EXECUTIVE SUMMARY

Introduction

Tayasan was created as a Municipality through a Decree issued on May 8, 1790. The Municipality is located 90 kilometers northeast of Dumaguete City, with a total land area of 211.6664 square kilometers, or 21,166.64 hectares, subdivided into 28 barangays. Tayasan is a third-class municipality. It has a population of 38,159 based on the CY 2020 census.

As of December 31, 2024, the Municipality had a personnel complement of 250, composed of the following:

Nature of Appointment to Office	*Quantity*
Elective Officials	12
Permanent/Regular Positions	95
Casual Plantilla	53
Job Orders (Office-based)	90
TOTAL	**250**

Audit Objective

The objectives of the audit are to (a) ascertain the fairness of the presentation of the financial statements; (b) ascertain the propriety of financial transactions and compliance with prescribed rules and regulations; (c) recommend agency improvement opportunities; and (d) determine the extent of implementation of prior years' audit recommendations.

Audit Methodology

The Commission has been implementing a risk-based audit in the conduct of its audit services. However, to meet the evolving developments in public governance and fund management, the results-based approach in the audit was incorporated.

Scope of Audit

An audit was conducted on the accounts and operations of the Municipal Government of Tayasan for 2024. The audit consisted of a review of operating procedures, evaluation of the LGU's programs and projects, interview of concerned government officials and employees, verification, reconciliation, confirmation, inspection, and analysis of accounts, and such other procedures considered necessary.

Financial Highlights

The financial condition and results of operation of the Municipal Government of Tayasan as of December 31, 2024, with comparative figures for CY 2023, are summarized as follows:

Accounts	2024 (in ₱)	2023 (in ₱)	Increase (Decrease)
Statement of Financial Position			
Assets	713,819,363.93	711,472,978.63	2,346,385.30
Liabilities	224,762,495.38	234,329,818.29	(9,567,322.91)
Government Equity	489,056,868.55	477,143,160.34	11,913,708.21

On the other hand, the Statement of Financial Performance reflects increases in revenue, expenses, and surplus, as shown below:

Results of Operations			
Revenue	244,131,425.99	189,534,255.59	54,597,170.40
Personnel Services	71,836,918.61	67,764,647.12	4,072,271.49
Maintenance and Other Operating Expenses	137,317,664.05	79,220,798.40	58,096,865.65
Financial Expenses	5,631,917.09	3,092,767.75	2,539,149.34
Non-cash Expenses	13,851,460.18	9,353,485.16	4,497,975.02
Net Financial Assistance/ Subsidy	(3,644,084.85)	(8,283,843.55)	(995,352.01)
Non-operating Income	73,330.00	1,068,682.01	234,593.04
Net Surplus (Deficit)	11,922,711.21	22,887,395.62	5,876,522.45

Independent Auditor's Report on The Financial Statements

The Auditor rendered a qualified opinion on the fairness of the presentation of the financial statements for the year ended, due to the effects of the following exceptions, as discussed in Part II of this Report:

1. The Municipality of Jimalalud did not conduct the physical count of Property, Plant, and Equipment (PPE) as provided under the guidelines and procedures on the one-time cleansing of PPE, thus affecting the fairness of presentation of the PPE accounts amounting to ₱571,023,437.67 in the financial statements (FS) at year-end.

2. The existence, validity, and correctness of the Inventory accounts totalling ₱3,256,023.87 as of December 31, 2024, have not been established due to (a) non-conduct of the year-end physical count, (b) non-compliance with the Perpetual Inventory Method, and (c) non-maintenance of supplies ledger cards and stock cards by the Offices of the Municipal Accountant and Municipal Treasurer, respectively, thereby, affecting the fairness of the presentation of these accounts in the FS.

3. Biological Assets valued at ₱379,219.80 that have been in the books for more than 10 years, were not stated at fair value as of the reporting date due to the non-submission of the Inventory Report of Breeding Stocks and the prevailing market price for each item by the Municipal Agriculturist to the Municipal Accountant, thus, rendering the existence and valuation of the account presented in the FS doubtful and unreliable.

Significant Audit Observations and Recommendations

In addition to the above-noted deficiencies, below are the significant audit observations and recommendations noted in the course of the audit:

1. Monthly Bank Reconciliation Statements (BRS) for CY 2024 were not prepared and submitted to the Office of the Auditor, thus the total balance of the accounts Cash in Bank-Local Currency Current (1-01-02-010) and Cash in Bank-Local Currency Savings (1-01-02-020) could not be validated, hindering the timely reconciliation book and bank balances and the detection of errors and/or fraud, if any.

