



REPUBLIC OF THE PHILIPPINES
COMMISSION ON AUDIT
REGIONAL OFFICE NO. VII

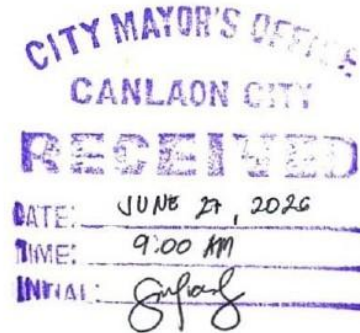
M.J. Cuenco Avenue Corner V. Sotto Street, Barangay Tinago, 6000 Cebu City

June 26, 2025

HONORABLE JOSE CHUBASCO B. CARDENAS

City Mayor
City of Canlaon
Province of Negros Oriental

Dear Mayor Cardenas:



We are pleased to transmit the Management Letter (ML) of the City Government of Canlaon, for the calendar year (CY) 2024 pursuant to Section 2, Article IX-D of the Philippine Constitution and Section 43 of the Presidential Decree (P.D.) No. 1445, otherwise known as the Government Auditing Code of the Philippines.

We conducted the audit in accordance with applicable International Standards of Supreme Audit Institutions (ISSAIs).

The audit observation, together with the recommended courses of action which were discussed by the Audit Team with you and your staff in an exit conference on May 27, 2025, are discussed in detail in the report. Likewise, Management's comments are also incorporated, where appropriate.

We request that the recommendations be immediately implemented and we would appreciate being informed of the action(s) taken thereon by submitting the attached duly accomplished Agency Action Plan and Status of Implementation (AAPSI) within sixty (60) days from receipt of this report.

We express our appreciation for the valuable support and cooperation extended by the officials and staff of the City Government of Canlaon.

Very truly yours,


VISITACION Q. MENDOZA
Director IV

Republic of the Philippines
CITY OF CANLAON

AGENCY ACTION PLAN AND STATUS OF IMPLEMENTATION

Audit Observations and Recommendations

For the Calendar Year 2024

As of _____

Ref.	Audit Observation	Audit Recommendation	Agency Action Plan				Status of Implementation	Reason for Non-Implementation, if applicable	Action Taken/Action to be taken
			Action Plan	Person/Dept. Responsible	Target Implementation Date				
					From	To			

Agency sign-off:

Name and Position of Agency Officer

 Date

Note: Status of Implementation may either be (a) Implemented or (b) Unimplemented



Republic of the Philippines
COMMISSION ON AUDIT
REGIONAL OFFICE NO. VII
M.J. Cuenco Avenue, Corner V. Sotto Street, Barangay Tinago, 6000 Cebu City

MANAGEMENT LETTER

ON THE

CITY OF CANLAON
Province of Negros Oriental

For the Year Ended December 31, 2024



REPUBLIC OF THE PHILIPPINES
COMMISSION ON AUDIT
REGIONAL OFFICE NO. VII

M.J. Cuenco Avenue, Corner V. Sotto Street, Barangay Tinago, 6000 Cebu City

June 27, 2025

HONORABLE JOSE CHUBASCO B. CARDENAS

City Mayor
City of Canlaon
Province of Negros Oriental

Dear Mayor Cardenas:

**Management Letter (ML) on the Audit of the
City Government of Canlaon, Negros Oriental
For the period January 1 to December 31, 2024**

1. Pursuant to Section 2, Article IX-D of the Constitution of the Philippines and Section 43 of Presidential Decree No. 1445, otherwise known as the Government Auditing Code of the Philippines, we conducted an audit on the accounts and operations of the City Government of Canlaon for the calendar year (CY) ending December 31, 2024.
2. We conducted our audit in accordance with the International Standards of Supreme Audit Institutions. Those standards require that we plan and perform the audit to obtain a reasonable basis for our conclusion.
3. The audit was conducted to (a) ascertain the propriety of financial transactions and the Local Government Unit's (LGU's) compliance with prescribed rules and regulations; (b) recommend measures to improve the efficiency and effectiveness of the agency's operations; and (c) determine the extent of implementation of prior years' audit recommendations.
4. The audit included examining, on a test basis, evidence supporting the amounts in the financial statements, assessing compliance of disbursements to prescribed rules and regulations, and evaluating conformity to the periodic submission of accounts and preparation of the financial statements.
5. Deficiencies observed in the course of the audit were communicated to Management through Audit Observation Memoranda and were discussed with concerned Management officials during the exit conference conducted on May 27, 2025. Their comments were incorporated in this Letter, where appropriate.

A. DETAILED OBSERVATIONS AND RECOMMENDATIONS

FINANCIAL AUDIT

Non-submission of year-end Financial Statements (FS)

Monthly trial balances, quarterly, and year-end FS were not submitted by the City Accountant within the prescribed timelines, contrary to the provisions of Section 70 of NGAS for LGUs, Item 4 of COA Circular No. 2010-001, and Paragraph 7 of COA Circular No. 2009-006, thus, restricting stakeholders' access to accurate financial information necessary for informed decision-making and raising concerns about transparency and accountability in the City's financial management practices.

6. Section 347 of Republic Act (R.A.) No. 7160 mandates that local treasurers, accountants and other accountable officers shall render their accounts within the time, form, style, and content prescribed by COA regulations. Moreover, Section 474 provides that the accountant shall take charge of both the accounting and internal audit services of the local government unit concerned and shall:
 - (1) Install and maintain an internal audit system in the local government unit concerned;
 - (2) Prepare and submit financial statements to the governor or mayor, as the case may be, and to the sanggunian concerned;
 - (3) Apprise the sanggunian and other local government officials on the financial condition and operations of the local government unit concerned;
 - (4) Certify to the availability of budgetary allotment to which expenditures and obligations may be properly charged;
 - (5) Review supporting documents before preparation of vouchers to determine completeness of requirements;
 - (6) Prepare statements of cash advances, liquidation, salaries, allowances, reimbursements and remittances pertaining to the local government unit;
 - (7) Prepare statements of journal vouchers and liquidation of the same and other adjustments related thereto;
 - (8) Post individual disbursements to the subsidiary ledger and index cards;
 - (9) Maintain individual ledgers for officials and employees of the local government unit pertaining to payrolls and deductions;

- (10) Record and post in index cards details of purchased furniture, fixtures, and equipment, including disposal thereof, if any;
 - (11) Account for all issued requests for obligations and maintain and keep all records and reports related thereto;
 - (12) Prepare journals and the analysis of obligations and maintain and keep all records and reports related thereto; and
 - (13) Exercise such other powers and perform such other duties and functions as may be provided by law or ordinance.
7. COA regulations regarding the submission of financial statements and reports include the following:
1. Section 70 of the New Government Accounting System (NGAS) Manual for LGUs, Volume I, states that the monthly pre-closing trial balance (TB) for each fund shall be submitted not later than the twentieth day after the end of the month.
 2. Item 4 of COA Circular No. 2010-001, dated March 2, 2010, states that the Accountant must submit the year-end financial statements (FS) and schedules to the Auditor on or before February 14 of each year.
 3. Paragraph 7.2.1(a) of COA Circular No. 2009-006, dated September 15, 2009, states that the Chief Accountant, Bookkeeper or other authorized officials performing accounting and/or bookkeeping functions of the audited agency must ensure that the reports and supporting documents submitted by the accountable officers are provided to the Auditor within the first 10 days of the following month.
8. Consistent with the adoption of the Philippine Public Sector Accounting Standards (PPSAS) in the LGUs, Section 3.4 of COA Circular No. 2016-004 dated September 30, 2016, prescribes the preparation of the financial statements (FS) as follows:
- a. Statement of Financial Position;
 - b. Statement of Financial Performance;
 - c. Statement of Changes in Net Assets/Equity;
 - d. Cash Flow Statement;
 - e. Comparison Statement of Budget and Actual Amounts (SCBAA); and
 - f. Notes to Financial Statements.
9. In spite of the aforementioned regulations, the Audit Team noted that, as of May 27, 2025, the City Accountant has not submitted the complete set of CY 2024 financial/accounting reports and statements despite having sent demand letters on February 18, 2025 and March 28, 2025 for the submission thereof. The status of submission, as of this writing, is presented on the next page:

Fund	Latest Period Submitted	Date Submitted	Not Submitted
General Fund	June 2024	May 7, 2025	July – December 2024
Special Education Fund	December 2024	May 6, 2025	
Trust Fund	December 2024	March 21, 2025	

10. According to the City Accountant, journalizing of the transactions under the General Fund was done by different personnel in the accounting office. However, the consolidation and review of the journal entries were made by one personnel other than the Accountant, thus, causing the delay in the preparation of the financial reports.
11. It is important to emphasize that the City Accountant is solely responsible for the preparation and submission of the financial statements as stipulated under Section 474 of R.A. No. 7160. Therefore, delegating such function to another personnel undermines the accountability and integrity of the financial reporting process, and may result in errors, delays, or non-compliance with established regulations and standards.
12. The failure to submit the required reports in a timely manner significantly hindered the prompt audit and review of the City’s accounts for the purpose of ascertaining Management’s compliance with rules and regulations and the propriety of its financial transactions and of recommending agency improvement opportunities. Additionally, the late submission of the FS compromised their relevance and timeliness, thereby diminishing their effectiveness in providing crucial information for decision-making by both Management and higher authorities.
13. More importantly, the absence of the FS prevents the Auditor from rendering an audit opinion on the fair presentation of the FS as indicated in an Independent Auditor’s Report. This could potentially affect the LGU’s eligibility to receive grants from the national government or apply for loans from government financial institutions to fund future projects and operations.
14. **We recommended that the City Mayor ensure that the City Accountant perform her mandated function in accordance with R.A. No. 7160, review the tasks assigned to the personnel in the accounting office, and implement corrective measures to address the bottle necks that hamper the timely preparation of the financial statements and reports. Moreover, we recommended that the City Mayor suspend the payment of salaries and other emoluments until the City Accountant has complied with submission of the required reports.**
15. The City Accountant said that various tasks were delegated to different personnel within the accounting office. However, delay lies in the posting and consolidation of the various transactions because the one responsible for recording the transactions still needs to review and determine the appropriate accounts to where the charges should be recorded.

16. She further explained that the office has already submitted a proposed organizational structure to create accountant positions to prepare reports because the head of the office is currently loaded with overseeing the daily transactions and is unable to personally prepare the required reports.
17. Additionally, the accounting office do not have any computerized accounting system. A request was made to enroll with ECPAC Systems for its Financial Management Information System (FMIS) which is expected to facilitate timely reports. The office is also awaiting a response from the Commission on Audit (COA) – Government Accounting Systems Development and Other Services Office (ASDOSO) regarding their request for face-to-face training on the electronic New Government Accounting System (eNGAS).
18. Delegating the various tasks to the different personnel within the Accounting Office is commendable, as it promotes efficiency and ensures that work is distributed appropriately. However, the overall responsibility for the preparation and timely submission of financial reports ultimately rests with the City Accountant. Thus, the delayed submission of the reports reflects a lapse in oversight and accountability, highlighting the need for improved internal controls, clearer task monitoring, and possibly additional staffing support to meet reporting deadlines.

Financial assistance to cooperatives or non-governmental organizations/people's organization (NGOs/POs)

The financial assistance to cooperatives or NGOs/POs totalling ₱25,902,562.15 as of June 30, 2024, of which ₱22,052,352.15 remained outstanding for more than five years, were recorded under Loans Receivable – Others account which is not in accordance with COA Circular No. 2015-009 dated December 1, 2015, thus affecting the fair presentation of the Loans Receivable account in the Statement of Financial Position and suggesting lapses in monitoring and follow-up of unpaid balance.

19. COA Circular No. 2015-009 dated December 1, 2015 prescribes the Revised Chart of Accounts for LGUs. This includes accounts to comply with the requirements of Philippine Public Sector Accounting Standards and the retention of the accounts under the accrual accounting provided in the NGAS. Annex B thereof provides the following:
 - Loans Receivable – Others (1-03-01-990)
 - This account is used to record amounts of credit extended to debtors not otherwise specifically classified. Credit this account for receipt of loan repayments.

❑ Due from Non-Government Organizations/People’s Organizations (1-03-06-030)

- This account is used to record amount of advances granted to NGOs/ POs for implementation of specific projects. Credit this account for liquidation of advances.

20. In CY 2024, the City granted cash assistance totalling ₱4,296,000.00 to different cooperatives, associations and groups in the different barangays of the city as cash assistance for livelihood and recorded under the account Loans Receivable – Others. However, based on the account description above, the release of cash assistance for livelihood development should be recorded under the Due from NGOs/POs account.
21. Based on the document executed between the City Government and the leader of the groups entitled “KASABUTAN,” the assistance will be paid within seven months by all the members of the group.
22. Verification of the status of the releases made in CY 2024 from the City Cooperative Office (CCO) showed that 31 groups from the different barangays availed the livelihood assistance totalling ₱4,296,000.00. Based on the CCOs records, total payments of ₱827,540.00 was made leaving a balance of ₱3,468,460.00 (*Appendix A*), as shown below:

Barangay	No. of Groups	Disbursed	Payments	Balance	Remarks
Binalbagan	1	₱55,000.00	₱0.00	₱55,000.00	No payment made
Bucalan	2	120,000.00	0.00	120,000.00	No payment made
Budlasan	8	551,000.00	50,000.00	501,000.00	Only 1 group paid in full
Linothangan	5	229,000.00	45,000.00	184,000.00	Only 1 group paid in full
Lumapao	3	264,000.00	214,000.00	50,000.00	1 group did not pay
Mabigo	2	1,150,000.00	0.00	1,150,000.00	No payment made
Masulog	2	200,000.00	96,000.00	104,000.00	Partial payment for 1 and no payment for the other group
Panubigan	4	1,215,000.00	362,540.00	852,460.00	2 partial payment, 1 full payment and no payment for 1
Pula	4	512,000.00	60,000.00	452,000.00	Only 1 group paid in full; no payment for the other 3
Total	31	₱4,296,000.00	₱827,540.00	₱3,468,460.00	

23. It was further noted that the term of the livelihood assistance was not being followed by the grantees, such that, of the 24 groups who availed of the cash assistance in January to August 2024, only 4 made full payments, 3 made partial payments while 17 groups made no payments at all. The Canlaon City Government Employees Multi-purpose Cooperative (CCGEMCO), who availed of the grant amounting to ₱1 million on July 8, 2024 is one of the 17 groups who do not have payments at all. As of December 31, 2024, cash granted on or before August 2024 could have already been or nearly settled following the seven-month term.
24. We verified further the status of cash grants for January to June 2024 against the record of the CCO and noted that out of the ₱922,000.00 released, only ₱309,000.00 or 33.5 per cent were paid leaving a balance of ₱613,000.00, as listed below:

Payee	Name of Group	Barangay	Amount	Payments	Balance
Jocelyn O. Estrada	Estrada Group	Bucalan	₱55,000.00	₱0.00	₱55,000.00
Fery B. Quilanan	BAFFWA	Budlasan	100,000.00	0.00	100,000.00
Cherlyn B. Jakosalem	Tamang Group	Budlasan	85,000.00	0.00	85,000.00
Sheryl D. Casag	Lower Tabalogo	Budlasan	50,000.00	50,000.00	0.00
Vicky C. Ursilino	Unity Group	Budlasan	60,000.00	0.00	60,000.00
Amelia S. Brillo	Hog Raiser's Group	Lumapao	64,000.00	64,000.00	0.00
Ana Marie V. Manait	SALTA Factory	Lumapao	50,000.00	0.00	50,000.00
Jiji Q. Amaño	Team Super Momshie	Masulog	50,000.00	0.00	50,000.00
Gaise E. Ricaplaza	FLIA	Panubigan	150,000.00	135,000.00	15,000.00
Melanie P. Labrador	Pula Women's Group	Pula	60,000.00	60,000.00	0.00
Mary Charlyn E. Claudian	Compound Group	Pula	198,000.00	0.00	198,000.00
Total			₱922,000.00	₱309,000.00	₱613,000.00

25. In view of the foregoing, it is evident that the grantees did not diligently adhere to the “KASABUTAN” associated with the livelihood cash grants which states that payment will be done within seven months. The lack of due diligence in returning the cash grants undermines the overall effectiveness and integrity of the livelihood development program of the city.
26. Review of the submitted financial statements showed the following balances for the account Loans Receivable – Others:

Date	Fund	Balance
June 30, 2024	General Fund	₱17,071,907.15
December 31, 2024	Trust Fund	8,830,655.00
Total		₱25,902,562.15

27. Unpaid balances under the Trust Fund were granted way back CYs 2006 to 2010 while ₱13,221,697.15 of the General Fund were granted in CYs 2011 to 2019. A total of ₱22,052,352.15 and ₱3,850,210.00 are aged 5 to 18 years and 1 to 4 years, respectively.
28. Further verification of the General Fund Schedule – Loans Receivable – Others as of June 30, 2024 submitted by the City Accountant’s Office showed that releases and payments for CYs 2021 to June 2024 were not posted in the individual subsidiary ledgers of the grantees. Lump amounts are reflected in the schedule instead of to individual names who availed of the cash grants, as shown below:

Period	Releases	Payments	Balance
January to June 2024	₱922,000.00	₱1,419,365.00	(₱497,365.00)
CY 2023	4,795,000.00	3,491,588.00	1,303,412.00
CY 2022	5,063,000.00	1,566,488.00	3,496,512.00
CY 2021	4,259,000.00	3,599,275.00	659,725.00
Total	₱15,039,000.00	₱10,076,716.00	₱4,962,284.00

29. According to the one who prepared the schedule, the payments have not yet been posted to the subsidiary ledgers, as she is currently prioritizing the preparation of the financial statements.
30. Inquiry with the CCO regarding the release of cash assistance revealed that verification of account balances is conducted only when an association or group requests another release. The CCO relies solely on its own monitoring records and does not coordinate with the Accounting Office for validation due to significant delays in the posting of transactions by the latter. This lack of timely posting by the Accounting Office has hindered proper reconciliation and oversight, resulting in a weak check-and-balance mechanism. The delay in maintaining the subsidiary ledgers not only affects transparency but also exposes the program to risks of fund mismanagement and repeat disbursements to ineligible recipients.
31. Further verification from the status of receivable from the CCO and the schedule of loans receivable from the accounting office revealed that four grantees in CY 2024 have unliquidated assistance in previous years, as shown below:

Name	Group Name/ Leader	Granted in CY 2024			Unpaid Balance	
		Date	Amount	Balance	Amount	Year Granted
Manait, Ana Marie (Leader)	SALTA Factory	5/23/2024	₱50,000.00	₱50,000.00	₱700.00	2019
Tapinit, Luzviminda (Member)	Leondra T. Javier	07/31/2024	65,000.00	65,000.00	1,800.00	2017

Name	Group Name/ Leader	Granted in CY 2024			Unpaid Balance	
		Date	Amount	Balance	Amount	Year Granted
Cabonlas, Gaudencia (Member)	Happy Group/ Josephine Casipong	07/31/2024	72,000.00	72,000.00	9,000.00	2013
					9,000.00	2015
Brillo, Amelia (Leader)	Hog Raisers Group	08/05/2024	64,000.00	0.00	4,200.00	2013

32. The granting of livelihood cash assistance to groups that include members with outstanding or unsettled balances from previous years should be strongly discouraged. Allowing such disbursements undermines the principles of financial accountability and may set a precedent of leniency toward non-compliance with the “KASABUTAN” entered into by the City and the group or association. It is essential to ensure that all recipients have demonstrated responsible management of prior funds before being considered eligible for additional assistance. Strengthening this criterion will help promote fiscal discipline, protect public resources, and enhance the credibility and effectiveness of the livelihood development program.
33. To summarize, a total amount of ₱22,052,352.15 has remained outstanding in the accounts for 5 to 18 years. The extended period during which these funds have remained unliquidated raises concerns regarding fund management efficiency and accountability. It also suggests potential lapses in monitoring, follow-up, or timely execution of the livelihood development programs for which the funds were allocated.
34. **We recommended that the Accounting Office should properly classify financial assistance extended to cooperatives and NGOs/POs in accordance with COA Circular No. 2015-009 to reflect a fair and accurate presentation of the Loans Receivable account in the Statement of Financial Position. Moreover, the Accounting Office and the CCO conduct a thorough reconciliation of balances to ensure reliability of the stated balance.**
35. **We further recommended that Management should strengthen the monitoring and follow-up mechanisms for repayment, establishing clear accountability, and considering legal or administrative remedies for delinquent accounts.**
36. The City Accountant agreed to reclassify the financial assistance to cooperatives/NGOs to its proper account.
37. As to the outstanding receivables, the City Mayor directed the CCO to revisit the tenor of the agreement especially the payment schedule. The city mayor further said that the payment schedule of all cooperatives or NGOs availing the loan should not be uniform and be based depending on the type of NGO/cooperative.

The City Government granted financial assistance to cooperatives and various organization totaling ₱4,296,000.00, which is inconsistent with COA Circular Nos. 2007-001 dated October 25, 2007, because the requisites and procedures for the entitlement and availment of funds were not complied with, thus exposing public funds to potential misuse or irregularity.

38. Sections 34 and 36 of R.A. No. 7160 recognize the role of people's and non-governmental organizations in the pursuit of local autonomy. Therefore, LGUs shall promote their establishment and operation. With this premise, the LGU, through its local chief executive and with the concurrence of the Sanggunian concerned, may provide assistance, financial or otherwise, to such NGOs/POs, for economic, socially-oriented, environmental, or cultural projects to be implemented within its territorial jurisdiction.
39. On October 25, 2007, the Commission issued COA Circular No. 2007-001 to provide revised guidelines for the grant, utilization, accounting, and auditing of funds released to NGOs/POs in view of the increase in the number of NGOs and POs seeking funds. This is to ensure that the necessary controls are put in place in the release and utilization of funds to promote transparency and accountability, including monitoring of the implementation of projects funded out of the funds granted.
40. Section 3.0 of the said Circular also emphasizes that the guidelines established therein shall apply to all funds granted to NGOs/POs, because all government funds granted to them shall retain their character as public funds, in accordance with Section 4.1 of the said Circular.
41. The review of the Reports of Checks Issued of the City revealed that in CY 2024, a total of ₱4,296,000.00 were paid to various cooperatives and organizations as cash assistance to the members of the group to be paid within seven months. Further verification and based on the report submitted by the CCO, it was found out that the City appropriated the amount of ₱6,829,000.00 for its Livelihood Development Programs under the Gender and Development Fund and the CCO, as shown below:

Fund Source	Appropriation	Disbursed	Balance
City Cooperative Office	₱4,829,000.00	₱2,058,000.00	₱2,771,000.00
<i>Cooperatives</i>		1,300,000.00	
<i>Small Business Operators</i>		372,000.00	
<i>Small Scale Industry</i>		50,000.00	
<i>Native Food Vendor</i>		12,000.00	
<i>Various Organizations</i>		324,000.00	
Gender and Development	2,000,000.00	2,238,000.00	(238,000.00)
<i>Hog Raisers</i>		198,000.00	
<i>Small Business Operators</i>		150,000.00	

Fund Source	Appropriation	Disbursed	Balance
<i>Small Scale Industry</i>		75,000.00	
<i>Native Food Vendors</i>		45,000.00	
<i>Various Organizations</i>		1,770,000.00	
Total	₱6,829,000.00	₱4,296,000.00	₱2,533,000.00

42. Upon review of the disbursement vouchers covering releases from January to July 2024, it was observed that financial assistance intended for cooperatives was issued directly in the name of the respective cooperatives. On the other hand, all other financial releases to organizations or associations were made payable to the designated group leaders. Further verification revealed that the supporting documents attached to these disbursement vouchers contained uniform content for all organizations. The following documents were consistently included:
1. KASABUTAN between the City of Canlaon and the cooperative or organization/association
 2. Certification for full settlement of previous Livelihood obligation issued by the CCO
 3. Project Proposal (unsigned)
43. The Project Proposals submitted by the grantees, which are identical in format and content, present a project description that specified the number of members in the organization and states that the proponent is availing cash assistance from the City Government. It is also declared therein that the amount granted shall be returned within seven months on installment basis.
44. In view of the foregoing, it appears that the City’s Livelihood Development Program is primarily intended to extend financial loans to various organizations or to augment the working capital of certain groups, such as hog raisers and peddlers. Organizations request financial assistance by submitting project proposals that outline their intended activities. Upon approval, financial assistance is granted in the form of loans. Beneficiary organizations are expected to comply with the terms and conditions stipulated in the executed “KASABUTAN.” However, it is important to note that the COA has prescribed specific requirements for NGOs/POs seeking access to public funds. These include the submission of various documents and reports as enumerated under Section 4.4 of COA Circular No. 2007-01:
1. Authenticated copy of the latest Articles of Incorporation, or the Articles of Cooperation, as the case may be, showing the original incorporators/organizers and the Secretary’s certificate for incumbent officers, together with the Certificate of Filing with the Securities and Exchange Commission (SEC) or Certificate of Approval by the Cooperative Development Authority (CDA);
 2. Audited financial reports for the past three years preceding the date of project implementation. For NGO/PO which has been in operation for less than three

- years, financial reports for the years in operation and proof of previous implementation of similar projects;
3. Disclosure of other related business, if any;
 4. Work and Financial Plan (WFP) and sources and details of proponent's equity participation in the project;
 5. List and/or photographs of similar projects previously completed, if any, indicating the source of funds for implementation; and
 6. Sworn affidavit of the secretary of the NGO/PO that none of its incorporators, organizers, directors or officers is an agent of or related by consanguinity or affinity up to the fourth civil degree to the official of the agency authorized to process and/or approve proposed Memorandum of Agreement (MOA), and release funds.
45. These documents are necessary to ensure transparency, accountability, and the effective utilization of public funds in the implementation of projects by NGOs/POs.
46. Section 4.5 of the Circular provides the procedures for the availment, release, and utilization of funds. Section 4.5.1 of the said COA Circular strictly mandates that it is the government organization (GO) which will identify the priority projects under its Work and Financial Plan, which may be implemented by the NGO/PO, their purpose/s, specifications and intended beneficiaries as well as the time frame within the projects are to be undertaken. To ensure transparency, the foregoing information shall be published in newspapers, agency websites, bulletin boards, and the like, at least three months prior to the target date of commencement of the identified projects. Moreover, Section 4.5.2 states that for each project proposal, the GO shall accredit the NGO/PO project partners through the Bids and Awards Committed (BAC) or a committee created for the purpose, which shall formulate the selection criteria.
47. In relation thereto, the CCO submitted a list of accredited Civil Society Organizations accredited by the Sangguniang Panlungsod (SP) for CYs 2022 to 2025. However, out of 29 grantees of cash assistance in CY 2024, only six were accredited by the SP.
48. Upon inquiry with the personnel from the CCO, they said that they only asked for the certificate of residency for small group organizations as they are still starting to build their credit standing. Eventually, the small groups will be merged together and apply for accreditation.
49. It is emphasized that COA Circular No. 2007-001 dated October 25, 2007, was issued to provide for the rules and procedures in the grant and utilization of funds to NGOs/POs and to establish necessary controls, including promoting transparency and accountability, and in monitoring projects funded out of funds granted to these organizations. Hence, it is imperative that the guidelines and established controls are followed in the release of funds to NGOs/POs, following the provisions of the aforementioned Circular, as these funds will maintain their status as public funds.

50. Further, Section 6 of COA Circular No. 2007-001, the release of funds to NGOs/POs is subject to specific limitations to ensure proper utilization. Notably, funds shall not be released prior to the signing of the MOA. Furthermore, the funds granted are prohibited from being used for investments such as money market placements or time deposits, cash advances for officials unless directly related to project implementation, payment of salaries, honoraria, or allowances for personnel not involved in the project, purchase of supplies, materials, equipment, or motor vehicles of the GO, and acquisition of assets by the NGO/PO unless explicitly necessary for the project and stipulated in the MOA. These restrictions are designed to safeguard public funds and ensure they are utilized solely for their intended purposes.
51. **We recommended and Management agreed to strictly comply with the guidelines and procedures established under COA Circular No. 2007-001 in the availment, release and utilization of all funds released to non-governmental organizations and/or people's organizations, hence, non-compliance may result to the issuance of a Notice of Disallowance by this Office.**

Local Disaster Risk Reduction and Management Fund (LDRRMF)

Various disbursements such as food allowance in connection with Pasayaw Festival, supplies for the prevention of epidemic disease and anti-rabies vaccine, among others, amounting to ₱1,380,227.75 were improperly charged to LDRRMF inconsistent with Section 5.0 of National Disaster Risk Reduction and Management Council (NDRRMC), Department of Budget and Management (DBM), and Department of the Interior and Local Government (DILG) Joint Memorandum Circular NDRRMC-DBM-DILG JMC No. 2013-1 dated March 25, 2013, thereby reducing the funds available for disaster risk reduction and management activities.

