleges, government-owned and controlled corporations, local government units, and other government instrumentalities shall adopt gender mainstreaming as a strategy to promote women's human rights and eliminate gender discrimination in their systems, structures, policies, programs, processes, and procedures which shall include, but not limited to, the following:
>
> a) **Planning, budgeting, monitoring and evaluation for GAD**. GAD programs addressing gender issues and concerns shall be designed and implemented based on the mandate of government agencies and local government units, RA No. 7192, gender equality agenda of the government and other GAD-related legislation,

policies, and commitments. The development of GAD programs shall proceed from the conduct of a gender audit of the agency or the local government unit and a gender analysis of its policies, programs, services and the situation of its clientele; the generation and review of sex-disaggregated data; and consultation with gender/women's rights advocates and agency/women clientele.

14.2 Some programs and projects considered in the GAD Plan and Budget carried out during the year with an approved budget of ₱5,207,681.40 were not gender-responsive but were charged against GAD fund. Enumerated below are the programs and projects which are not gender-responsive because there was no direct reason to associate the cause of the program or projects to treat related problems or cases pertaining to or arising from gender differences as required and permitted in the applications of the GAD fund, viz:

Program/Project/Activity	Amount (₱)
Implementation of the devolved programs and services of the MSWDO: Provision of financial assistance under aassistance to individuals in crisis situation (AICS)	1,300,000.00
Dental and Health Program: Information dissemination and conducts of dialogue with parents in oral and dental hygiene matters; Procurement and provision of dental kit	71,545.00
Early Childhood Care and Development (ECCD) Program: Lobby to the LCE for the increase of child development workers honorarium	887,040.00
Grants and assistance and services intended for Senior Citizens	1,200,000.00
Reactivation of Clean and Green Program: Dialogue among Punong Barangays to educate the children for the program implementation of Clean and Green	380,000.00
Capacity Building for Persons with Disabilities (PWDs): Information/Education/Campaign/Dialogue	100,000.00
PhilHealth Program for indigent families: Increase of budget for Phil. Health Insurance Program and additional member or beneficiaries	566,400.00
Educational assistance: Provision of educational assistance	500,000.00
Maintenance and Operation of Child Development Services: 14 Child Development Centers	202,696.40
Total	**5,207,681.40**

14.3 Moreover, PPAs related to ECCD programs, PWDs, senior citizens and clean and green programs have separate budgetary requirements provided by the LGU, which are the Local Child Protection Council fund, one percent for senior citizens and PWD fund and clean and green program fund; hence, should have been excluded from the GAD Plan and Budget.

14.4 **We recommended that Management instruct the GAD Focal Person to:**

14.4.1 **Incorporate PPAs in the Annual GAD Plan and Budget that are responsive to the gender issues and concerns of the local government constituents; and**

14.4.2 **Strictly monitor the implementation of GAD projects, programs and activities.**

14.5 Management, in their reply, assured the Audit Team to allocate funds for PPAs in the GAD Plan and Budget that fully address issues and concerns in gender equality and women empowerment.

Accumulation of delinquent real property taxes (RPT) and penalties as well as stall rentals - ₱552,540.49 and ₱236,839.00, respectively

15. **The Municipality was not able to impose strictly the remedies for the collection of RPT provided in Sections 254 and 256 of RA No. 7160; thus, resulted in the accumulation of delinquent real property taxes and penalties totaling ₱552,540.49 as of December 31, 2023. Further, stall rentals totaling ₱236,839.00 remained uncollected as of year-end, thus, deprived the Municipality of additional revenues to fund projects for the benefit of its constituents.**

15.1 The Local Government Code provides the following remedies for the collection of real property taxes, to wit:

15.1.1 Section 254. Notice of Delinquency in the Payment of the Real Property Tax.

(a) When the real property tax or any other tax imposed under this Title becomes delinquent, the provincial, city or municipal treasurer shall immediately cause a notice of the delinquency to be posted at the main entrance of the provincial capitol, or city or municipal hall and in a publicly accessible and conspicuous place in each barangay of the local government unit concerned. The notice of delinquency shall also be published once a week for two (2) consecutive weeks, in a newspaper of general circulation in the province, city, or municipality.

(b) Such notice shall specify the date upon which the tax became delinquent and shall state that personal property may be distrained to effect payment. It shall likewise state that at any time before the distraint of personal property, payment of the tax with surcharges, interests and penalties may be made in accordance with the next following section, and unless the tax, surcharges and penalties are paid before the expiration of the year for which the tax is due, except when the notice of assessment or special levy is contested administratively or judicially pursuant to the provisions of Chapter 3, Title II, Book II of this Code, the delinquent real property will be sold at public auction, and the title to the property will be vested in the purchaser, subject, however, to the right of the delinquent owner of the property or any person having legal interest therein to redeem the property within one (1) year from the date of sale."

15.1.2 Section 256. Remedies for the Collection of Real Property Tax.

For the collection of the basic real property tax and any other tax levied under this Title, the local government unit concerned may avail of the remedies by administrative action through levy on real property or by judicial action.

15.2 Review of the list of all real property tax delinquencies as of December 31, 2023 submitted by the Acting Municipal Treasurer showed that the LGU had delinquent real property taxes totaling ₱552,540.49.

15.3 Likewise, the List of Delinquent Market Stall Holders for CY 2023 submitted by the Acting Municipal Treasurer showed that there were stall owners who were not able to pay stall rentals totaling ₱236,839.00, a decrease of ₱22,788.00 or 8.78 percent as compared with previous year's.

