EXECUTIVE SUMMARY

Introduction

The Municipality of Pamplona was formerly among the sitios of the City of Tanjay. However, on June 16, 1950, it became a town in the Province of Negros Oriental by the enactment of Republic Act No. 535. Pamplona has 16 barangays and is currently classified as a 3rd class municipality. It is located 38 kilometers northwest of Dumaguete City and 7.5 kilometers west of the City of Tanjay. According to the 2020 census, it had a population of 39,805 people.

As of December 31, 2024, it had a personnel complement of 585, as shown below:

Nature of Appointment to Office	***Quantity***
Elective Officials	12
Permanent Positions	70
Casuals	28
Job Orders	475
Total	**585**

Audit Objectives

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

Audit Methodology

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

Scope of Audit

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

Financial Highlights

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

Statement of Financial Position			
Accounts	**2024 (in ₱)**	**2023 (in ₱)**	**Increase (Decrease)**
Assets	640,647,792.49	615,405,369.03	25,242,423.46
Liabilities	188,449,379.99	170,059,323.13	18,390,056.86
Government Equity	452,198,412.50	445,346,045.90	6,852,366.60

Results of Operations			
Accounts	**2024 (in ₱)**	**2023 (in ₱)**	**Increase (Decrease)**
Revenue	203,562,912.54	190,948,172.99	12,614,739.55
Personnel Services	(64,052,383.92)	(60,028,984.47)	4,023,399.45
Maintenance and Other Operating Expenses	(101,319,253.98)	(94,688,439.82)	6,630,814.16
Financial Expenses	(3,095,589.81)	(3,544,125.08)	(448,535.27)
Non-cash Expenses	(15,757,084.35)	(12,906,897.98)	2,850,186.37
Net Financial Assistance/ Subsidy	799,134.36	3,361,037.17	(2,561,902.81)
Net Surplus (Deficit)	20,137,734.84	23,140,762.81	(3,003,027.97)

Independent Auditor's Report on the Financial Statements

We rendered a qualified opinion on the fairness of the presentation of the Financial Statements for the year then ended, taking exceptions to the effects of the following:

1. The Local Government Unit (LGU) did not take advantage of the guidelines and procedures on the one-time cleansing of Property, Plant and Equipment (PPE), thus affecting the fairness of presentation of the financial position in the financial statements and depriving the government of reliable and useful information in decision-making and accountability for these assets.

2. Items of PPE with a total cost of ₱106,188,435.86 were not provided with depreciation, hence, the municipality's asset and equity accounts were overstated by the amount of depreciation that should have been applied to these assets.

3. Cash receipts for fund transfers from the National Government, amounting to ₱65,332,120.00, were not reported in the Statement of Cash Flows. Instead, these amounts were deducted from the payments to suppliers, leading to

inaccurate and unreliable representations of cash inflows and outflows under the Municipality's operating activities.

4. Subsidies from the National Government, in the form of fund transfers totaling ₱50,286,760.00, along with associated expenses, were not recorded in the books of accounts, resulting in an understatement of both the net financial subsidy and current operating expenses by the same amount.

5. Transfer of cash for the unexpended balances of the LDRRMF- Quick Response Fund (QRF) and the Maintenance and Other Operating Expenses (MOOE) of the Mitigation Fund (MF) from CYs 2020 to 2024 totaling ₱17,559,915.03 had not been completed as of December 31, 2024, resulting in a negative balance of ₱1,163,479.09 in the Cash in Bank account in the Subsidiary Ledger (SL) of the Trust Fund (TF) books.

6. Completed infrastructure projects totaling ₱12,111,182.21 were not reclassified from the Construction in Progress (CIP) account to the appropriate PPE accounts upon completion, thereby omitting the recognition of depreciation and misstating the balances of affected accounts in the financial statements.

Significant Observations and Recommendations

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

1. **The Real Property Tax (RPT) and Special Education Tax (SET) Receivables were not established at the beginning of the year, thus, understating the RPT and SET Receivables by ₱4,940,371.90.**

   We recommended that the Municipal Treasurer provide the Municipal Accountant with a copy of the RPT records for CY 2024 and previous years to establish the beginning balance for CY 2025.

   We further recommended that, henceforth, the Municipal Treasurer provide the Municipal Accountant at the beginning of each year with a certified list of taxpayers with their amounts due and collectible for the current year, to serve as her basis for recording the RPT and SET Receivables.

2. **Biological Assets totaling ₱2,196,314.50 as of December 31, 2024, were not reported at fair value less costs to sell, rendering the reported amount in the financial statements unreliable.**

   We recommended that the Municipal Agriculturist provide the Municipal Accountant with an inventory of biological assets, along with the prevailing market price for each item as of the reporting date and details regarding the prevailing cost to sell these biological assets.

3. **The Municipal Accountant did not prepare Journal Entry Vouchers (JEV) for book reconciling items in the Bank Reconciliation Statements (BRS) totaling ₱1,792,371.24, resulting in an understatement of both the Cash in Bank and Liability accounts by the same amount.**

   We recommended that the Municipal Accountant prepare JEVs for valid reconciling items that require adjustment and correction in the GL.

   We further recommended that the Municipal Accountant follow the check disbursement process prescribed in Section 44 of the NGAS Manual for LGUs, Volume I, to ensure that the JEVs are prepared and recorded based on the RCI together with the DVs and supporting documents received from the Municipal Treasurer's Office.

These and all other audit observations and recommendations are discussed in detail in Part II of this Report.

Summary of Total Suspensions, Disallowances, and Charges as of Year-End

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

	Beginning Balance (As of 1/1/2024)	**This Period January 1 to December 31, 2024**		**Ending Balance (As of 12/31/24)**
		NS/ND/NC	**NSSDC**	
Notice of Suspension	₱ 0.00	₱ 0.00	₱ 0.00	₱ 0.00
Notice of Disallowance	1,778,200.00	0.00	0.00	1,778,200.00
Notice of Charge	0.00	0.00	0.00	0.00

Status of Implementation of Prior Years' Recommendations

Of the 76 audit recommendations contained in the CY 2023 and prior years' Annual Audit Reports, six were implemented and 70 were unimplemented. Of the six implemented recommendations, two were closed due to changes in condition. Meanwhile, of the 70 unimplemented recommendations, three were reiterated and included in audit observation numbers 1 and 12, while five were restated in audit observation numbers 1 and 10 in Part II of this report, in view of the similarity of the issues involved. Moreover, Management commented that they will have difficulty in implementing four recommendations due to a lack of storage for inventories purchased and a lack of personnel assigned to handle and distribute inventories.