52. The NDRRMC-DBM-DILG JMC No. 2013-1 dated March 25, 2013, serves as guidelines on the LDRRMF allocation and utilization. It explicitly provides the necessary measures to avoid, lessen, or limit potential adverse impacts of hazards and related disasters. It also enables governments, communities, and individuals to effectively anticipate and manage emergencies and achieve orderly transitions from response to sustained recovery.
53. Section 5.0 of the JMC defines disaster prevention and mitigation, preparedness, response, rehabilitation, and recovery. It also enumerates the programs/projects/activities (PPAs) under the four thematic areas of disaster risk reduction and management for which the LDRRMF may be utilized. Likewise, DILG Memorandum Circular (MC) No. 2012-73 dated April 17, 2012, lists the PPAs for which the LDRRMF may also be used.

54. However, our review of the LDRRMF Utilization for CY 2024 revealed that various items were improperly charged to the fund amounting to ₱1,380,227.75 (*Appendix B*), as summarized below:

Program/Project/Activity	Amount
Food allowance for in connection with Pasayaw Festival	₱265,800.00
Supplies for the prevention of Epidemic Diseases	276,203.00
Medicines for Prevention of Non-Communicable Diseases	73,695.00
Procurement of Berirab Human Rabies Immunoglobulin	195,080.00
Expansion of TB-DOTS Facility	242,220.00
Improvement of Water Supply	327,229.75
Total	₱1,380,227.75

55. Upon inquiry with the budget officer, the basis for charging disbursements to the 5 per cent LDRRM Fund is the approved annual budget and LDRRMF Investment Plan (LDRRMFIP). However, it has to be noted that despite being included in the LDRRMFIP, the basis for utilization should be consistent with the provisions of Section 5.0 of NDRRMC-DBM-DILG JMC No. 2013-1 which enumerates the PPAs chargeable to the LDRRMF.
56. Furthermore, inquiry with the LDRRM Officer revealed that there were PPAs charged to LDRRMF that were implemented by various offices like City Health Office, General Services Office (GSO) and City Agriculture Office. However, some PPAs implemented by these offices are not in accordance with pertinent provisions and related laws as listed above.
57. It is emphasized that appropriations for the LDRRMF should only be utilized for specific disaster risk management activities, support to other LGUs affected by disasters/calamities, and quick response or standby funds for relief and recovery purposes. Section 4.3 of NDRRMC, DILG, DBM and Civil Service Commission (CSC) JMC No. 2014-1 dated April 4, 2014 provides that the budgetary requirements for personal services, maintenance and other operating expenditures, and capital outlay of the Local Disaster Risk Reduction and Management Office (LDRRMO) shall be sourced from the General Fund of the LGU, subject to Section 76 of RA 7160.
58. **We recommended that the City Disaster Risk Reduction and Management Council, strictly comply with existing regulations on the appropriation and utilization of LDRRMF, ensuring that such funds are utilized solely for disaster risk management, making the City well-prepared to respond to calamities which may occur.**

59. The following are the comments provided by Management:

59.1 Food allowance in connection with the Pasayaw Festival

The City activated its Incident Command System (ICS) during its Pasayaw Festival. As a planned event they mobilize the Incident Management Team to improve the execution of response operations throughout the entire celebration.

59.2 Supplies for the prevention of epidemic diseases

Management commented that the procurement of office supplies was necessary to support the production and dissemination of IEC materials such as, flyers, posters and information sheets.

59.3 Medicines for the prevention of non-communicable diseases

The declaration of State of Calamity on June 4, 2024 due to the volcanic eruption increases the number of vulnerable individuals with compromised immunity and exposed communities to conditions to the spread of communicable diseases such as tuberculosis. The purchase of medicines was also done in response to the urgent public health needs during the calamity.

Unexpended balances of LDRRMF of prior years' transferred to the Special Trust Fund (STF) amounting to ₱20,504,543.68 were not considered and integrated into the LDRRMFIP) for CY 2024, deviating from Sections 5.1.2 and 5.1.15 of COA Circular No. 2012-002, thus, limiting the amount of usable funds to the current year's appropriation.

60. Sections 5.1.2 and 5.1.15 of COA Circular No. 2012-002 dated September 12, 2012, provide:

“5.1.2 A LDRRMFIP for the DRRM program shall be prepared annually. It shall present the 30 per cent allocation for Quick Response Fund (QRF) in lumpsum and the allocation for disaster mitigation, prevention and preparedness with details as to projects and activities to be funded. The LDRRMFIP shall also include under a separate caption, the list of projects and activities charged to the unexpended LDRRMF of previous years. Xxx.

5.1.15 The LDRRMFIP shall be reviewed and updated annually to include the activities to be funded from the unexpended QRF and DRRMF-MOOE of the previous years which were transferred to the Special Trust Fund.”

61. The LDRRM Council (LDRRMC) shall monitor and evaluate the use and disbursement of the LDRRMF based on the LDRRMIP as incorporated in the local development plans and annual work and financial plan. The LDRRMFIP shall also be included in the Annual Investment Plan (AIP).
62. On May 15, 2023, the City DRRMC approved Resolution No. 3, Series of 2023, formulating the PPAs of the LDRRMF for CY 2024 amounting to ₱38,125,164.00. However, contrary to the above-mentioned regulations, we noted that the unexpended LDRRMF of previous years were not included in the approved resolution nor in the approved CY 2024 LDRRMFIP, as shown on the below:

Year	Quick Response Fund	Mitigation Fund- MOOE/CO	Total Available Appropriation	PER LDRRMFIP CY 2024	Difference
Current Appropriation:					
2024	₱11,437,549.00	₱26,687,615.00	₱38,125,164.00	₱38,125,164.00	₱0.00
Special Trust Fund (MOOE):					
2023	0.00	11,340,91.25	11,340,91.25	0.00	11,340,91.25
2022	0.00	3,360,276.46	3,360,276.46	0.00	3,360,276.46
2021	0.00	4,706,640.62	4,706,640.62	0.00	4,706,640.62
2020	0.00	1,096,675.35	1,096,675.35	0.00	1,096,675.35
Sub-total	0.00	20,504,543.68	20,504,543.68	0.00	20,504,543.68
TOTAL	₱11,437,549.00	₱47,192,158.68	₱58,629,707.68	₱38,125,164.00	₱20,504,543.68

63. It is emphasized that under Section 6 of the NDRRMC-DBM-DILGJMC No. 2013-1 dated March 25, 2013, the unutilized balances of the LDRRMF of prior years in the STF may be released and utilized only upon inclusion of its PPAs in the annually prepared LDRRMFIP which is the basis for the preparation of the AIP, to be approved by the local Sanggunian. This necessitates an annual review and update of the LDRRMFIP to include PPAs to be funded from the unexpended LDRRMF of previous years.
64. Upon inquiry, the LDRRM Officer said that the office is not aware that PPAs chargeable to prior years should be included in the annually prepared LDRRMFIP, and it has been a custom by the office that only the current PPAs are included in the LDRRMFIP.
65. Due to the foregoing, the agency was limited only to projects and activities that were incorporated in LDRRMFIP and the AIP for CY 2024. A substantial amount of funds could have been made available to enhance the disaster preparedness and response capabilities of the City if the unexpended balances from previous years had been included in the current year's LDRRMFIP and AIP.

66. **We recommended that the LDRRMC and LDRRMO review and update the LDRRMFIP annually and include in a separate caption the projects and activities chargeable to prior years' unexpended LDRRMF in accordance with Sections 5.1.2 and 5.1.15 of COA Circular No. 2012-002 dated September 12, 2012, to maximize the use of the fund and ensure that appropriate measures in disaster risk reduction and management are implemented.**
67. The LDRRMO acknowledges and respectfully admits the deficiencies noted and recognized the oversight and lack of compliance with the prescribed guidelines. She assured the audit team that necessary step will be undertaken to implement the recommendation.

Three hundred fifteen volunteers of the LDRRMO were covered by a Group Yearly Renewable Term Insurance amounting to ₱299,250.00 despite the non-submission of the list of volunteers to the OCD for accreditation and inclusion in the database of community disaster volunteers as required under Section 1, Rule 9 of the IRR of R.A. No. 10121, thereby circumventing established procedures resulting in unauthorized expenditure of public funds.

68. R.A. No. 10121 or the Philippine Disaster Risk Reduction and Management Act dated May 27, 2010, declares that it shall be the policy of the State to engage the participation of civil society organizations (CSOs), the private sector and volunteers in the government's disaster risk reduction programs towards complementation of resources and effective delivery of services to the Citizenry. It also states that the government agencies, CSOs, private sector and LGUs may mobilize individuals or organized volunteers to augment their respective personnel complement and logistical requirements in the delivery of disaster risk reduction programs and activities.
69. Section 1, Rule 9 of the IRR of R.A. No. 10121 states that the agencies, CSOs, private sector, and LGUs concerned shall take full responsibility for the enhancement, welfare and protection of their volunteers, and shall submit the list of volunteers to the OCD, through the LDRRMOs, for accreditation and inclusion in the database of community disaster volunteers.”
70. Further, Section 5 of the same Rule states that any volunteer who incurs death or injury while engaged in DRRM activities, such as, (a) disaster prevention and mitigation; (b) disaster preparedness; (c) disaster response; (d) disaster rehabilitation and recovery, shall be entitled to compensatory benefits and individual personnel accident insurance. It is the responsibility of the LGU mobilizing the Accredited Community Disaster Volunteers (ACDVs) to provide them with insurance and necessary benefits.

71. Pursuant to the Act, the NDRRMC formulated MC No. 64, s. 2021 to provide the guidelines on the accreditation, mobilization and protection of community disaster volunteers. The MC defines ACDVs as individuals or organized volunteers who possess the requisite qualifications stipulated in these guidelines and whose names were submitted and officially included in the LDRRMC List of Community Disaster Volunteers and/or the National Roster of ACDVs maintained by the Office of the Civil Defense (OCD).
72. The specific guidelines on the protection of Volunteers state that the Volunteer Mobilizing Organization (VMO), that is the LGU, is responsible for providing their ACDVs with personal accident insurance with a minimum coverage of ₱100,000.00; at a minimum. This insurance must include coverage for accidental death or dismemberment, permanent disability and hospitalization cost reimbursement. Volunteers must be included in the LDRRMO's official list of ACDVs to be entitled to insurance and compensatory benefits.
73. In the review of the utilization of the LDRRMF, we came across Disbursement Voucher (DV) No. 100-2024-02-0839 dated February 27, 2024, paid to the Cooperative Insurance System of the Philippines Life and General Insurance. The payment was for insurance premiums for 315 volunteers totalling ₱299,250.00 or at ₱950.00 each, for the period March 1, 2024 to February 28, 2025. The supporting documents attached to the voucher included the official receipt, a list of volunteers prepared by the LDRRM officer and approved by the City Mayor, and a MOA between the volunteers and the LGU of Canlaon City. The MOA states that the LGU will provide technical support, training, and insurance coverage to the volunteers, while the volunteers are expected to assist in disaster response efforts, follow LGU protocols, and coordinate through the proper channels during emergencies.
74. Further verification revealed that the list of volunteers was not submitted to the OCD for inclusion in the database of community disaster volunteers as required under Section 1, Rule 9 of RA 10121. In a written explanation by the LDRRMO, it was stated that they were not aware of the said requirement which is the reason for the non-submission.
75. In accordance with the guidelines set forth by the NDRRMC, only accredited volunteers who are properly listed by the LDRRMO and whose names have been duly submitted to the OCD are eligible for personal accident insurance and other related benefits. This process ensures that all beneficiaries are officially recognized and accounted for in the National Roster of ACDVs. However, the payment of insurance premiums for individuals who have not been officially accredited and included in this roster constitutes a deviation from the established procedures. Such action undermines the integrity of the accreditation process and may result in the unauthorized or improper use of public funds.

76. **We recommended that the LDRRMO strictly comply with Section 1, Rule 9 of the IRR of R.A. No. 10121 by ensuring that all volunteers are properly accredited and their names duly submitted to the OCD for inclusion in the official database of ACDVs prior to the provision of any benefits, including insurance coverage.**
77. The LDRRMO was not aware of the guidelines and apologized for the oversight. Further, she assured the audit team that they will be fully complying with all the requirements of the above-mentioned regulations.

Department of Health (DOH) – License to Operate for Ambulances

Due to the extensive requirements to secure a DOH-License to Operate land ambulances, the seven vehicles owned by the City were operating as a Patient Transport Vehicle instead of ambulances as marked on its body contrary to DOH Administrative Order (AO) No. 2018-0001, dated January 28, 2018, thus, the assurance that the ambulances operate with competent personnel and appropriate equipment to respond to medical emergencies, provide quality care, and ensure patient safety may not be fully attained.

78. On January 28, 2018, the DOH issued AO No. 2018-0001 to promulgate rules and regulations which outlines updated minimum standards and requirements for the licensure of land ambulances and ambulance service providers to protect the public and ensure the safety of both patients and personnel.
79. Item IV.10 of the above-mentioned AO defines a land ambulance as a vehicle designed and equipped with Basic Life Support (BLS) or Advanced Life Support (ALS) transporting patients to, from, and between places of treatment by land. Moreover, a patient transport vehicle (PTV) is any form of land vehicle designed to transport patients whose condition is non-life threatening as defined in Items IV.13 of the AO. PTVs are not equipped with BLS or ALS.
80. Anent thereto, Item V.3 of the DOH AO expressly states:
 - “3. No land vehicle of any kind shall bear on its body the label or marking of the word “AMBULANCE” unless it has been duly licensed and categorized as a land ambulance by the Department of Health.”
81. As of December 31, 2024, the City operates seven ambulances for transporting patients with medical emergencies or life-threatening conditions that require immediate care by trained personnel or referral to hospitals. However, the acquisition cost of two units could not be determined due to missing documentation. According to the Supply Officer in the General Services Office, one of the vehicles was donated by PCSO while the documents pertaining to the other vehicle is to be located still.