15.4 Inquiry with the Acting Municipal Treasurer revealed that there was no contract agreement between the LGU and the existing stall holders; hence, measures and remedies of the LGU in case of late payments were not defined resulting in the accumulation of unpaid stall rentals.

15.5 The non-collection of arrearages on real property taxes and stall rentals deprived the LGU of additional income which could have been used to support its operation and programs beneficial to its constituents.

15.6 **We recommended that Management direct the Acting Municipal Treasurer to ensure collection of the delinquent accounts on real property taxes and stall rentals by adopting the procedures and remedies provided by law to provide additional funds to support the operations and programs of the LGU.**

15.7 **We also recommended that Management prepare contract agreement with the existing market stall holders to properly define measures and remedies in case of late payment of rental fees and to adopt measures in the policies and procedures of the LGU before approving the renewal of Business Permits and Licenses of stall owners to intensify the collection efforts on delinquent stall rentals.**

15.8 Management, in their written reply, informed the Audit Team that they started to coordinate with the barangay captains since last year to help in the distribution of the Notice of Delinquency.

D. STATUS OF SETTLEMENT OF AUDIT SUSPENSIONS, DISALLOWANCES AND CHARGES

As of December 31, 2023, the unsettled balances of suspensions, disallowances and charges of the Municipality are as follows:

Notices	Balance, December 31, 2022 (₱)	Issuances for CY 2023 (₱)		Balance, December 31, 2023 (₱)
		NS/ND/NC	NSSDC	
Suspensions	-	-	-	-
Disallowances	35,187.00	-	-	35,187.00
Charges	-	-	-	-
Total	**35,187.00**	**-**	**-**	**35,187.00**

PART III

STATUS OF IMPLEMENTATION OF PRIOR YEARS' AUDIT RECOMMENDATIONS

STATUS OF IMPLEMENTATION OF PRIOR YEARS' AUDIT RECOMMENDATIONS

Of the 31 audit recommendations embodied in the 2022 AAR, 11 were implemented and 20 were not implemented by the LGU. Unimplemented recommendations were reiterated in this report due to significant effect in the financial statements and operations.

Audit Observation/ Recommendation	Reference 2022 AAR (Page No.)	Action Taken by Management	Result of Auditor's Validation
1. Several fully depreciated PPEs with a total cost of ₱13,367,563.48 were still provided with depreciation expenses for CY 2022 which is not in accordance with Item 71 of IPSAS 17, overstating the Accumulated Depreciation and Depreciation Expense accounts by ₱6,099,047.06 and ₱1,586,831.09, respectively and understating equity account by ₱4,512,215.97. Likewise, the non-provision of depreciation expenses for Parks, Plazas and Monuments and Other Infrastructure Assets of the LGU with a total book value of ₱25,566,767.28 as at December 31, 2022 resulted in the understatement of Accumulated Depreciation account by ₱4,054,885.42 which is not in accordance with Item 43 of IPSAS 17. We recommended that Management instruct the Municipal Accountant to:	26		

<table>
<tr><th>Audit Observation/ Recommendation</th><th>Reference 2022 AAR (Page No.)</th><th>Action Taken by Management</th><th>Result of Auditor's Validation</th></tr>
<tr><td>a. Stop providing depreciation on PPEs that are fully depreciated and effect the proposed adjusting journal entries to revert the depreciation expense recognized for the fully depreciated assets:
<table>
<tr><th>Account</th><th>Debit</th><th>Credit</th></tr>
<tr><td>Accumulated Depreciation - Office Equipment</td><td>1,521,011.51</td><td></td></tr>
<tr><td>Accumulated Depreciation - ICT Equipment</td><td>2,515,717.93</td><td></td></tr>
<tr><td>Accumulated Depreciation - Motor Vehicles</td><td>2,062,317.62</td><td></td></tr>
<tr><td>Depreciation - Machinery and Equipment</td><td></td><td>1,100,667.54</td></tr>
<tr><td>Depreciation-Transportation Equipment</td><td></td><td>486,163.55</td></tr>
<tr><td>Prior Period Adjustment</td><td></td><td>4,512,215.97</td></tr>
</table></td><td></td><td>The Municipal Accountant effected the proposed adjusting journal entries.</td><td>Implemented

JEV No. 100-23-05-0019 dated 5/29/2023 was drawn to revert the depreciation expense.</td></tr>
<tr><td>b. Provide depreciation expenses for Parks, Plazas and Monuments and Other Infrastructure Assets and effect the following proposed adjusting journal entries to reflect the correct balances of the accounts in the financial statements:
<table>
<tr><th>Account</th><th>Debit</th><th>Credit</th></tr>
<tr><td>Depreciation - Infrastructure Assets</td><td>1,118,533.59</td><td></td></tr>
<tr><td>Prior Period Adjustment</td><td>2,936,351.83</td><td></td></tr>
<tr><td>Accumulated Depreciation - Parks, Plazas and Monuments</td><td></td><td>2,889,558.87</td></tr>
<tr><td>Accumulated Depreciation - Other Infrastructure Assets</td><td></td><td>1,165,326.55</td></tr>
</table></td><td></td><td>The Municipal Accountant effected the proposed adjusting journal entries.</td><td>Implemented

JEV No. 100-23-05-0018 dated 5/29/2023 was drawn to reflect the correct balances.</td></tr>
</table>