   We recommended that the Municipal Accountant prepare and submit to the Audit Team the monthly BRS pursuant to Sections 3.2 and 3.4 of COA Circular No. 96-011 dated October 2, 1996.

   We further recommended that the Municipal Accountant and Municipal Treasurer closely coordinate and regularly reconcile their respective records for early detection and correction of adjustments and errors, if any, pursuant to Section 74 of P.D. No. 1445.

2. The accuracy and reliability of the Local Road Network (LRN) account totaling ₱149,095,838.93 could not be ascertained due to various deficiencies noted, thereby affecting the fair presentation of the account in the financial statements.

   We recommended that the:

   a. Inventory Committee conduct the physical count of the Municipality's local roads and thereafter, prepare and submit the RPCLRN to the Audit Team, Municipal Accountant, and Supply Officer;

   b. Municipal Engineer provide the Municipal Accountant and the Supply Officer with a complete description and segregation of road components for road projects;

c. Municipal Accountant fully disclose the total road network system in the Notes to Financial Statements; and

d. Municipal Mayor direct the Municipal Engineer, Municipal Accountant, and Supply Officer to strictly comply with the accounting and reporting guidelines on the local roads asset management system pursuant to COA Circular No. 2015-008 dated November 23, 2015.

3. The unexpended balances of the LDRRMF from prior years amounting to ₱11,616,979.08 which were transferred to the Special Trust Fund (STF) were not considered and integrated into the LDRRMFIP for CY 2024 and may result in inefficiencies in allocating and utilizing funds for disaster risk reduction and management efforts, as well as missed opportunities for disaster resilience and preparedness initiatives.

   We recommended that the LDRRMO and the MDRRMC:

   a. Include PPAs that are chargeable against the prior years' unexpended LDRRMF in the annual LDRRMFIP of the current year, in accordance with the format prescribed under Annex A of COA Circular No. 2012-002; and

   b. Establish an efficient review and monitoring system to ensure that the LDRRMFIP complies with the requirements outlined in COA Circular No. 2012-002.

Summary of Suspensions, Disallowances, and Charges

The reported audit suspensions, disallowances, and charges of the LGU as at December 31, 2024, were as follows:

	Ending Balance (As of 12/31/2023)	**NS/ND/NC Issued** from 01/01/2024 to 12/31/2024	**NS/ND/NC Settled** from 01/01/2024 to 12/31/2024	**Ending Balance** (As of 12/31/2024)
Suspensions	₱ 4,885,552.06	₱ 0.00	₱ 0.00	₱ 4,885,552.06
Disallowances	726,363.45	0.00	0.00	726,363.45
Charges	0.00	0.00	0.00	0.00

Further, the table below shows the respective balances of suspensions, disallowances, and charges of ₱4,885,552.06, ₱726,363.45, and ₱0.00, respectively, with breakdown as to timing and age as follows:

Timing	Age	NS	ND	NC
07/01/2022 to 12/31/2024 *(Current Administration)*	Less than 1 year to 2.5 years	₱ 0.00	₱ 0.00	₱ 0.00
07/01/2019 to 06/30/2022	More than 2.5 to 5.5 years	0.00	0.00	0.00
07/01/2016 to 06/30/2019	More than 5.5 to 8.5 years	1,700,000.00	0.00	0.00

07/01/2013 to 06/30/2016	More than 8.5 to 11.5 years	3,185,552.06	726,363.45	0.00
07/01/2010 to 06/30/2013	More than 11.5 to 14.5 years	0.00	0.00	0.00
10/06/2009[1] to 06/30/2010	More than 14.5 to 15.25 years	0.00	0.00	0.00
Total		**₱ 4,885,552.06**	**₱ 726,363.45**	**₱ 0.00**

Of the total balance of disallowances of ₱726,363.45, none is pending for appeal at various levels of adjudication pursuant to the COA Rules and Regulations on Settlement of Accounts (RRSA).

Lastly, of the total suspensions of ₱4,885,552.06, 100% is still for settlement by persons determined responsible. Under the RRSA, a suspension should be settled within 90 calendar days from receipt of the NS; otherwise, the transaction covered by it shall be disallowed/charged after the Auditor is fully satisfied that such action is appropriate. Consequently, the Auditor shall issue the corresponding ND/NC.

Status of Implementation of Prior Years' Recommendations

Of the 47 prior years' audit recommendations, four were implemented and 43 were unimplemented.

[1] COA Circular No. 2009-006