82. The following are the vehicles marked “AMBULANCE” operated by the City:

Acquisition Date	Particulars	Registered Owner	LTO Registered	Acquisition Cost
03/15/2011	Toyota Hi-Ace Commuter	City of Canlaon	Yes	₱1,490,000.00
01/13/2012	Mitsubishi	City of Canlaon	Yes	877,000.00
02/15/2012	Suzuki	City of Canlaon	Yes	300,000.00
11/15/2016	Foton	City of Canlaon	Yes	Donated by PCSO
08/06/2020	Nissan NV350	City of Canlaon	Yes	2,597,980.00
12/15/2023	Nissan Urvan 2.5 Cargo	City of Canlaon	Yes	1,799,000.00
	Nissan Urvan	City of Canlaon	Yes	

83. Further verification disclosed that the seven ambulances do not have the DOH-License to Operate (DOH-LTO) nor was it registered as a PTV with the DOH because of the extensive requirement to obtain the license. The acquisition date and cost for the Nissan Urvan vehicle is yet to be identified.

84. We would like to highlight that securing the DOH LTO for all ambulances ensure that each ambulance meets the following essential standards:

1. Ambulance Body – has appropriate markings and provides sufficient space for patients, required personnel, and equipment;
2. Personnel – staffed by a qualified and trained team to ensure the effective and efficient delivery of quality ambulance services;
3. Equipment, Medicines, and Supplies - equipped with the necessary equipment, medicines, and supplies, along with a contingency plan for potential equipment breakdowns or malfunctions;
4. Service Delivery - ensures services provided meet the quality standards set in the ambulance licensing assessment tool, including documented policies for standard operating procedures (SOP); and
5. Information Management - includes a system for communication, documentation, and reporting on patients' conditions, in accordance with the Electronic Commerce Act (R.A. No. 8792) and the Data Privacy Act (R.A. No. 10173); and
6. Environmental Management- the ambulance is properly ventilated and disinfected, and wastes, toxic, and hazardous substances are properly disposed.

85. In the absence of the DOH LTO, the assurance that vehicles marked “AMBULANCE” operate with competent personnel and appropriate equipment to respond to medical emergencies, provide quality care, and ensure patient safety may not be fully attained.

86. **We recommended and Management agreed to secure the DOH-LTO for the seven vehicles marked with “AMBULANCE” otherwise, register them as Patient Transport Vehicle (PTV) and change the labels accordingly pursuant DOH AO No. 2018-001 dated January 28, 2018.**

Non-submission of Agency Action Plan and Status of Implementation (AAPSI)

Management failed to submit the AAPSI form as prescribed under COA Memorandum No. 2014-002 and Section 99 of the General Provisions of R.A. No. 11975, otherwise known as General Appropriations Act for Fiscal Year (FY) 2024, thus, the extent of compliance and actions taken by the Management to implement the prior years' audit recommendations were not duly monitored.

87. Section 99 of R.A. No. 11975 or the General Appropriations Act for FY 2024 provides that, within 60 days from receipt of the COA Annual Audit Report (AAR), agencies concerned shall submit to the COA, either in printed form or by way of electronic document, a status report on the actions taken on said audit findings and recommendations using the prescribed form under COA Memorandum No. 2014-002 dated March 18, 2014.
88. COA Memorandum No. 2014-002 requires audited agencies to accomplish the prescribed AAPSI form. The plan embodies the specific actions or measures to be taken by the Management to implement the audit recommendations within a determined timeframe. It also identifies the person/s or office/s responsible to carry out the plan, provides the status of implementation as of a given period stating the reason for any partial/delay/non-implementation, and the corresponding action taken or to be taken to address the problem.
89. Records show that the AAR of the City of Canlaon for CY 2023 was transmitted to Management on June 28, 2024. The report embodied a total of 45 audit recommendations for implementation, of which 10 pertained to CY 2023 audit, while 35 were from prior years that remained unimplemented as of December 31, 2023.
90. In the AAR, it was requested that Management implement the recommendations and to submit the duly accomplished AAPSI form which was attached to the report, within 60 days from receipt thereof. However, despite verbal follow-up, Management failed to submit the same. Without an action plan to implement the recommendations in the AAR, deficiencies found in audit are likely to recur over the years because the same are not immediately rectified.
91. It may be mentioned that during the Exit Conference for the CY 2023 audit, the City Accountant agreed to prepare the AAPSI (*Appendix C*) which will incorporate the actions to be taken by the person responsible for the implementation of the recommendation. It will then be forwarded to the City Mayor for approval. However, to date, the AAPSI has not yet been submitted. The City Accountant said that she was not able to complete the said report due to various intervening tasks she has to attend to.
92. The non-submission of the AAPSI precluded the Audit Team from performing a timely monitoring and validation of the actions taken on the audit observations and recommendations contained in the CY 2023 AAR.

93. We recommended that the local chief executive direct the department heads and other officials concerned to prioritize the formulation of an action plan to implement the audit recommendations and submit immediately the duly accomplished AAPSI form to the Audit Team, copy furnished the DBM, the House Committee on Appropriations and the Senate Committee on Finance, as mandated by Section 99 of R.A. No. 11975.
94. The City Accountant who was assigned to consolidate the actions taken and those planned to be taken in compliance with the recommendations contained in the AAPSI, stated that she was unable to compile the report due to the voluminous day-to-day transactions under her purview. She further noted that the competing demands of routine operations have limited her capacity to devote adequate time and focus to the consolidate the AAPSI.

B. STATUS OF SUSPENSIONS, DISALLOWANCES, AND CHARGES

95. The reported audit suspensions and disallowances of the City Government of Canlaon as of December 31, 2024, were as follows:

	Beginning Balance (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 12/31/24)
Notice of Suspension	₱0.00	₱0.00	₱0.00	₱0.00
Notice of Disallowance	8,594,848.67	0.00	0.00	8,594,848.67
Charges	0.00	0.00	0.00	0.00

96. Further, the table below shows the balance of disallowances of ₱8,594,848.67, with breakdown as to timing and age as follows:

Timing	Age	ND
07/01/2022 to 12/31/2024 <i>(Current Administration)</i>	Less than 1 year to 2.5 years	₱0.00
07/01/2019 to 06/30/2022	More than 2.5 to 5.5 years	
07/01/2016 to 06/30/2019	More than 5.5 to 8.5 years	
07/01/2013 to 06/30/2016	More than 8.5 to 11.5 years	8,362,843.16
07/01/2010 to 06/30/2013	More than 11.5 to 14.5 years	232,005.51
10/06/2009 ¹ to 06/30/2010	More than 14.5 to 15.25 years	
Total		₱8,594,848.67

97. Of the total balance of disallowances of ₱8,594,848.67, 97 per cent has already been issued with Notice of Finality of Decision and salary deductions from the accountable officer is now ongoing.

C. STATUS OF IMPLEMENTATION OF THE PRIOR YEARS' AUDIT RECOMMENDATIONS

98. We made a follow-up on the action taken by the City of Canlaon to implement the recommendations of prior years and noted the following:

Status of Implementation	No. of Recommendation
Implemented	7
Unimplemented	38
Total (Appendix C)	45

99. Audit observations and recommendations with impact on the financial statements and compliance issues which are continuously monitored are either reiterated or revised (with modification) in Part A of this report.

D. ACKNOWLEDGEMENT

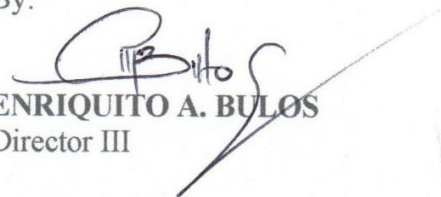
100. We wish to express our appreciation to the Management and staff of the City of Canlaon for the cooperation and assistance extended to our audit team during the audit.

101. We request for a status report (in hard and soft copy) on the actions taken on the audit recommendations (contained in Part A and *Appendix D*) within 60 days from the date of receipt hereof, pursuant to Section 97 of the General Provisions of the General Appropriations Act of 2022 (R.A. No. 11639), using the attached AAPSI.

Very truly yours,

COMMISSION ON AUDIT

By:


ENRIQUITO A. BULOS
Director III

Copy furnished:

1. The Honorable Sangguniang Panlungsod Members
Thru: The Secretary, Sangguniang Panlungsod
City of Canlaon
2. The Secretary
Department of the Interior and Local Government
Quezon City

3. The Regional Director
Bureau of Local Government Finance
Quezon City
4. National Library (Soft Copy)
5. University of the Philippines (UP) Law Center (Soft Copy)
6. COA Commission Central Library (Soft Copy)

APPENDICES

Appendix	Title
A	Status of Livelihood Assistance granted in CY 2024
B	LDRRM Utilization for CY 2024
C	Agency Action Plan and Status of Implementation (AAPSI)
D	Status of Implementation of Prior Years' Audit Recommendations

Appendix A

CITY OF CANLAON
STATUS OF LIVELIHOOD ASSISTANCE GRANTED IN CY 2024
PER CITY COOPERATIVE OFFICE
AS OF DECEMBER 31, 2024

Date	Check No.	DV No.	Payee	Group/COOP Name	SP Accredited	Name of Barangay	Amount (₱)	Payments (₱)	Balance (₱)	No. of Beneficiaries
7/10/2024	86365455	2402	Ma. Luz Paragsa	Pag-asa Group		Binalbagan	55,000.00	0.00	55,000.00	12
5/09/2024	86364869	1785	Jocelyn O. Estrada	Estrada Group		Bucalan	55,000.00	0.00	55,000.00	11
7/19/2024	86365552	2506	Leondra T. Javier			Bucalan	65,000.00	0.00	65,000.00	
			Sub-total				120,000.00		120,000.00	
3/06/2024	86364136	0949	Fery B. Quilanan	BAFFWA	Yes	Budlasan	100,000.00	0.00	100,000.00	270
5/09/2024	86364870	1786	Cherlyn B. Jakosalem	Tamang Group		Budlasan	85,000.00	0.00	85,000.00	17
5/09/2024	86364871	1787	Sheryl D. Casag	Lower Tabalogo		Budlasan	50,000.00	50,000.00	0.00	10
5/20/2024	86364987	1909	Vicky C. Ursilino	Unity Group		Budlasan	60,000.00	0.00	60,000.00	10
7/19/2024	86365575	2530	Priscila Canoy	Hog Raiser's Group		Budlasan	54,000.00	0.00	54,000.00	10
7/22/2024	86365593	2548	Josephine G. Casipong	Happy Group		Budlasan	72,000.00	0.00	72,000.00	13
8/9/2024	86365810	2775	Margie A. Casipong	Cetrus Group		Budlasan	55,000.00	0.00	55,000.00	
11/13/2024	95780868	3926	Jorlita P. Vergara	Sunflower Group		Budlasan	75,000.00	0.00	75,000.00	
			Sub-total				551,000.00	50,000.00	501,000.00	
7/19/2024	86365551	2505	Aurelio Lubresco			Linothangan	12,000.00	0.00	12,000.00	
7/22/2024	86365603	2557	Christine V. Semillano	Maabtikon		Linothangan	72,000.00	0.00	72,000.00	13
7/22/2024	86365595	2549	Mary Jane A. Alingasa	Dasigay Group		Linothangan	50,000.00	0.00	50,000.00	11
11/13/2024	95780869	3927	Maria Fe O. Alingasa	Kalubihan Group		Linothangan	45,000.00	45,000.00	0.00	
11/13/2024	95780870	3928	Ruth B. Piduhan	Stockyard Girl Group		Linothangan	50,000.00	0.00	50,000.00	
			Sub-total				229,000.00	45,000.00	184,000.00	
9/26/2024	86366389	3392	BLARCMCO		Yes	Lumapao	150,000.00	150,000.00	0.00	
5/08/2024	86364831	1745	Amelia S. Brillo	Hog Raiser's Group		Lumapao	64,000.00	64,000.00	0.00	11

Appendix A

Date	Check No.	DV No.	Payee	Group/COOP Name	SP Accredited	Name of Barangay	Amount (₱)	Payments (₱)	Balance (₱)	No. of Beneficiaries
5/08/2024	86364833	1748	Ana Marie V. Manait	SALTA Factory		Lumapao	50,000.00	0.00	50,000.00	10
			Sub-total				264,000.00	214,000.00	50,000.00	
7/08/2024	86365406	2355	CCGEMCO	Canlaon City Government Employees Coop	Yes	Mabigo	1,000,000.00	0.00	1,000,000.00	
12/4/2024	95781126	4226	Maria Liza S. Oyangorin	NIACIDA	Yes	Mabigo	150,000.00	0.00	150,000.00	
			Sub-total				1,150,000.00	0.00	1,150,000.00	
7/19/2024	86365562	2517	MAFARCO		Yes	Masulog	150,000.00	96,000.00	54,000.00	
5/17/2024	86364970	1890	Jiji Q. Amano	Team Super Momshie		Masulog	50,000.00	0.00	50,000.00	10
			Sub-total				200,000.00	96,000.00	104,000.00	
5/08/2024	86364830	1744	Gaisi E. Ricaplaza	FLIA	Yes	Panubigan	150,000.00	135,000.00	15,000.00	8
7/19/2024	86365574	2529	Ma. Luisa C. Gubaton	REWWA (Regalado Estate Womens Workers Association)		Panubigan	95,000.00	57,540.00	37,460.00	20
8/22/2024	86365963	2945	Geneveive M. Dirayunan	Oval Mix Vendor		Panubigan	170,000.00	170,000.00	0.00	
10/28/2024	95780686	3717	Ted Tyrone Matas, Jr.	MKDC		Panubigan	800,000.00	0.00	800,000.00	
			Sub-total				1,215,000.00	362,540.00	852,460.00	
5/17/2024	86364969	1889	Melanie P. Labrador	Pula Women's Group		Pula	60,000.00	60,000.00	0.00	12
6/13/2024	86365139	2073	Mary Charlyn E. Claudian	Compound Group		Pula	198,000.00	0.00	198,000.00	33
8/07/2024	86365780	2743	Gloria Avila	Santan Group		Pula	54,000.00	0.00	54,000.00	
11/06/2024	95780762	3813	Gerald Dagumboy, Sr.	PGFA		Pula	200,000.00	0.00	200,000.00	
			Sub-total				512,000.00	60,000.00	452,000.00	
TOTAL							4,296,000.00	827,540.00	3,468,460.00	