<table>
<tr><th>Audit Observation/ Recommendation</th><th>Reference 2022 AAR (Page No.)</th><th>Action Taken by Management</th><th>Result of Auditor's Validation</th></tr>
<tr><td>2. Unrecognized work accomplishment on completed projects totaling ₱1,687,214.85 deviates from the provision of IPSAS I, particularly the adoption of accrual basis of accounting, resulting in the understatement of both PPE and Accounts Payable accounts by ₱1,687,214.85.</td><td>29</td><td></td><td></td></tr>
<tr><td>We recommended that Management instruct the Municipal Accountant to prepare the adjusting journal entries on the aforementioned transactions to reflect the correct balances of the affected accounts as at December 31, 2022. The suggested journal entries are as follows:
<table>
<tr><th>Account</th><th>Debit</th><th>Credit</th></tr>
<tr><td>Depreciation – Infrastructure Assets</td><td>3,846.24</td><td></td></tr>
<tr><td>Road Networks</td><td>692,323.41</td><td></td></tr>
<tr><td>Construction in Progress – Buildings and Other Structures</td><td>994,891.44</td><td></td></tr>
<tr><td>Accounts Payable</td><td></td><td>1,687,214.85</td></tr>
<tr><td>Accumulated Depreciation – Road Networks</td><td></td><td>3,846.24</td></tr>
</table></td><td></td><td>The Municipal Accountant no longer effected the proposed adjusting journal entries.</td><td>Implemented

The PPEs were paid under check DV Nos. 100-23-02-0149 dated February 10, 2023 and 100-23-02-0159 dated February 14, 2023 resulting in correct balances of affected PPE accounts.</td></tr>
<tr><td>We, likewise, recommended that Management instruct the Municipal Engineer to furnish copy of Certificates of Completion to the Municipal Accountant as basis in the transfer of completed project at year-</td><td></td><td>The Municipal Engineer regularly coordinates with the Municipal Accountant to properly record the construction of ongoing and</td><td>Implemented

The Municipal Accountant and the Municipal Engineer agreed to work together to properly record construction of</td></tr>
</table>

Audit Observation/ Recommendation	Reference 2022 AAR (Page No.)	Action Taken by Management	Result of Auditor's Validation
end from CIP account to the appropriate PPE account.		completed infrastructure assets.	ongoing and completed infrastructure assets.
3. Computer software costing ₱1,012,500.00 was erroneously recorded as Information and Communication Technology (ICT) Equipment and was subsequently provided with depreciation cost which is not in accordance with IPSAS 31; hence, overstating both the ICT Equipment and Accumulated Depreciation – ICT Equipment by ₱1,012,500.00 and ₱961,875.00, respectively and understating the Intangible Asset – Computer Software and equity accounts by ₱1,012,500.00 and ₱961,875.00, respectively. We recommended that Management require the Municipal Accountant to: a. Effect the following adjusting journal entries to correct the error made in recording the intangible asset:	31	The Municipal Accountant effected the proposed adjusting journal entries.	**Implemented** JEV No. 100-23-05-0021 dated 5/29/2023 was drawn to correct the errors made.

Account	Debit	Credit
Intangible Asset - Computer Software	1,012,500.00	
Accumulated Depreciation – ICT Equipment	961,875.00	
ICT Equipment		1,012,500.00
Prior Period Adjustment		961,875.00

Audit Observation/ Recommendation	Reference 2022 AAR (Page No.)	Action Taken by Management	Result of Auditor's Validation
b. Review every accounting period for any events and circumstances affecting the indefinite useful life assessment of the computer software, any changes thereof will be reflected in the financial statement prospectively.		The Municipal Accountant regularly reviews the useful life of intangible assets.	**Implemented** The Municipal Accountant reviewed and will regularly assess the indefinite useful life of intangible asset.
4. The PPE account of the LGU consisted of 364 units of machineries and equipment with a unit cost of below ₱15,000.00 which is not in accordance with Section 4.2 of COA Circular No. 2020-006, overstating the PPE account and understating the expenses account. Likewise, unserviceable properties beyond economic repair amounting to ₱1,608,836.96 were not disposed of in accordance with Section 379 of RA No. 7160, thereby exposing the said properties to further deterioration and loss of value, depriving the LGU of additional source of funds from the sale thereof which could have	33		

Audit Observation/ Recommendation	Reference 2022 AAR (Page No.)	Action Taken by Management	Result of Auditor's Validation
been used in its financial operation. We recommended that Management instruct the Municipal Accountant to remove from the PPE account the items with a unit cost of below ₱15,000.00 and record the same as debit to Prior Period Adjustment account and credit to PPE account. We, likewise, recommended that Management create a disposal committee to facilitate the disposal of the unserviceable properties in accordance with the disposal procedures to avoid further deterioration and loss of value and generate additional funds from the sale thereof.		The Municipal Accountant effected the proposed adjusting entries. Management is in the process of creating new disposal team.	**Implemented** Verified JEV Nos. 100-23-12-0049 to 0055 under General Fund and JEV Nos. 200-23-12-0014 to 0017 under Special Education Fund and found in order. **Not Implemented** Because some of the members of the disposal committee had already retired, a new set of members is necessary for the disposal of unserviceable properties.
5. No physical count on inventories was conducted by the LGU as at year-end which is not in accordance with Section 124 of MNGAS for LGUs, casting doubts on the existence, completeness and propriety of the inventory balance of ₱265,345.41 as at December 31, 2022. Likewise, various deficiencies on the internal	37		