City of Canlaon
LDRRM Utilization
Ineligible Expenses
 CY 2024

Date	DV No.	Payee	Particulars	Amount (₱)	Thematic Area per LDRRMP
12/03/2024	100-2024-03-1055	Myca E. Jarbonido	To cash advance for payment of food allowance in connection with Pasayaw 2024.	265,800.00	Disaster Preparedness
22/04/2024	100-2024-04-01524	Country City Enterprises	Payment of office supplies for use of City Health Office for prevention of epidemic disease.	3,403.00	Disaster Prevention & Mitigation
26/07/2024	100-2024-08-2655	Health Med Pharmacy and Distributors	Payment of 62 bottles of deltametrin for the use of city health office for prevention of epidemic diseases.	272,800.00	Disaster Prevention & Mitigation
08/05/2024	100-2024-05-1791	Tsaleach Trading	Payment of various medicines for the use of City Health office for prevention of non-communicable diseases. (Amlodipine, Losartan, Metformin, Clonidine)	27,445.00	Disaster Prevention & Mitigation
15/08/2024	100-2024-08-2866	Tsaleach Trading	Payment of various medicines for the use of City Health office for prevention of non-communicable diseases. (Amlodipine, Losartan, Metformin, Clonidine)	46,250.00	Disaster Prevention & Mitigation
04/06/2024	100-2024-07-2290	Health Med Pharmacy and Distributors	Payment of 12 Vial BERIRAB for the use of City Health office for animal bite treatment center.	95,880.00	Disaster Prevention & Mitigation
25/11/2024	100-2024-12-4210	Health Med Pharmacy and Distributors	Payment of 8 Vial BERIRAB for the use of City Health office for animal bite treatment center.	99,200.00	Disaster Prevention & Mitigation
03/06/2024	100-2024-06-2063	ZJL Enterprise	Payment of various construction materials for use in	172,941.00	Disaster Preparedness

Appendix B

Date	DV No.	Payee	Particulars	Amount (₱)	Thematic Area per LDRRMP
			the expansion of TB DOTS Facility.		
24/07/2024	100-2024-07-2603	Florencio M. Ignacio Jr. Contracting Employment Services	Payment of 40% work accomplished on the project Expansion of TB DOTS Facility, Brgy. Panubigan, Canlaon City.	27,711.60	Disaster Preparedness
15/08/2024	100-2024-08-2881	Florencio M. Ignacio Jr. Contracting Employment Services	Payment of 100% work accomplished on the project Expansion of TB DOTS Facility of the City Health office, Brgy. Panubigan, Canlaon City.	41,567.40	Disaster Preparedness
30/05/2024	100-2024-06-2039	Rose Ging Commercial	Payment of Various construction and plumbing materials for use in the repair/improvement of stub-outs and supply lines.	307,243.00	Disaster Prevention & Mitigation
21/05/2024	100-2024-05-1994	Ging-ging service station	Pre-payment of 253.8 liters gasoline premium, for use in the improvement of water supply.	19,986.75	Disaster Prevention & Mitigation
Total				1,380,227.75	

CITY OF CANLAON
Province of Negros Oriental

Agency Action Plan and Status of Implementation (AAPSI)
Audit Observations and Recommendations
For the Calendar Year 2023
As of _____

Ref	Audit Observations	Audit Recommendations	Agency Action Plan				Status of Implementation	Reason for Partial/Delay/Non-Implementation, if applicable	Action Taken/Action to be taken
			Action Plan	Person/Dept. Responsible	Target Implementation Date				
					From	To			
2023 AAR AO No. 1 page 34	The Local Government Unit (LGU) was not able to take advantage of the one-time cleansing of Property, Plant, and Equipment (PPE) due to various deficiencies inconsistent with COA Circular No. 2020-006. Thus, the fairness of the presentation of the PPE accounts cannot be reasonably ascertained.	We recommended that Management observe the guidelines and procedures provided in COA Circular No. 2020-006 dated January 31, 2020, for the one-time cleansing of PPE account balances to have reliable PPE balances that are verifiable as to existence, condition, and accountability as follows: 1. Strictly follow the guidelines and procedures in the conduct of the physical count of PPE, recognition of PPE items found at the station, and disposition of non-existing or missing PPE items, and require the Accountant							

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					From	To			
		<p>and Property Officer to reconcile their records based on the results of the actual physical inventory and effect necessary adjustments;</p> <p>2. Adopt the uniform numbering system for property numbers of PPE and require the Property Unit to update the property stickers based on the prescribed format and to include the required information under Sections 5.6 and 5.7 of COA Circular No. 2020-006 dated January 31, 2020;</p> <p>3. Submit the approved PIP to the COA Audit Team within the prescribed period;</p> <p>4. Conduct the required preliminary activities prior to inventory taking;</p> <p>5. Record or document the physical count daily in a</p>							

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					From	To			
		<p>standard ICF prescribed in Annex A of COA Circular No. 2020-006 dated January 31, 2020; and</p> <p>6. Require the Accounting and Property Units to maintain or update the respective PPELCs and PCs and undertake collaborative procedures to ensure that all PPEs in the RPCPPE are duly recorded in their respective records and that the PCs maintained by the Property Unit and the PPELCs maintained by the Accounting Unit are reconciled.</p>							
2023 AAR AO No. 2 page 38	The accuracy and reliability of the Local Road Network (LRN) account totaling ₱192,461,004.67 could not be ascertained due to: (a) non-conduct of inventory of local roads and non-preparation of the Report on the Physical Count of Local Road Network	7. We recommended that Management enjoin the concerned department heads to strictly comply with the accounting and reporting guidelines on the local roads asset management system and earnestly perform their respective duties and responsibilities set forth under COA Circular No.							

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	(RPCLRN); and (b) non-maintenance of the Local Road Network Ledger Card (LRNLC) and Local Road Network Property Card (LRNPC), contrary to COA Circular No. 2015-008 dated November 23, 2015, thereby affecting the fair presentation of the account in the financial statements.	2015-008 dated October 23, 2015. 8. We further recommended that the Inventory Committee through the General Services Offices conduct an annual physical count of all LRN and report the results thereof in the RPCLRN to be submitted to the Auditor and Accounting Unit not later than January 31 of each year. The RPCLRN shall be reconciled with the accounting records, and the necessary adjusting entries will be prepared before the statement date.							
2023 AAR AO No. 3 page 40	PPE under the Trust Fund-Local Government Support Fund (LGSF) totaling ₱31,557,827.28 were not transferred to the General Fund nor provided with depreciation allowances,	9. We recommended that the City Accountant record the transfer of the various completed projects under the Trust Funds-LGSF to the General Fund and compute the							

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					From	To			
	contrary to Sections 97 and 104(i) on the NGAS Manual for LGUs, Volume I, Paragraph 71 of IPSAS 17, and COA Circular No. 2015-008 dated November 23, 2015, thus resulting in the understatement of the PPE accounts and depreciation expenses in the General Fund.	corresponding depreciation expenses for these PPE accounts.							
2023 AAR AO No. 4 page 42	Time Deposits maturing in less than 90 days, totaling ₱200 million, were erroneously classified as Cash in Bank- Local Currency Savings Account instead of Cash in Bank- Local Currency Time Deposits under Cash and Cash Equivalents, while accounts with a 358-day maturity term amounting to ₱50 million were incorrectly presented under Cash and Cash Equivalents instead of Investments, contrary to IPSAS 1 and 2, resulting in the overstatement of Cash and Cash	10. We recommended that Management prepare a correcting entry debiting Cash in Bank-Local Currency, Time Deposits, and crediting Cash in Bank-Local Currency Savings Account amounting to ₱250 million for the total amount placed under time deposits and direct the City Accountant to present investments in Time Deposits with maturities of 90 days or less amounting to ₱200 million as Cash and Cash Equivalents while account with a							

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					From	To			
	Equivalents by ₱150 million.	maturity term of more than 91 days as Investments in accordance with IPSAS 2.							
2023 AAR AO No. 5 page 45	The Real Property Tax (RPT) and Special Education Tax (SET) receivables were understated by ₱3,207,934.17 because the amounts established at the beginning of the year were based on estimates rather than on a duly certified list of taxpayers, contrary to Section 20 of the NGAS Manual for LGUs, Volume I. Moreover, the difference of ₱19,394,988.42 between the balances in the Certified List of RPT Delinquencies and RPT and SET receivable could not be reconciled because subsidiary ledgers were not maintained, thus affecting the reliability of the said accounts in the financial statements.	<p>11. We recommended that the City Treasurer provide the City Accountant with a copy of the RPT records for CY 2023 and prior years to establish the beginning balance for CY 2024. Henceforth, furnish the City Accountant at the beginning of each year a certified list of taxpayers with the amount due and collectible for the current year as the basis for the recording of the RPT and SET receivables in compliance with Section 20 of the NGAS Manual for LGUs, Volume I.</p> <p>12. We further recommended that the City Accountant</p>							

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					From	To			
		maintain RPT and SET receivables subsidiary ledgers and reconcile the accounts with the City Treasurer’s records.							
2023 AAR AO No. 6 page 48, 2021 AAR, AO No. 9, page 46	The City failed to submit to the Office of the Auditor the Report on Sources and Utilization of the Local Disaster Risk Reduction and Management Fund (LDRRMF) within 15 days after the end of each month as required under Section 5.1.5 of COA Circular No. 2012-002, thus preventing effective monitoring of the use of the fund that could adversely affect its disaster risk reduction, preparation, and mitigation efforts.	13. We recommended and the City Accountant agreed to prepare the Monthly Report on Sources and Utilization of DRRMF with the required information and submit the report on or before the 15 th day after the end of each month through the LDRRMO to the COA Auditor.							
2023 AAR AO No. 7 page 49	The monthly net take-home pay of 55 City personnel fell below the mandated minimum amount of ₱5,000.00 contrary to Section 55,	14. We recommended that the City Accounting Office ensure that the net take-home pay of employees shall not be less than ₱5,000.00 by							

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	General Provisions of RA No. 11936 or the General Appropriations Act (GAA) for Fiscal Year 2023, thus defeating the general intent of the law which is to boost employees' morale and self-esteem and to promote efficiency and effectiveness in public service.	prioritizing deductions in the order of preference mandated under Section 55 of the 2023 GAA.							
2023 AAR AO No. 8 page 50	Monetization of 50% of leave credits was allowed even without the required supporting documents to justify the same, inconsistent with Section 23 of Rule XVI of the Omnibus Rules Implementing Book V of Executive Order (E.O.) No. 292 and COA Circular No. 2012-001 dated June 14, 2012, while in some cases regular monetization was granted more than once a year contrary to CSC and DBM Joint Circular No. 2-97 dated June 25,	15. We recommended that the City Accountant ensure that the monetization of 50% of leave credits is properly supported with valid documents to justify the grant in compliance with Section 23 of the Omnibus Rules on Leave and COA Circular No. 2012-001, before processing the payment. 16. We further recommended that monetization of leave credits be done only							

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					From	To			
	1997, thereby resulting in irregular expenditures.	once a year pursuant to CSC and DBM Joint Circular No. 2-97.							
2023 AAR AO No. 9 page 52	The fidelity bond of the four Accountable Officers (AOs) is insufficient to cover their accountabilities, thus unnecessarily exposing the government to the risk of inadequate indemnification from the Fidelity Fund in cases of defalcation, shortages, and unrelieved losses in the accounts of the AOs.	17. We recommended that Management revisit the computation of the AOs' accountabilities and increase their fidelity bond in accordance with Treasury Circular No. 1-2022 dated May 30, 2022.							
2023 AAR AO No. 10 page 54	The AAPSI was not submitted by Management pursuant to Section 99 of the General Provisions of RA No. 11936, otherwise known as the General Appropriations Act for Fiscal Year (FY) 2023, thus, the extent of compliance and actions taken by the Management to implement the prior years' audit recommendations were not duly monitored.	18. We recommended and Management agreed to formulate an action plan to implement the audit recommendations and submit immediately the duly accomplished AAPSI form to the Audit Team, copy furnished to the DBM, the House Committee on Appropriations, and the Senate Committee on Finance, as mandated by Section 99 of RA No. 11936.							

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					From	To			
<p>2022 ML, Par. No. 7, page 2</p> <p>2021AAR, AO No. 5 page 37</p> <p>2017 AAR, AO No. 15, page 54</p> <p>2016 AAR, AO No. 9, page 41</p>	<p>Official receipts (ORs), disbursement vouchers (DVs), payrolls, liquidation documents, monthly trial balances (TBs), quarterly financial statements (FS) [for the 1st, 2nd, 3rd and 4th quarters], and year-end FS have not been submitted within the prescribed timelines, contrary to the provisions of Section 347 of RA No. 7160, Section 70 of New Government Accounting System (NGAS) Manual for LGUs, Item 4 of COA Circular No. 2010-01, and Paragraph 7 of COA Circular No. 2009-006, thus, the regularity, validity, completeness, and accuracy of recorded transactions could not be immediately established, preventing the Audit Team from conducting the mandatory audit thereof and consequently informing Management of the defects and/or</p>	<p>19. We recommended that the City Accountant submit immediately the DVs, payrolls, ORs, and other liquidation documents of the General Fund from July to December, quarterly FS for all quarters, monthly TBs from January to December, and year-end FS for CY 2022.</p> <p>20. Henceforth, ensure the submission of accounts and FS within the prescribed periods pursuant to Section 347 of RA No. 7160, Section 70 of NGAS Manual for LGUs, Item 4 of COA Circular No. 2010-01, and Paragraph 7 of COA Circular No. 2009-006.</p>							

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					From	To			
	deficiencies that may be noted in audit.								
2022 ML, Par. No. 18, page 4 2019 AAR, AO No. 1, page 28 2015 AAR, AO No. 4, page 30 2013 AAR	<p>Cash advances totaling ₱12.285 million remained unliquidated as of September 30, 2022, of which ₱8.069 million or 65.68 per cent had been outstanding for 1 year to over 10 years, contrary to COA Circular No. 97-002 dated February 10, 1997, thus, expenses were not properly recognized on periods these were incurred, affecting the fair presentation of the FSs.</p> <p><i>Balance as of December 31, 2023 (GF):</i></p> <p><i>Advances for Operating Expenses</i></p> <p><i>₱512,112.50</i></p> <p><i>Advances for Payroll</i></p> <p><i>110,071.55</i></p> <p><i>Advances to Special DO</i></p> <p><i>559,143.72</i></p>	21. We recommended that the City Mayor instruct the City Accountant to demand the immediate liquidation of all outstanding CAs by issuing final demand letters direct to the AOs concerned, otherwise, if no liquidation is made, impose the sanction of withholding the salaries of those who still fail to settle their accounts after due notice.							