Audit Observation/ Recommendation	Reference 2022 AAR (Page No.)	Action Taken by Management	Result of Auditor's Validation
controls for inventories were noted which further affected the reliability of inventory and expense accounts in the financial statements. We recommended that Management:			
a. Provide a stockroom for the supplies and materials of the LGU to properly monitor and control the inventoriable items;		No action was taken by Management.	**Not Implemented** The creation of stockroom is not yet feasible due to limited budget.
b. Accountant to analyse and Require the Acting Municipal Treasurer to conduct a physical count of inventories semi-annually and the subsequent report thereon be submitted to the Audit Team;		Management created an inventory team.	**Not Implemented** Management started an annual inventory tagging for CY 2023. Due to lack of manpower, Management is incapable of conducting physical count of inventories in all offices of the LGU.
c. Instruct the Acting Municipal Treasurer to monitor and control the inventory of supplies and materials through issuance of RIS and maintenance of stock cards for supplies; and		The Acting Municipal Treasurer is exerting effort to issue RIS and maintain stock cards for supplies.	**Not Implemented** RIS were already issued, but due to manpower constraints, the inventory stock

Audit Observation/ Recommendation	Reference 2022 AAR (Page No.)	Action Taken by Management	Result of Auditor's Validation
d. Require the Acting Municipal Treasurer to consolidate weekly the RIS issued and facilitate the preparation of SSMI which will be the basis of the Municipal Accountant in recording the consumption and/or distribution in the appropriate expense accounts.		The Acting Municipal Treasurer proposed to the Audit Team to prepare a consolidated RIS and RSMI on a monthly basis instead of the weekly consolidation.	cards are not maintained and updated. Instead, an inventory worksheet is used to monitor and verify the remaining stocks by each department on a monthly basis. **Not Implemented** Management will prepare RIS and RSMI on a monthly basis instead of the required weekly consolidation, due to budget and manpower constraints.
6. Payments of 15 percent mobilization fees for four infrastructure projects of the LGU amounting to ₱9,804,570.68 were recorded under CIP accounts instead of Advances to Contractors account which is not in accordance with Item 14 of IPSAS 17, failing to timely recognize the appropriate asset account at the time of transactions.	39		

Audit Observation/ Recommendation	Reference 2022 AAR (Page No.)	Action Taken by Management	Result of Auditor's Validation
We recommended that Management instruct the Municipal Accountant to record the 15 percent mobilization fees to contractors as Advances to Contractors and credit the same for recoupments to properly recognize the assets in its books of accounts.		The Municipal Accountant agreed to observe the proper recording of the 15 percent mobilization fees.	**Implemented** Payment of the 15 percent mobilization fee was properly recorded in the books.
7. Claims for Bids and Awards Committee (BAC) honoraria totaling ₱162,400.00 were not supported with complete documentation to establish the validity of claims which is not in accordance with COA Circular No. 2012-001. Likewise, collections from sale of bidding documents were taken up as Due to LGUs instead of Trust Liabilities which is not in accordance with Department of Finance (DOF)-Department of Budget and Management (DBM)-Commission on Audit (COA) Permanent Committee Resolution (PCR) No. 2005-002 and the Revised Chart of Accounts as prescribed in COA Circular No. 2015-009.	41		

Audit Observation/ Recommendation	Reference 2022 AAR (Page No.)	Action Taken by Management	Result of Auditor's Validation
We recommended that Management:			
a. Instruct the Municipal Accountant, in coordination with the BAC Chairman and BAC Secretariat, to submit to the Audit Team all lacking documents relative to the payments of BAC honoraria to establish the validity of claims and ensure that all claims for honoraria are supported with the required documentary requirements; and		Management submitted the lacking documents.	**Implemented** The lacking documents were submitted on August 17, 2023 and found in order.
b. Require the Municipal Accountant to record the collections from the sale of bid documents as Trust Liabilities in the books of accounts.		The Municipal Accountant observes the proper recording of collections from the sale of bid documents.	**Implemented** The Municipal Accountant started to record the collections from the sale of bidding documents as Trust Liabilities in the books of accounts in June 2023.
8. Purchase of 10 laptops provided to the SB members with an aggregate amount of ₱380,000.00 was split into two transactions that resorted to small value procurement, an indication of splitting of government contracts	43		

Audit Observation/ Recommendation	Reference 2022 AAR (Page No.)	Action Taken by Management	Result of Auditor's Validation
provided under Section 54.1 of the 2016 Revised IRR of RA No. 9184, hence, prices obtained may not be advantageous to the LGU. We recommended that Management require the BAC members and BAC Secretariat to ensure that procurements of goods of the same specifications or qualities be consolidated into a single requisition to attain better terms in the procurement process and to avoid splitting of government contracts.		No action was taken by Management.	**Not Implemented**
9. Expenses totaling ₱1,125,048.57 were paid through reimbursements by several municipal officials and employees which is not in accordance with Section 2 of COA Circular No. 97-002 and Section 10, Rule IV of the 2016 Revised IRR of RA No. 9184, precluding the LGU of obtaining the most advantageous price from such purchases. We recommended that Management instruct the Municipal Treasurer, in coordination with the Municipal Accountant, to:	45		

Audit Observation/ Recommendation	Reference 2022 AAR (Page No.)	Action Taken by Management	Result of Auditor's Validation
a. Stop the practice of paying expenses through reimbursements, instead draw checks payable directly to the suppliers; and		The Acting Municipal Treasurer agreed to closely coordinate with the Municipal Accountant to ensure that payments will be made directly to suppliers.	**Not Implemented** There were still payments made through reimbursements, instead of drawing of checks payable directly to the suppliers.
b. Pay petty operating expenses through the PCF or through cash advance of the disbursing officer.		The Acting Municipal Treasurer agreed that PCF will be used for petty operating expenses.	**Not Implemented** Regular expenses were still paid through PCF.
10. No well-defined policy or written guidelines for the grant of financial assistance was adopted by the LGU, resulting in subjective evaluation and inconsistencies in the grant of financial assistance which is not in accordance with Section 2 of PD No. 1445. Likewise, granting of financial assistance by the members of the SB is not among their powers, duties and functions as provided under Section 447(a) of RA No. 7160 We recommended that Management instruct the MSWD Officer to create a policy or guidelines for review and approval of	46	 Management, through the initiative of the MSWDO, created a policy	 **Implemented** An order providing for policies and

Audit Observation/ Recommendation	Reference 2022 AAR (Page No.)	Action Taken by Management	Result of Auditor's Validation
Management on the determination as to the appropriateness, procedure and payment of financial assistance to individuals/families in crisis situation, considering the nature, eligibility of beneficiaries, amount of financial assistance and such other parameters.		or guideline as basis of the LGU in granting financial assistance.	guidelines on the implementation of the AICS was created under Executive Order (EO) No. 27, series of 2023 dated June 29, 2023.
We, likewise, recommended that the LCE implement the approved PPAs of the LGU while the SB members shall be limited to their legislative functions.		It was agreed among management that clients who seek financial assistance from Mayor's Office and SB will be endorsed to the MSWDO for proper assessment.	**Not Implemented** The SB members will no longer give financial assistance and the MSWDO will assess the clients before granting financial assistance following EO No. 27, series of 2023 dated June 29, 2023 which is still subject for implementation.
11. Driver's Trip Tickets (DTT) were not properly accomplished and Monthly Report of Fuel Consumption and Monthly Report of Official Travels were not prepared and submitted to the Audit Team which is not in accordance with COA Circular No. 77-61; hence, the reasonableness of the	49		

Audit Observation/ Recommendation	Reference 2022 AAR (Page No.)	Action Taken by Management	Result of Auditor's Validation
expenditures for fuel consumption amounting to ₱3,354,958.24 could not be established. We recommended that Management:			
a. Require the designated drivers to properly and fully accomplish the DTT before and after using a government vehicle; and		Management instructed the drivers to properly and fully accomplish DTT before and after using government vehicles.	**Not Implemented** Some DTT were still not properly accomplished as verified with the documents submitted to the Accounting Office in CY 2023.
b. Require the Municipal Treasurer, in coordination with the Executive Assistant, to prepare Monthly Report of Fuel Consumption and Monthly Report of Official Travels and submit the same to the Audit Team for verification to ensure that expenditures for fuel consumption are reasonable and effectively controlled.		The Acting Municipal Treasurer, in coordination with the Executive Assistant, agreed to prepare Monthly Report of Fuel Consumption and Official Travels for submission to COA.	**Not Implemented** The Treasury Office, with the assistance of the Mayor's Office, created a monitoring file on fuel consumption of all vehicles and submitted to COA on December 21, 2023. However, Official Travels were not attached.
12. The LGU paid hired vans in the total amount of ₱95,500.00 instead of the equivalent fare for ordinary public conveyance for	51		

Audit Observation/ Recommendation	Reference 2022 AAR (Page No.)	Action Taken by Management	Result of Auditor's Validation
official travels of several municipal officials and employees which was not in accordance with Section 7 of EO No. 77, incurring excessive payments that is not beneficial for the LGU. We recommended that Management require the municipal officials and employees travelling without provision for government vehicle to claim transportation expenses equivalent to the fare for ordinary public conveyance.		Management agreed to claim transportation expenses equivalent to fare for ordinary public conveyance.	**Not Implemented** Some employees and officials without government vehicles still claim transportation expenses in excess of fare for ordinary public conveyance in CY 2023.
13. Expenditures totaling ₱124,552.00 were incurred by the LGU for snacks and meals served during the conduct of SB regular and special sessions which were considered unnecessary as provided in Section 4 of COA Circular No. 2012-003, the funds expended could have been utilized to finance other vital programs and projects beneficial to its constituents.	53		

Audit Observation/ Recommendation	Reference 2022 AAR (Page No.)	Action Taken by Management	Result of Auditor's Validation
We recommended that Management stop the practice of serving meals and snacks during SB sessions and other municipal activities which are part of the regular functions, duties and responsibilities of the officials and employees.		The Management consented to stop serving meals and snacks in the performance of the regular function, duties and responsibilities of the officials and employees.	**Not Implemented** There were times when meals and snacks were served during regular and special sessions of SB.
14. Payments made for the repairs and maintenance of government vehicles totaling ₱1,047,392.78 were not supported with a report or document indicating the history of repair and other required documentary requirements as provided under Section 9.1.3.4 of COA Circular No. 2012-001, casting doubts on the reasonableness, propriety and validity of the transactions. We recommended that Management: a. Require the Municipal Treasurer to maintain a record of repairs for all the properties of the LGU which shall form part of the supporting documents for disbursements on repair and maintenance; and	54	The Acting Municipal Treasurer agreed to closely coordinate with the Office of the Mayor to properly maintain the record.	**Not Implemented** The Treasury Office and Mayor's Office started to create a monitoring file on repairs and maintenance of the agency's