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	<p><i>Advance to Officers and Employees</i> 3,019,675.76</p> <p><i>Other Receivables</i> <u>4,520,483.72</u></p> <p><i>Total</i> <u>₱8,676,704.98</u></p>								
2022 ML, Par. No. 26, page 6	Completed infrastructure projects in the Trust Fund amounting to ₱13.779 million were not transferred to the appropriate asset accounts in violation of Section 50 of the NGAS Manual for LGUs, Volume 1, resulting in the overstatement of CIP accounts and the understatement of certain asset accounts, as well as the overstatement of the asset and equity accounts by the amount of depreciation that should have been provided from the time	22. We recommended that the City Mayor instruct the City Accountant to verify the CIP accounts, close to the appropriate infrastructure asset account the cost directly attributable to the completed projects, transfer the recording of all completed projects under the Trust Fund to the General Fund, and subsequently provide the same with depreciation to arrive at an accurate and reliable carrying balance of the PPE, pursuant to Section 50							

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					From	To			
	the projects were completed and transferred to the General Fund, thereby affecting the fairness of the presentation of the FSs.	of the NGAS Manual for LGUs, Volume I. 23. We further recommended that the City Accountant prepare the necessary adjusting entries to reclassify the transactions erroneously recorded under the CIP accounts to their appropriate accounts, and to henceforth, recognize CIP based on progress billings and other acceptable and appropriate supporting documents which will properly substantiate its balance.							
2022 ML, Par. No. 33, page 8	Unpaid RPTs amounting to ₱20.672 million since CY 1974 were not collected due to the property owners' unknown addresses, disputes among heirs of common/undivided properties, and non-transfer of ownership of inherited properties,	24. We recommended that the City Treasurer's Office intensify the collection of the delinquent RPTs by conducting tax campaigns and issuing demand letters, utilizing the assistance of barangay officials in							

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					From	To			
	contrary to Sections 2A.01, 2A.02, and 2A.07.6 of City Ordinance No. 118 dated November 29, 2017, thereby reducing the City's actual income and depriving the LGU of the amount which could have been used to finance basic services and facilities.	the distribution thereof. 25. We also recommended that Management institute legal remedies as provided in the City's Revenue Code.							
2022 ML, Par. No. 42, page 10 2015 AAR, AO No. 7, page 35	The balance of the account Due to NGAs of ₱56.024 million as of December 31, 2022 is unreliable due to the inclusion of dormant accounts and abnormal (negative) balances of ₱6.165 million and ₱9,739.98, respectively, unrecorded liquidation of completed projects totaling ₱4.976 million, and the absence of SLs for each project under Trust Fund, all of which are not in accordance with Paragraph 27 of International Public Sector Accounting Standards (IPSAS) No.	We recommended that the City Mayor instruct the City Accountant to: 26. Prepare without fail the required SLs for the account Due to NGAs to substantiate the details of the General Ledger balance; and 27. Return to the Bureau of the Treasury the unused funds downloaded from various NGAs for PPAs that can no longer be implemented.							

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					From	To			
	1, thereby affecting the fair presentation of the account in the FSSs.								
2021 AAR, AO No. 1, page 28 2020 AAR, AO No. 2, page 30 2018 AAR, AO No. 1, page 27 2017 AAR, AO No. 1, page 26 2016 AAR, AO No. 1, page 25	The validity, correctness and existence of PPE account of ₱1,225,490,281.57 as of December 31, 2021, have not been fully established at year-end because: (a) the PPE ledger cards were incomplete and not updated by the Accounting Unit, and (b) report of the physical inventory taking was submitted beyond the prescribed period, resulting in non-reconciliation of the Report on the Physical Count of PPE (RPCPPE) and balances per accounting records, contrary to Sections 120 and 124 of the Manual on the New Government Accounting System (NGAS) for Local Government Units	28. We recommended that Management require the City Accountant to update the Ledger Cards/Subsidiary Schedule of PPE and direct the Property and Accounting Units to reconcile the results of the inventory count with the related property and accounting records in accordance with the pertinent provisions of COA Circular No. 2020-006 dated January 31, 2020 to ensure the accuracy of the reported PPE balances in the financial statements. Any discrepancies noted in the reconciliation shall be adjusted in accordance with Sections 7.0 and 8.0 of the same Circular as one-time							

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					From	To			
	(LGUs), Volume I and Section 6.3 of COA Circular No. 2020-006 dated January 31, 2020, thus, affecting the fair presentation of the financial statements.	cleansing of the PPE account balances.							
2021 AAR, AO No. 3, page 34	Payment of Hazard Pay in the total amount of ₱180,000.00 to barangay officials and tanods who are not considered personnel of the City or are workers engaged through contract of service (COS)/ Job Order (JO) by the City is contrary to DBM Budget Circular No. 2020-1 and Administrative Order No. 26, series of 2020, casting doubt as to the propriety and legality of the disbursements.	<p>29. We recommended that Management require the concerned Barangay thru their respective Sangguniang Barangays to enact ordinances to include in their respective budgets and to refund the City Government the amounts granted to them; otherwise, all payments to barangay officials and employees will be disallowed in audit.</p> <p>30. Moreover, require the barangay elective officials to refund the hazard pay as they are not entitled to it.</p>							
2021 AAR, AO No. 8, page 43	Expenditures totaling ₱1,935,331.00 which were not related to relief	31. We recommended that the City DRRM Council, through the							

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2020 AAR, AO No. 8, page 41	and recovery operations were charged to the Quick Response Fund (QRF) of the Local Disaster Risk Reduction and Management Fund (LDRRMF) contrary to Section 4.3 of COA Circular No. 2012-002 dated September 12, 2012 and Section 5.0 of NDRRMC, DBM and DILG JMC No. 2013-001 dated March 25, 2013, thus reducing the funds intended for disaster relief and recovery projects and activities.	<p>City Mayor as Chairperson, strictly comply with existing regulations on the appropriation and utilization of LDRRMF and ensure that such funds are utilized solely for disaster risk management, making the City well-prepared to respond to calamities which may occur.</p> <p>32. We further recommended that the procurement of diesel and gasoline fuel, meals for frontliners and supplies used for the operation of the Incident Command Post shall be sourced from the General Fund of the LGU and refund the LDRRMF for the amount expended.</p>							
2019 AAR, AO No. 2, page 31	Cash advances for Intelligence/ Confidential Funds of the former City Mayor	33. We recommended that the City Accountant demand from the former City Mayor the							

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2015 AAR, AO No. 5, page 31	from CYs 2011 to 2018 totaling ₱5,114,000.00 remained unliquidated as of December 31, 2019 contrary to Section 6.2.2 of DBM-DILG-DND-GCG-COA Joint Circular No. 2015-01 thereby creating the impression that the funds may have been put to unauthorized use which may eventually lead to loss of government funds.	immediate settlement/ liquidation of the unliquidated cash advances for confidential and intelligence expenses and follow up with the Intelligence and Confidential Funds Audit Unit of the COA the credit notice for liquidation reports already submitted.							
2019 AAR, AO No. 6, page 42	The concentration of bookkeeping duties in only one employee resulted in the continued delay in the submission of the financial statements of the City and failure of the City Accountant to submit the statements for the period January to June 2019, contrary to Sections 70 and 73 of the Manual on NGAS for LGUs, Volume I, thereby reducing the relevance and usefulness of the financial information	34. We recommended that Management instruct the City Accountant to assign the bookkeeping jobs not just to one employee but to several employees to hasten the recording of transactions and preparation of financial statements.							

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					From	To			
	needed by Management for decision-making and the conduct of timely audit by the COA.								
2018 AAR, AO No. 2, page 28	The lack of regular monitoring and supervision on the payment of granted loans has resulted in the accumulation of unpaid loans receivable from cooperatives, small business operators and individuals who availed of livelihood development loans from the City Government thus exposing government funds amounting to ₱21,851,337.15 to the risk of loss due to the City's failure to collect repayment thereof.	We recommended the following: 35. The City Mayor designate one or two personnel to focus on the monitoring and collection of the loans, to issue demand letters within a reasonable time after due dates when no payment has been received, and to refer to the City Legal Officer those who refuse to pay for the purpose of instituting legal action pursuant to the terms of the loan agreement.							
2017 AAR, AO No. 18, page 61 2016 AAR, AO No. 5, page 33	Two PPAs under the Bottom-Up Budgeting (BUB) Program with appropriations totaling ₱1,700,000.00 have yet to be implemented despite the availability of cash for their immediate implementation while	36. We recommended that the LPRAT, through the BUB Focal Person, intensify efforts to fast-track the implementation of the BUB program for the LGU to achieve its target of reducing							

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			Action Plan	Person/Dept. Responsible	Target Implementation Date				
					From	To			
	<p>one project amounting to ₱4,360,000.00 remained unfinished owing to inherent LGU capacity constraints and problems encountered during project implementation, thereby defeating the purpose of accelerated service delivery of programs that seek to reduce poverty.</p> <p><i>Note: CY 2016 – Four projects totaling ₱4,610,000.00.</i></p>	<p>poverty and likewise avoid any repercussions that may result from its non-utilization of BUB Funds as well as delayed implementation of related programs/projects by assigning technical personnel who will focus on BUB projects and by closely monitoring progress thereon.</p>							
2015 AAR, AO No. 2, page 26	<p>Land Improvements, Buildings and Other Structures accounts totaling ₱355.20 million as of December 31, 2015 include properties constructed on a private lot without adequate documents to support the turnover of said properties to the government, contrary to Section 4(2) of PD No. 1445 and Section 335 of RA No. 7160. Meanwhile, individual project cost of said</p>	<p>37. We recommended that Management secure from the owner of the private lot the Transfer Certificate of Title (TCT) and Deed of Donation in favor of the government, if any, otherwise, initiate expropriation proceedings before the proper court to acquire the land upon payment of just compensation to the owner.</p>							

Ref	Audit Observations	Audit Recommendations	Agency Action Plan				Status of Implementation	Reason for Partial/Delay/Non-Implementation, if applicable	Action Taken/Action to be taken
			Action Plan	Person/Dept. Responsible	Target Implementation Date				
					From	To			
	properties could not be ascertained due to the absence of property and ledger cards in the City General Services and Accounting Offices, respectively, in violation of Section 114 of the NGAS Manual, Volume I.								
2014 AAR AO No. 11, page 33	Special accounts for Waterworks System and Cemetery Operations were not maintained in the General Fund contrary to Section 313 of RA No. 7160 and Sections 105 and 107 of the NGAS Manual for LGUs, Volume I, thus the financial condition and results of operations of these two economic enterprises could not be determined.	38. We recommended that the City record separately the transactions of the waterworks system and cemetery operations by maintaining special accounts in the General Fund in accordance with Section 313 of RA No. 7160, Sections 105 and 107 of the NGAS Manual for LGUs, Volume I.							
2013 AAR, AO No. 8, page 32	No depreciation was recognized for all land improvements, buildings, and other structures of the City with an aggregate balance of	We recommended that: 39. The City Accountant maintain PPE Ledger Cards to facilitate the computation of depreciation expenses and henceforth							

Ref	Audit Observations	Audit Recommendations	Agency Action Plan				Status of Implementation	Reason for Partial/Delay/Non-Implementation, if applicable	Action Taken/Action to be taken
			Action Plan	Person/Dept. Responsible	Target Implementation Date				
					From	To			
	<p>₱391,793,517.37 as of December 31, 2013.</p> <p><i>Note: As of December 31, 2021, still no depreciation was recognized for all land improvements, buildings and other structures amounting to ₱798,382,842.89.</i></p>	<p>compute and record, at the end of the year, depreciation of properties whose costs and acquisition dates are available.</p> <p>40. The City Accountant trace the cost of depreciable immovable properties and take up current and prior years' depreciation expense in order to reflect the correct balance of PPE in the financial statements.</p>							
2011AAR	<p>Several lots of the City with a total market value of ₱58,412,500.00 could not be determined if these were recorded in the books of accounts or the amount of land which is ₱43,384,529.15 as recorded in the books, could not also be ascertained if it were issued with tax declarations and TCT because of the absence of real property ledger</p>	<p>41. We recommended that Management require the City Assessor, as well as the City Treasurer, to convene the City Appraisal Committee to act immediately in the determination of the value of the unrecorded lots.</p> <p>42. Also, direct them to process the titling of the lots owned by the City and for the City</p>							

Ref	Audit Observations	Audit Recommendations	Agency Action Plan				Status of Implementation	Reason for Partial/Delay/Non-Implementation, if applicable	Action Taken/Action to be taken
			Action Plan	Person/Dept. Responsible	Target Implementation Date				
					From	To			
	cards. Moreover, lots owned by the LGU have no certificates of title.	<p>Budget Officer to allocate funds for the titling thereof.</p> <p>43. Likewise, instruct the City Accountant to review the land account and record in the books of accounts those lots that are owned by the City. Moreover, the value of the lots which will be determined by the City Appraisal Committee shall also be recorded in the books of accounts to avoid understatement of assets. However, attention is also directed pertaining to the recording of the value of the lot as provided in Paragraph 46 of the IPSAS (Ba), Volume II and Paragraph 7 of the same regulation.</p>							
2009AAR	Despite the lapse of over two years, the lot purchased by the City of Canlaon lacked	44. To protect the interest of the City, we recommended that Management facilitate							

Ref	Audit Observations	Audit Recommendations	Agency Action Plan				Status of Implementation	Reason for Partial/Delay/Non-Implementation, if applicable	Action Taken/Action to be taken
			Action Plan	Person/Dept. Responsible	Target Implementation Date				
					From	To			
	sufficient documentation and still did not have the requisite Certificate of Title under the name of the LGU, thus casting doubt on the legality of the said transaction amounting to ₱5,033,000.00.	the transfer of the ownership of the 10,066 square meters of the lot purchased as soon as possible, otherwise the same shall be disallowed in audit.							
2007AAR	Advance payment of registration fees of nine delegates who failed to attend the Conference on the City Development Asia 2007 held in Marina Mandarin Hotel, Singapore on January 22-23, 2007 amounting to ₱877,500.00 were not refunded by the sponsor, thus resulted in losses to the government in the amount of ₱877,500.00.	45. We recommended that Management request the City Legal Officer to communicate with the sponsoring organization demanding the refund of the advance payment of registration fees for the Conference on City Development Asia 2007 in Singapore, otherwise, require the officials concerned to refund the amount so paid.							

**STATUS OF IMPLEMENTATION OF PRIOR YEARS' AUDIT
RECOMMENDATIONS**

Of the 45 prior years' recommendations, 7 were implemented and 38 were not implemented as shown in the results of the validations presented below:

Ref	Observations	Recommendations	Status of Implementation
2023 AAR AO No. 1 page 34	The Local Government Unit (LGU) was not able to take advantage of the one-time cleansing of Property, Plant, and Equipment (PPE) due to various deficiencies inconsistent with COA Circular No. 2020-006. Thus, the fairness of the presentation of the PPE accounts cannot be reasonably ascertained.	<p>Management observe the guidelines and procedures provided in COA Circular No. 2020-006 dated January 31, 2020, for the one-time cleansing of PPE account balances to have reliable PPE balances that are verifiable as to existence, condition, and accountability as follows:</p> <ol style="list-style-type: none"> 1. Strictly follow the guidelines and procedures in the conduct of the physical count of PPE, recognition of PPE items found at the station, and disposition of non-existing or missing PPE items, and require the Accountant and Property Officer to reconcile their records based on the results of the actual physical inventory and effect necessary adjustments; 2. Adopt the uniform numbering system for property numbers of PPE and require the Property Unit to update the property 	<p>Unimplemented No action taken by management.</p> <p>Unimplemented No action taken by management.</p>

Ref	Observations	Recommendations	Status of Implementation
		<p>stickers based on the prescribed format and to include the required information under Sections 5.6 and 5.7 of COA Circular No. 2020-006 dated January 31, 2020;</p> <p>3. Submit the approved Physical Inventory Plan to the COA Audit Team within the prescribed period;</p> <p>4. Conduct the required preliminary activities prior to inventory taking;</p> <p>5. Record or document the physical count daily in a standard Inventory Count Form (ICF) prescribed in Annex A of COA Circular No. 2020-006 dated January 31, 2020; and</p> <p>6. Require the Accounting and Property Units to maintain or update the respective PPE Ledger Cards (PPELCs) and Property Cards (PCs) and undertake collaborative procedures to ensure that all PPEs in the Report on the Physical Count of PPE (RPCPPE) are duly</p>	<p>Unimplemented No report was submitted by Management.</p> <p>Unimplemented No action taken by management.</p> <p>Unimplemented No ICF was submitted by Management.</p> <p>Unimplemented No reports were submitted by Management.</p>

Ref	Observations	Recommendations	Status of Implementation
		recorded in their respective records and that the PCs maintained by the Property Unit and the PPELCs maintained by the Accounting Unit are reconciled.	
2023 AAR AO No. 2 page 38	The accuracy and reliability of the Local Road Network (LRN) account totaling ₱192,461,004.67 could not be ascertained due to: (a) non-conduct of inventory of local roads and non-preparation of the Report on the Physical Count of Local Road Network (RPCLR); and (b) non-maintenance of the Local Road Network Ledger Card (LRNLC) and Local Road Network Property Card (LRNPC), contrary to COA Circular No. 2015-008 dated November 23, 2015, thereby affecting the fair presentation of the account in the financial statements.	<p>7. Management enjoin the concerned department heads to strictly comply with the accounting and reporting guidelines on the local roads asset management system and earnestly perform their respective duties and responsibilities set forth under COA Circular No. 2015-008 dated October 23, 2015.</p> <p>8. The Inventory Committee through the General Services Offices conduct an annual physical count of all LRN and report the results thereof in the RPCLR to be submitted to the Auditor and Accounting Unit not later than January 31 of each year. The RPCLR shall be reconciled with the accounting records, and the necessary adjusting entries will be prepared</p>	<p>Unimplemented No action taken by management.</p> <p>Unimplemented No physical inventory was conducted.</p>

Ref	Observations	Recommendations	Status of Implementation
		before the statement date.	
2023 AAR AO No. 3 page 40	PPE under the Trust Fund-Local Government Support Fund (LGSF) totaling ₱31,557,827.28 were not transferred to the General Fund nor provided with depreciation allowances, contrary to Sections 97 and 104(i) on the New Government Accounting System (NGAS) Manual for LGUs, Volume I, Paragraph 71 of IPSAS 17, and COA Circular No. 2015-008 dated November 23, 2015, thus resulting in the understatement of the PPE accounts and depreciation expenses in the General Fund.	9. The City Accountant record the transfer of the various completed projects under the Trust Funds-LGSF to the General Fund and compute the corresponding depreciation expenses for these PPE accounts.	Unimplemented No action taken by Management.
2023 AAR AO No. 4 page 42	Time Deposits maturing in less than 90 days, totaling ₱200 million, were erroneously classified as Cash in Bank-Local Currency Savings Account instead of Cash in Bank-Local Currency Time Deposits under Cash and Cash Equivalents, while accounts with a 358-day maturity term amounting to ₱50 million were incorrectly presented under Cash and Cash Equivalents instead of Investments, contrary to IPSAS 1 and 2, resulting in the overstatement of Cash and Cash Equivalents by ₱150 million.	10. Management prepare a correcting entry debiting Cash in Bank-Local Currency, Time Deposits, and crediting Cash in Bank-Local Currency Savings Account amounting to ₱250 million for the total amount placed under time deposits and direct the City Accountant to present investments in Time Deposits with maturities of 90 days or less amounting to ₱200 million as Cash and Cash Equivalents while account with a	Unimplemented No adjustment can be seen in the submitted financial statements as of June 30, 2025.

Ref	Observations	Recommendations	Status of Implementation
		maturity term of more than 91 days as Investments in accordance with IPSAS 2.	
2023 AAR AO No. 5 page 45	The Real Property Tax (RPT) and Special Education Tax (SET) receivables were understated by ₱3,207,934.17 because the amounts established at the beginning of the year were based on estimates rather than on a duly certified list of taxpayers, contrary to Section 20 of the NGAS Manual for LGUs, Volume I. Moreover, the difference of ₱19,394,988.42 between the balances in the Certified List of RPT Delinquencies and RPT and SET receivable could not be reconciled because subsidiary ledgers were not maintained, thus affecting the reliability of the said accounts in the financial statements.	<p>11. The City Treasurer provide the City Accountant with a copy of the RPT records for CY 2023 and prior years to establish the beginning balance for CY 2024. Henceforth, furnish the City Accountant at the beginning of each year a certified list of taxpayers with the amount due and collectible for the current year as the basis for the recording of the RPT and SET receivables in compliance with Section 20 of the NGAS Manual for LGUs, Volume I.</p> <p>12. The City Accountant maintain RPT and SET receivables subsidiary ledgers and reconcile the accounts with the City Treasurer's records.</p>	<p>Unimplemented The City Accountant was not provided with RPT records at the beginning of the year.</p> <p>Unimplemented No reconciliation was done by the City Accountant and the City Treasurer's office.</p>
2023 AAR AO No. 6 page 48, 2021 AAR,	The City failed to submit to the Office of the Auditor the Report on Sources and Utilization of the Local Disaster Risk Reduction	13. The City Accountant prepare the Monthly Report on Sources and Utilization of DRRMF with the	Unimplemented Reports have been submitted monthly but the information

Ref	Observations	Recommendations	Status of Implementation
AO No. 9, page 46	and Management Fund (LDRRMF) within 15 days after the end of each month as required under Section 5.1.5 of COA Circular No. 2012-002, thus preventing effective monitoring of the use of the fund that could adversely affect its disaster risk reduction, preparation, and mitigation efforts.	required information and submit the report on or before the 15 th day after the end of each month through the Local Disaster Risk Reduction and Management Office (LDRRMO) to the COA Auditor.	therein were not complete.
2023 AAR AO No. 7 page 49	The monthly net take-home pay of 55 City personnel fell below the mandated minimum amount of ₱5,000.00 contrary to Section 55, General Provisions of RA No. 11936 or the General Appropriations Act (GAA) for Fiscal Year 2023, thus defeating the general intent of the law which is to boost employees' morale and self-esteem and to promote efficiency and effectiveness in public service.	14. The City Accounting Office ensure that the net take-home pay of employees shall not be less than ₱5,000.00 by prioritizing deductions in the order of preference mandated under Section 55 of the 2023 GAA.	Implemented
2023 AAR AO No. 8 page 50	Monetization of 50 per cent of leave credits was allowed even without the required supporting documents to justify the same, inconsistent with Section 23 of Rule XVI of the Omnibus Rules Implementing Book V of Executive Order (E.O.) No. 292 and COA Circular No. 2012-001 dated June 14, 2012, while in some cases regular monetization was granted more than once a year contrary to CSC and	15. The City Accountant ensure that the monetization of 50% of leave credits is properly supported with valid documents to justify the grant in compliance with Section 23 of the Omnibus Rules on Leave and COA Circular No. 2012-001, before processing the payment.	Implemented

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Ref	Observations	Recommendations	Status of Implementation
	DBM Joint Circular No. 2-97 dated June 25, 1997, thereby resulting in irregular expenditures.	16. Monetization of leave credits be done only once a year pursuant to CSC and DBM Joint Circular No. 2-97.	Implemented
2023 AAR AO No. 9 page 52	The fidelity bond of the four Accountable Officers (AOs) is insufficient to cover their accountabilities, thus unnecessarily exposing the government to the risk of inadequate indemnification from the Fidelity Fund in cases of defalcation, shortages, and unrelieved losses in the accounts of the AOs.	17. Management revisit the computation of the AOs' accountabilities and increase their fidelity bond in accordance with Treasury Circular No. 1-2022 dated May 30, 2022.	Implemented
2023 AAR AO No. 10 page 54	The Agency Action Plan and Status of Implementation (AAPSI) was not submitted by Management pursuant to Section 99 of the General Provisions of RA No. 11936, otherwise known as the General Appropriations Act for Fiscal Year (FY) 2023, thus, the extent of compliance and actions taken by the Management to implement the prior years' audit recommendations were not duly monitored.	18. Management formulate an action plan to implement the audit recommendations and submit immediately the duly accomplished AAPSI form to the Audit Team, copy furnished to the DBM, the House Committee on Appropriations, and the Senate Committee on Finance, as mandated by Section 99 of RA No. 11936.	Unimplemented Management submitted its AAPSI on May 27, 2025, however, the report submitted was not complete. This is restated in the audit of CY 2024 accounts under paragraph 87.
2022 ML, Par. No. 7, page 2 2021AAR, AO No. 5 page 37	Official receipts (ORs), disbursement vouchers (DVs), payrolls, liquidation documents, monthly trial balances (TBs), quarterly financial statements (FS) [for the 1st, 2nd, 3rd and 4th quarters], and year-end FS	19. The City Accountant submit immediately the DVs, payrolls, ORs, and other liquidation documents of the General Fund from July to December, quarterly	Implemented

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Ref	Observations	Recommendations	Status of Implementation
<p>2017 AAR, AO No. 15, page 54</p> <p>2016 AAR, AO No. 9, page 41</p>	<p>have not been submitted within the prescribed timelines, contrary to the provisions of Section 347 of RA No. 7160, Section 70 of NGAS Manual for LGUs, Item 4 of COA Circular No. 2010-01, and Paragraph 7 of COA Circular No. 2009-006, thus, the regularity, validity, completeness, and accuracy of recorded transactions could not be immediately established, preventing the Audit Team from conducting the mandatory audit thereof and consequently informing Management of the defects and/or deficiencies that may be noted in audit.</p>	<p>FS for all quarters, monthly TBs from January to December, and year-end FS for CY 2022.</p> <p>20. Henceforth, ensure the submission of accounts and FS within the prescribed periods pursuant to Section 347 of RA No. 7160, Section 70 of NGAS Manual for LGUs, Item 4 of COA Circular No. 2010-01, and Paragraph 7 of COA Circular No. 2009-006.</p>	<p>Unimplemented</p> <p>The City Accountant was not able to submit the Financial Statements within the prescribed period.</p> <p>This is restated in the audit of CY 2024 accounts under paragraph 6.</p>
<p>2022 ML, Par. No. 18, page 4</p> <p>2019 AAR, AO No. 1, page 28</p> <p>2015 AAR, AO No. 4, page 30</p> <p>2013 AAR</p>	<p>Cash advances totaling ₱12.285 million remained unliquidated as of September 30, 2022, of which ₱8.069 million or 65.68 per cent had been outstanding for 1 year to over 10 years, contrary to COA Circular No. 97-002 dated February 10, 1997, thus, expenses were not properly recognized on periods these were incurred, affecting the fair presentation of the FSs.</p> <p><i>Balance as of December 31, 2023 (GF):</i> <i>Advances for Operating Expenses</i></p> <p>₱512,112.50</p>	<p>21. The City Mayor instruct the City Accountant to demand the immediate liquidation of all outstanding CAs by issuing final demand letters direct to the AOs concerned, otherwise, if no liquidation is made, impose the sanction of withholding the salaries of those who still fail to settle their accounts after due notice.</p>	<p>Unimplemented</p> <p>No action taken by Management.</p>

Ref	Observations	Recommendations	Status of Implementation
	<p><i>Advances for Payroll</i> 110,071.55</p> <p><i>Advances to Special DO</i> 559,143.72</p> <p><i>Advance to Officers and Employees</i> 3,019,675.76</p> <p><i>Other Receivables</i> <u>4,520,483.72</u></p> <p><i>Total</i> <u>₱8,676,704.98</u></p>		
2022 ML, Par. No. 26, page 6	<p>Completed infrastructure projects in the Trust Fund amounting to ₱13.779 million were not transferred to the appropriate asset accounts in violation of Section 50 of the NGAS Manual for LGUs, Volume 1, resulting in the overstatement of Construction in Progress (CIP) accounts and the understatement of certain asset accounts, as well as the overstatement of the asset and equity accounts by the amount of depreciation that should have been provided from the time the projects were completed and transferred to the General Fund, thereby affecting the fairness of the presentation of the FSs.</p>	<p>22. The City Mayor instruct the City Accountant to verify the CIP accounts, close to the appropriate infrastructure asset account the cost directly attributable to the completed projects, transfer the recording of all completed projects under the Trust Fund to the General Fund, and subsequently provide the same with depreciation to arrive at an accurate and reliable carrying balance of the PPE, pursuant to Section 50 of the NGAS Manual for LGUs, Volume I.</p> <p>23. The City Accountant prepare the necessary adjusting entries to reclassify the transactions erroneously recorded under the CIP</p>	<p>Unimplemented The practice of not recording assets in the Trust Fund and subsequently transfer to the General Fund was not observed by the City Accountant.</p> <p>Unimplemented The City Accountant did not prioritize transfer of completed projects under the</p>