Audit Observation/ Recommendation	Reference 2022 AAR (Page No.)	Action Taken by Management	Result of Auditor's Validation
b. Instruct the Municipal Accountant to ensure the completeness of the supporting documents before affixing her signature on the Disbursement Voucher and effecting payment.		The Municipal Accountant agreed to ensure the completeness of the supporting documents before affixing her signature on the Disbursement Voucher.	vehicles and a copy will be furnished to the Audit Team. **Not Implemented**
15. Payments of terminal leave benefits amounting to ₱9,135,421.83 for CY 2022 were not supported with complete documentary requirements as required under Section 5.13 of COA Circular No. 2012-001 which is not in accordance with Section 4(6) of PD No. 1445, casting doubts on the validity and propriety of the transactions. We recommended that Management: a. Require the Municipal Accountant, in coordination with the HRMO, to submit the lacking documents listed above to support the accuracy and propriety of claims; and	56	The Municipal Accountant, in coordination with the HRMO, submitted some of the lacking documents to the Audit Team.	**Not Implemented** The Municipal Accountant submitted some of the lacking documents on July 3, 2023.

Audit Observation/ Recommendation	Reference 2022 AAR (Page No.)	Action Taken by Management	Result of Auditor's Validation
b. Instruct the Municipal Accountant to ensure the completeness of supporting documents on claims for terminal leave benefits before affixing the signature in the DV and effecting payments thereof.		The Municipal Accountant, in coordination with the HRMO, consented to ensure the completeness of the documents before signing.	**Not Implemented**
16. Programs, projects and activities charged against Gender and Development (GAD) Fund amounting to ₱4,739,401.00 did not clearly address gender-related issues and concerns which was not in consonance with the provisions of Section 36 of RA No. 9710 and Philippine Commission on Women (PCW)-Department of Interior and Local Government (DILG)-Department of Budget and Management (DBM)-National Economic Development Authority (NEDA) Joint Memorandum Circular (JMC) No. 2014-01, defeating the purpose of addressing gender issues towards gender equality and women's empowerment. We recommended that Management instruct the GAD Focal Person to formulate PPAs in the GAD Plan and Budget that	57	 Management instructed to allocate the GAD funds for PPAs that will fully	 **Not Implemented** Reiterated in Observation No.

Audit Observation/ Recommendation	Reference 2022 AAR (Page No.)	Action Taken by Management	Result of Auditor's Validation
will fully address the issues and concerns in order to achieve gender equality and women empowerment.		address the issues and concerns in order to achieve gender equality and women empowerment.	14, page 58 of this report.
17. Procurements of goods and services totaling ₱10,597,763.81 were issued with Collection Receipts by various suppliers/contractors which are not valid receipts of payment contrary to Section 2 of Bureau of Internal Revenue (BIR) Revenue Regulation (RR) No. 18-2012, casting doubt as to validity and propriety of the transactions. We recommended that Management instruct the Municipal Treasurer to require the suppliers/contractors to issue Sales Invoice and/or Official Receipts on various procurement of goods and services made by the LGU.	59	The Acting Municipal Treasurer will only accept sales invoice or official receipt as proof of payment.	**Not Implemented** There were still suppliers/ contractors not issuing sales invoice and/or official receipt on various procurement of goods and services made by the LGU.
18. The Materials Recovery Facility (MRF) machineries consisting of compactor and granulator purchased in CY 2019 with a total acquisition cost of ₱13,500,000.00 remained	60		

Audit Observation/ Recommendation	Reference 2022 AAR (Page No.)	Action Taken by Management	Result of Auditor's Validation
unused and unutilized due to lack of management action for its operations, costing therefore the LGU to incur the amounts of ₱5,130,000.00 and ₱2,621,808.80 for the depreciation and interest expenses, respectively, without any benefit derived therefrom, an indication of ineffective and inefficient use of public funds.			
We recommended that Management, through the initiative of the MENRO and MPDC Officer and approval of the SB members, develop a concrete plan for the utilization and operation of the MRF machineries, taking into account the activities that will be most beneficial for the LGU and to prioritize the implementation of such activities to attain the intended benefits for which the machineries are acquired.		Some of the machineries need to be retrofitted and checked by professionals in order to secure safe operation.	**Not Implemented**

Of the 16 audit recommendations embodied in the 2021 AAR which were not implemented in CY 2022, four were reiterated during the same year, one was implemented and 11 were not implemented as of December 31, 2023. Details of the implemented and 11 unimplemented recommendations are as follows:

Audit Observation/ Recommendation	Reference 2021 AAR (Page No.)	Action Taken by Management	Result of Auditor's Validation
1. Other Maintenance and Operating Expenses (OMOE) account was overstated by ₱1,077,052.32 due to misclassification of expenses which is not in accordance with Section 113 of Presidential Decree (PD) No. 1445 and COA Circular No. 2015-009 dated December 1, 2015 and Section 336 of Republic Act (RA) No. 7160, thus, related appropriate expense accounts were understated which affected the delivery of complete and accurate information as basis for sound decision making of the users of financial information.	33		
We recommended that Management instruct the Municipal Budget Officer to charge to the appropriate budgetary account by considering the actual nature of the transaction.		The Municipal Budget Officer agreed to charge expenses to appropriate budgetary account.	**Not Implemented** Post audit of accounts showed that there were transactions that were not charged according to budgetary accounts and recorded based on the nature of transactions.