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Ref	Observations	Recommendations	Status of Implementation
		<p>accounts to their appropriate accounts, and to henceforth, recognize CIP based on progress billings and other acceptable and appropriate supporting documents which will properly substantiate its balance.</p>	<p>CIP to appropriate asset account.</p>
<p>2022 ML, Par. No. 33, page 8</p>	<p>Unpaid RPTs amounting to ₱20.672 million since CY 1974 were not collected due to the property owners' unknown addresses, disputes among heirs of common/undivided properties, and non-transfer of ownership of inherited properties, contrary to Sections 2A.01, 2A.02, and 2A.07.6 of City Ordinance No. 118 dated November 29, 2017, thereby reducing the City's actual income and depriving the LGU of the amount which could have been used to finance basic services and facilities.</p>	<p>24. The City Treasurer's Office intensify the collection of the delinquent RPTs by conducting tax campaigns and issuing demand letters, utilizing the assistance of barangay officials in the distribution thereof.</p> <p>25. Management institute legal remedies as provided in the City's Revenue Code.</p>	<p>Unimplemented RPT Delinquencies were not recorded in the books.</p> <p>Unimplemented No action taken by Management.</p>
<p>2022 ML, Par. No. 42, page 10 2015 AAR, AO No. 7, page 35</p>	<p>The balance of the account Due to NGAs of ₱56.024 million as of December 31, 2022 is unreliable due to the inclusion of dormant accounts and abnormal (negative) balances of ₱6.165 million and</p>	<p>The City Mayor instruct the City Accountant to:</p> <p>26. Prepare without fail the required SLs for the account Due to NGAs to substantiate the details of the</p>	<p>Unimplemented No action taken by the City Accountant.</p>

Ref	Observations	Recommendations	Status of Implementation
	<p>₱9,739.98, respectively, unrecorded liquidation of completed projects totaling ₱4.976 million, and the absence of Subsidiary Ledgers (SLs) for each project under Trust Fund, all of which are not in accordance with Paragraph 27 of IPSAS No. 1, thereby affecting the fair presentation of the account in the FSs.</p>	<p>General Ledger balance; and</p> <p>27. Return to the Bureau of the Treasury the unused funds downloaded from various NGAs for Programs/Projects/Activities (PPAs) that can no longer be implemented.</p>	<p>Unimplemented</p> <p>Some funds had already been returned to the source agencies. However, accounts that have been dormant for over 10 years were not yet returned due to unavailability of records to support the return of funds.</p>
<p>2021 AAR, AO No. 1, page 28</p> <p>2020 AAR, AO No. 2, page 30</p> <p>2018 AAR, AO No. 1, page 27</p> <p>2017 AAR, AO No. 1, page 26</p> <p>2016 AAR, AO No. 1, page 25</p>	<p>The validity, correctness and existence of PPE account of ₱1,225,490,281.57 as of December 31, 2021, have not been fully established at year-end because: (a) the PPE ledger cards were incomplete and not updated by the Accounting Unit, and (b) report of the physical inventory taking was submitted beyond the prescribed period, resulting in non-reconciliation of the RPCPPE and balances per accounting records, contrary to Sections 120 and 124 of the Manual on the NGAS for LGUs, Volume I and Section 6.3 of COA Circular No. 2020-006 dated January 31, 2020, thus, affecting</p>	<p>28. Management require the City Accountant to update the Ledger Cards/Subsidiary Schedule of PPE and direct the Property and Accounting Units to reconcile the results of the inventory count with the related property and accounting records in accordance with the pertinent provisions of COA Circular No. 2020-006 dated January 31, 2020 to ensure the accuracy of the reported PPE balances in the financial statements. Any discrepancies noted in the reconciliation shall be adjusted in accordance with</p>	<p>Unimplemented</p> <p>The City Accountant did not prioritize to update the Ledger Cards/Subsidiary Schedules of PPE.</p>

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Ref	Observations	Recommendations	Status of Implementation
	the fair presentation of the financial statements.	Sections 7.0 and 8.0 of the same Circular as one-time cleansing of the PPE account balances.	
2021 AAR, AO No. 3, page 34	Payment of Hazard Pay in the total amount of ₱180,000.00 to barangay officials and tanods who are not considered personnel of the City or are workers engaged through contract of service (COS)/ Job Order (JO) by the City is contrary to DBM Budget Circular No. 2020-1 and Administrative Order No. 26, series of 2020, casting doubt as to the propriety and legality of the disbursements.	<p>29. Management require the concerned Barangay thru their respective Sangguniang Barangays to enact ordinances to include in their respective budgets and to refund the City Government the amounts granted to them; otherwise, all payments to barangay officials and employees will be disallowed in audit.</p> <p>30. Moreover, require the barangay elective officials to refund the hazard pay as they are not entitled to it.</p>	<p>Unimplemented The barangays did not include in their respective budgets the amount of hazard pay.</p> <p>Unimplemented The concerned barangay did not refund the amount of hazard pay.</p>
2021 AAR, AO No. 8, page 43 2020 AAR, AO No. 8, page 41	Expenditures totaling ₱1,935,331.00 which were not related to relief and recovery operations were charged to the Quick Response Fund (QRF) of the LDRRMF contrary to Section 4.3 of COA Circular No. 2012-002 dated September 12, 2012 and Section 5.0 of NDRRMC, DBM and DILG JMC No. 2013-001 dated March 25, 2013, thus reducing the funds intended	31. We recommended that the City DRRM Council, through the City Mayor as Chairperson, strictly comply with existing regulations on the appropriation and utilization of LDRRMF and ensure that such funds are utilized solely for disaster risk management, making the City well-prepared	Implemented

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Ref	Observations	Recommendations	Status of Implementation
	for disaster relief and recovery projects and activities.	to respond to calamities which may occur. 32. We further recommended that the procurement of diesel and gasoline fuel, meals for frontliners and supplies used for the operation of the Incident Command Post shall be sourced from the General Fund of the LGU and refund the LDRRMF for the amount expended.	Implemented
2019 AAR, AO No. 2, page 31 2015 AAR, AO No. 5, page 31	Cash advances for Intelligence/ Confidential Funds of the former City Mayor from CYs 2011 to 2018 totaling ₱5,114,000.00 remained unliquidated as of December 31, 2019 contrary to Section 6.2.2 of DBM-DILG-DND-GCG-COA Joint Circular No. 2015-01 thereby creating the impression that the funds may have been put to unauthorized use which may eventually lead to loss of government funds.	33. The City Accountant demand from the former City Mayor the immediate settlement/ liquidation of the unliquidated cash advances for confidential and intelligence expenses and follow up with the Intelligence and Confidential Funds Audit Unit of the COA the credit notice for liquidation reports already submitted.	Unimplemented Management had not issued demand letters to the concerned accountable officers.
2019 AAR, AO No. 6, page 42	The concentration of bookkeeping duties in only one employee resulted in the continued delay in the submission of the financial statements of the City and failure of the City Accountant to submit the	34. Management instruct the City Accountant to assign the bookkeeping jobs not just to one employee but to several employees to hasten the recording of	Unimplemented Proper delegation of work had not been observed.

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Ref	Observations	Recommendations	Status of Implementation
	statements for the period January to June 2019, contrary to Sections 70 and 73 of the Manual on NGAS for LGUs, Volume I, thereby reducing the relevance and usefulness of the financial information needed by Management for decision-making and the conduct of timely audit by the COA.	transactions and preparation of financial statements.	
2018 AAR, AO No. 2, page 28	The lack of regular monitoring and supervision on the payment of granted loans has resulted in the accumulation of unpaid loans receivable from cooperatives, small business operators and individuals who availed of livelihood development loans from the City Government thus exposing government funds amounting to ₱21,851,337.15 to the risk of loss due to the City's failure to collect repayment thereof.	35. The City Mayor designate one or two personnel to focus on the monitoring and collection of the loans, to issue demand letters within a reasonable time after due dates when no payment has been received, and to refer to the City Legal Officer those who refuse to pay for the purpose of instituting legal action pursuant to the terms of the loan agreement.	Unimplemented Repayment of loans were not intensified. This is restated in the audit of CY 2024 accounts under paragraph 19.
2017 AAR, AO No. 18, page 61 2016 AAR, AO No. 5, page 33	Two PPAs under the Bottom-Up Budgeting (BUB) Program with appropriations totaling ₱1,700,000.00 have yet to be implemented despite the availability of cash for their immediate implementation while one project amounting to ₱4,360,000.00 remained unfinished owing to	36. The Local Poverty Reduction Action Team (LPRAT), through the BUB Focal Person, intensify efforts to fast-track the implementation of the BUB program for the LGU to achieve its target of reducing poverty and likewise	Unimplemented No status of implementation was submitted by management.

Ref	Observations	Recommendations	Status of Implementation
	<p>inherent LGU capacity constraints and problems encountered during project implementation, thereby defeating the purpose of accelerated service delivery of programs that seek to reduce poverty.</p> <p><i>Note: CY 2016 – Four projects totaling ₱4,610,000.00.</i></p>	<p>avoid any repercussions that may result from its non-utilization of BUB Funds as well as delayed implementation of related programs/projects by assigning technical personnel who will focus on BUB projects and by closely monitoring progress thereon.</p>	
2015 AAR, AO No. 2, page 26	<p>Land Improvements, Buildings and Other Structures accounts totaling ₱355.20 million as of December 31, 2015 include properties constructed on a private lot without adequate documents to support the turnover of said properties to the government, contrary to Section 4(2) of PD No. 1445 and Section 335 of RA No. 7160. Meanwhile, individual project cost of said properties could not be ascertained due to the absence of property and ledger cards in the City General Services and Accounting Offices, respectively, in violation of Section 114 of the NGAS Manual, Volume I.</p>	37. Management secure from the owner of the private lot the Transfer Certificate of Title (TCT) and Deed of Donation in favor of the government, if any, otherwise, initiate expropriation proceedings before the proper court to acquire the land upon payment of just compensation to the owner.	<p>Unimplemented</p> <p>The rightful owner of the land still had to be established but the City had already appropriated ₱9.9 million for the expropriation proceedings deposit. Moreover, the City is still awaiting the response from the Provincial Legal Officer on their request to represent them in the expropriation proceedings to be filed.</p>
2014 AAR AO No. 11, page 33	Special accounts for Waterworks System and Cemetery Operations were not maintained in the	38. The City record separately the transactions of the waterworks system	<p>Unimplemented</p> <p>The operations of the Waterworks System and</p>

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Ref	Observations	Recommendations	Status of Implementation
	<p>General Fund contrary to Section 313 of RA No. 7160 and Sections 105 and 107 of the NGAS Manual for LGUs, Volume I, thus the financial condition and results of operations of these two economic enterprises could not be determined.</p>	<p>and cemetery operations by maintaining special accounts in the General Fund in accordance with Section 313 of RA No. 7160, Sections 105 and 107 of the NGAS Manual for LGUs, Volume I.</p>	<p>Cemetery had not been declared by the Sangguniang Panlungsod as Economic Enterprise, hence, the accounting department could not separate these accounts in the General Fund-Proper.</p>
<p>2013 AAR, AO No. 8, page 32</p>	<p>No depreciation was recognized for all land improvements, buildings, and other structures of the City with an aggregate balance of ₱391,793,517.37 as of December 31, 2013.</p> <p><i>Note: As of June 30, 2024, still no depreciation was recognized for all land improvements, buildings and other structures amounting to ₱1,057,921,754.97.</i></p>	<p>39. The City Accountant maintain PPE Ledger Cards to facilitate the computation of depreciation expenses and henceforth compute and record, at the end of the year, depreciation of properties whose costs and acquisition dates are available.</p> <p>40. The City Accountant trace the cost of depreciable immovable properties and take up current and prior years' depreciation expense in order to reflect the correct balance of PPE in the financial statements.</p>	<p>Unimplemented The City Accountant still did not prepare the PPE Ledger Cards.</p> <p>Unimplemented The cost of the properties acquired in the previous years and the improvements made thereon still had to be verified.</p>
<p>2011 AAR</p>	<p>Several lots of the City with a total market value of ₱58,412,500.00 could not be determined if these were recorded in the books of accounts or the amount of</p>	<p>41. Management require the City Assessor, as well as the City Treasurer, to convene the City Appraisal Committee to act</p>	<p>Unimplemented The City Assessor's and Accounting's Office have still to</p>

Ref	Observations	Recommendations	Status of Implementation
	<p>land which is ₱43,384,529.15 as recorded in the books, could not also be ascertained if it were issued with tax declarations and TCT because of the absence of real property ledger cards. Moreover, lots owned by the LGU have no certificates of title.</p>	<p>immediately in the determination of the value of the unrecorded lots.</p> <p>42. Also, direct them to process the titling of the lots owned by the City and for the City Budget Officer to allocate funds for the titling thereof.</p> <p>43. Likewise, instruct the City Accountant to review the land account and record in the books of accounts those lots that are owned by the City. Moreover, the value of the lots which will be determined by the City Appraisal Committee shall also be recorded in the books of accounts to avoid understatement of assets. However, attention is also directed pertaining to the recording of the value of the lot as provided in Paragraph 46 of the IPSAS (Ba), Volume II and Paragraph 7 of the same regulation.</p>	<p>reconcile their records.</p> <p>Unimplemented No action taken by management.</p> <p>Unimplemented No action taken by the accountant.</p>
2009 AAR	<p>Despite the lapse of over two years, the lot purchased by the City of Canlaon lacked sufficient documentation and still did</p>	<p>44. To protect the interest of the City, Management facilitate the transfer of the ownership of</p>	<p>Unimplemented Management still has to identify the subject lot's</p>

Appendix D

Ref	Observations	Recommendations	Status of Implementation
	not have the requisite Certificate of Title under the name of the LGU, thus casting doubt on the legality of the said transaction amounting to ₱5,033,000.00.	the 10,066 square meters of the lot purchased as soon as possible, otherwise the same shall be disallowed in audit.	composition and location.
2007 AAR	Advance payment of registration fees of nine delegates who failed to attend the Conference on the City Development Asia 2007 held in Marina Mandarin Hotel, Singapore on January 22-23, 2007 amounting to ₱877,500.00 were not refunded by the sponsor, thus resulted in losses to the government in the amount of ₱877,500.00.	45. Management request the City Legal Officer to communicate with the sponsoring organization demanding the refund of the advance payment of registration fees for the Conference on City Development Asia 2007 in Singapore, otherwise, require the officials concerned to refund the amount so paid.	Unimplemented Management still had to demand payment from the concerned officials since a refund from the sponsoring organization was not possible.