Audit Observation/ Recommendation	Reference 2021 AAR (Page No.)	Action Taken by Management	Result of Auditor's Validation
Likewise, we recommended that Management require the Municipal Accountant to ensure that transactions are recorded based on the actual nature of the transaction and not on the account shown in the obligation request to present the correct balances of accounts presented in the financial statements.		The Municipal Accountant agreed to record transactions based on the actual nature of transaction.	**Not Implemented**
2. Dormant receivables totaling ₱613,635.81 were not supported with complete schedules or subsidiary ledgers and/or other relevant documents or records and had been dormant for more than 29 years which is not in accordance with Section 111 of PD No. 1445 and COA Circular No. 2016-005 dated December 19, 2016, thus, raised doubts as to the validity and accuracy of the account balances as reflected in the financial statements.	37		
We recommended that Management instruct the Municipal Accountant to locate the documents pertaining to the non-moving accounts in order to substantiate its balances and to enforce collections. In case of possibility of non-collection or could no		Efforts are being exerted by Management to locate the needed documents for dormant accounts.	**Not Implemented** The amount of ₱613,635.81 remained dormant and are still recorded in the books of accounts as of December

Audit Observation/ Recommendation	Reference 2021 AAR (Page No.)	Action Taken by Management	Result of Auditor's Validation
longer be accounted or reconciled, the Management, through the Municipal Accountant, may request for write-off of the dormant accounts to clean the accounts.			31, 2023.
3. The breeding stocks of the LGU amounting to ₱110,000.00 as of December 31, 2021 were already issued to beneficiaries and no longer existing but remained in the books due to absence of supporting documents submitted to the Accounting Office which is not in accordance with Section 111(1) of PD No. 1445 and Section 27 of IPSAS, thus, affecting the accuracy and validity of Biological Assets account presented in the financial statements. We recommended that Management instruct the Municipal Agriculturist to exert effort to locate the pertinent documents relative to the 11 cows for verification before adjustments could be made in the books of the LGU.	38	Efforts are being exerted by Management to locate the needed documents for the breeding stocks.	**Not Implemented** Breeding stock account in the amount of ₱110,000.00 was still recognized in the books of accounts. Management, after exerting best efforts, could not furnish the Audit Team the

Audit Observation/ Recommendation	Reference 2021 AAR (Page No.)	Action Taken by Management	Result of Auditor's Validation
			necessary documents pertaining to the 11 cows since the late Municipal Agriculturist of the LGU was not able to endorse the documents due to his sudden death and according to his family, all documents related to his work were already disposed of. Likewise, no data were left at his office; hence, Management could not drop the asset from the books of accounts.
4. Existence and validity of ownership over eight parcels of land recorded in the books of accounts of the LGU amounting to ₱22,642,660.00 could not be ascertained due to the absence of Transfer Certificates of Title (TCTs) in the name of the LGU which is not in conformity with Section 39 of PD No. 1445. We recommended that Management require the Municipal Assessor and the OIC-Municipal Treasurer to exhaust all possible means for the speedy titling	44	The Municipal Assessor agreed to work continuously to secure Certificates of	**Not Implemented** The Municipal Assessor was able to acquire two lot

Audit Observation/ Recommendation	Reference 2021 AAR (Page No.)	Action Taken by Management	Result of Auditor's Validation
of lands and acquire Certificate of Title in order to protect the interest of the municipality from the adverse claims by third parties.		Title for lots acquired by the LGU.	titles in CY 2022. Due to budget limitations, no lot title was secured in CY 2023.
5. The appropriated Gender and Development (GAD) Budget with an unexpended balance of ₱1,529,894.00 was not fully maximized which is not in accordance with Section 36 of RA No. 7160 and paragraph 4(f) of PCW-DILG-DBM-NEDA Joint Memorandum Circular (JMC) No. 2013-01, thereby, deprived the intended end-users of the benefit that could have been derived from the proposed projects to address gender issues and concerns.	48		
We recommended that Management require the GAD Focal Person to monitor the implementation of PPAs and to maximize the utilization of GAD fund appropriated in the GAD Plan and Budget and Annual Budget in order to address gender issues and concerns in the community.		The GAD Focal Person acceded to monitor the implementation and maximization of the GAD fund appropriated in the GAD Plan and Budget.	**Not Implemented**

Audit Observation/ Recommendation	Reference 2021 AAR (Page No.)	Action Taken by Management	Result of Auditor's Validation
6. The LGU did not create its Inspectorate Team for years; hence, no preliminary inspection was done on all of the infrastructure projects and no punch-list was prepared which is not in conformity with Annex E of the Revised IRR of RA No. 9184, thus, any work deficiency prior to the target completion date could not be immediately determined. We recommended that Management create an Inspectorate Team or the Project Monitoring Committee (PMC) who will undertake preliminary inspections on all infrastructure projects implemented by the LGU to ensure that the progress of the work is properly monitored and any deficiencies will be addressed in a timely manner.	50	A PMC was created under EO No. 38 dated August 22, 2023.	**Implemented**
7. No Local Ordinance creating the required staffing/personnel of LDRRMO was enacted as prescribed under Section 12 of RA No. 10121, thus, positions and qualifications of personnel needed to assist the LDRRM Officer as well as the office budgetary requirements	52		

Audit Observation/ Recommendation	Reference 2021 AAR (Page No.)	Action Taken by Management	Result of Auditor's Validation
were not clearly defined. We recommended that Management fill up the mandatory position for the three staff of the MDRRMO through local ordinance to handle the administration and training, research and planning, and operations and warning, to provide adequate support to DRRM activities.		As of CY 2023, only two permanent positions filled up under the LDRRMO.	**Not Implemented**
8. The LGU allowed deductions from salaries accruing to some employees which reduced their monthly net take home pay to an amount lower than ₱5,000.00 which is not in accordance with the provision of Section 49 of the General Appropriation Act (GAA) of 2021. We recommended that Management instruct the OIC-Municipal Treasurer and Human Resource Officer to ensure that monthly net take home pay of municipal employees shall not be reduced to an amount lower than ₱5,000.00.	53	The Human Resource Officer and the Acting Municipal Treasurer exerted effort to monitor the net take home pay prior to approval of loans and no longer certify the loan application of employees if after deducting the loan	**Not Implemented** There were still employees receiving net take home pay lower than ₱5,000.00 in CY 2023.

Audit Observation/ Recommendation	Reference 2021 AAR (Page No.)	Action Taken by Management	Result of Auditor's Validation
		amortization, the employee's net take home pay will be lower than ₱5,000.00.	
9. Copies of 21 various contracts entered into by the LGU for CY 2021 totaling ₱49,632,329.64 were not submitted to the Audit Team within the prescribed period of five days from the execution thereof as provided under paragraph 3.1.1 of COA Circular No. 2009-001, thereby, precluded the Audit Team of the timely review and technical evaluation thereof. We recommended that Management direct the BAC Secretariat to submit copies of perfected contracts and supporting documents to the Audit Team within the prescribed period of five days for a systematic and effective review process to come up with timely and relevant audit results.	55	Management makes effort to submit copies of contract on time to adhere to this observation.	**Not Implemented** Reiterated under Observation No. 6, page 39 of this report.
10. Real Property Taxes (RPT) amounting to ₱885,414.52 remained unpaid by the delinquent taxpayers as of December 31, 2021 and the LGU did not avail the legal remedies provided in Sections 254, 256, 258 and	57		

Audit Observation/ Recommendation	Reference 2021 AAR (Page No.)	Action Taken by Management	Result of Auditor's Validation
260 of RA No. 7160, thus, depriving the LGU from generating additional funds to finance its beneficial projects for the welfare of its constituents. We recommended that Management require the OIC-Municipal Treasurer to continue and intensify their collection strategies on taxes due and collectible by sending Real Property Tax Order Payment (RPTOP) and notice of delinquency to taxpayers and forming committee to conduct an information dissemination regarding the importance of paying taxes promptly and the consequences of non-payment of taxes.		Management started to coordinate with the barangay captains since 2022 to help in the distribution of the Notice of Delinquency to taxpayers.	**Not Implemented** Reiterated under Observation No. 15, page 60 of this report.
11. LGU had not maintained a sanitary landfill but has availed the services of Metro Clark Waste Management Corporation for disposal of its residual non-recyclable solid wastes through a Memorandum of Agreement. Likewise, MRF machineries which shall receive mixed waste for final sorting, segregation, composting, and recycling for conversion of wastes were not fully operational, thereby, depriving the	59		

Audit Observation/ Recommendation	Reference 2021 AAR (Page No.)	Action Taken by Management	Result of Auditor's Validation
intended beneficiaries of the immediate benefits they could derive therefrom.			
Likewise, we recommended that Management require the remaining five barangays to maintain a MRF which will help the LGU to convert wastes into product that can be useful to the environment.		From the two barangays with no operational MRFs as of CY 2022, one was already provided in CY 2023. Thus, only one barangay has no operational MRF because Management is still searching for a proper location.	**Not Implemented**

Of the seven audit recommendations embodied in the 2020 AAR which were not implemented during CY 2022, four were reiterated in CY 2021 while two were reiterated in 2022 and one was implemented as of December 31, 2023 as shown below:

Audit Observation/ Recommendation	Reference 2020 AAR (Page No.)	Action Taken by Management	Result of Auditor's Validation
1. Various road asset components amounting to ₱18,405,650.32 were recorded as Other Infrastructure Assets account instead to Road Networks account which is not in accordance with Section 221 of GAM for LGUs, Volume I; thus, overstating the Other Infrastructure Assets account and understating the Road Network account in the financial statements. Likewise, depreciation costs in the amount of ₱1,515,893.19 were not provided for the road components as required under Paragraph 59 of IPSAS 17; hence, understating the Depreciation Expense and Accumulated Depreciation accounts in the financial statements by ₱1,515,893.19. Also, no details of Local Road Networks were provided in the Report on the Physical Count of Local Road Network as prescribed in Section VIII of COA Circular November 23, 2015; thus, validity and accuracy of the reported Road	31		

Audit Observation/ Recommendation	Reference 2020 AAR (Page No.)	Action Taken by Management	Result of Auditor's Validation
Networks account balance in the financial statements could not be ascertained. We likewise recommended that Management instruct the Municipal Engineer to provide the Municipal Accountant and the Property Officer with the complete description and cost segregation of road components for road projects.		 A Report on the Physical Count of Local Road Network was already provided to the Municipal Accountant and the Property Officer.	 **Implemented**

PART IV

ANNEXES