EXECUTIVE SUMMARY

Introduction

The Municipality of Manjuyod is one of the northern towns of Negros Oriental. It was created by virtue of Executive Order No. 37 dated May 13, 1908. It is located 58.3 kilometers north of Dumaguete City, the capital city of the province. With a population of 44,799, as determined in the CY 2020 census, it is also visited by thousands of people each year because of what it can offer to its tourists. One of its main attractions is its White Sandbar. The White Sandbar is a narrow strip of white sand over six kilometers long at the lowest tide, which is a naturally breathtaking view in Negros Oriental. Manjuyod is a second-class municipality, with a total land area of 264.60 square kilometers and is composed of 27 barangays.

As of December 31, 2024, it had a personnel complement of:

Nature of Appointment to Office	No. of Personnel	
	2024	2023
Elective Officials	12	12
Permanent Positions	92	97
Coterminous	2	2
Temporary	0	0
Casual/Contractual	0	0
Job Orders	838	816
Total	**944**	**927**

Audit Objective

The objective of the audit is to (a) ascertain the fairness of the presentation of the financial statements; (b) ascertain the propriety of financial transactions and compliance with prescribed rules and regulations; (c) recommend agency improvement opportunities; and (d) determine the extent of implementation of prior years' audit recommendations. The performance audit was likewise conducted with the objective of informing management where improvement can be instituted in the field of revenues, expenditures, and management of resources.

Audit Methodology

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

Scope of Audit

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

Financial Highlights

A comparative analysis of the Statement of Financial Position, as illustrated below, showed increases in assets, liabilities, and equity:

Accounts	2024 (in ₱)	2023 (in ₱)	Increase (Decrease)
Assets	895,731,959.02	813,290,871.93	82,441,087.09
Liabilities	227,236,126.69	179,125,956.85	48,110,169.84
Equity	668,495,832.33	634,164,915.08	34,330,917.25

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

Accounts	2024 (in ₱)	2023 (in ₱)	Increase (Decrease)
Revenue	238,370,961.44	224,663,077.02	13,707,884.42
Personnel Services	74,992,813.97	69,744,988.91	5,247,825.06
MOOE	141,518,380.64	130,187,526.56	11,330,854.08
Non-Cash Expenses	9,146,473.33	8,391,455.77	755,017.56
Financial Expenses	5,116,227.40	466,092.00	4,650,135.40
Transfers, Assistance, and Subsidy From	31,900,313.27	15,417,285.00	16,483,028.27
Transfers, Assistance, and Subsidy To	4,689,827.93	7,533,317.00	(2,843,489.07)
Net Surplus/(Deficit)	34,807,551.44	23,756,981.78	11,050,569.66

The following table illustrates increases in the final budget or appropriations and actual amounts or obligations during the year:

Particulars	2024 (in ₱)	2023 (in ₱)	Increase (Decrease)
Final Budget	550,562,115.48	564,828,205.22	(14,266,089.74)
Actual Amounts	305,425,325.17	250,517,725.00	54,907,600.17

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 exception to the effects of the following:

1. The Inventory Committee was not able to conduct a complete physical inventory count for the one-time cleansing of the Property, Plant, and Equipment (PPE) accounts, thereby raising concerns about the existence and fairness of the presentation of the PPE balances of ₱452,816,644.68.00 in the financial statements, including movable properties totaling ₱68,683,853.89, as of December 31, 2024;

2. The entire Loans Payable account amounting to ₱95,973,110.17 was incorrectly classified as a current liability despite including amortizations due from 2026 to 2039, thereby overstating current liabilities by ₱89,158,886.28, understating the non-current liabilities by the same amount, and affecting the fair presentation and reliability of the financial statements as of year-end; and

3. Cash – Local Treasury account balance per general ledger in the total amount of ₱1,292,249.00 as of December 31, 2024, does not reconcile with the cashbook balance of ₱258,739.86, resulting in an unreconciled difference of ₱1,033,509.14, thus affecting the fair presentation of the recorded balance of the Cash account in the financial statements.

Significant Observations and Recommendations

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

1. Property, Plant, and Equipment (PPE) under the Trust Fund totaling ₱3,521,153.86 were neither transferred to the General Fund nor provided with depreciation allowances, thus adversely affecting the fairness of presentation of the financial statements.

   We recommended that:

   a. The Municipal Mayor require the Municipal Engineer to provide the Municipal Accountant with a report on completed Trust Fund projects so that these can immediately be transferred to the General Fund.

   b. The Municipal Mayor require the Municipal Accountant to prepare journal entries to transfer the completed PPE amounting to ₱3,521,153.86 under the Trust Fund to the General Fund.

   c. The Municipal Mayor require the Municipal Accountant to recognize the corresponding depreciation expenses for the completed projects in the General Fund.

2. Six completed projects under the Trust Fund (TF) totaling ₱9,782,580.09 were not transferred to the General Fund (GF) due to insufficient monitoring, contrary to Section 104(1.i) of the NGAS Manual, Volume I and IPSAS No. 17, thus, overstating the Construction in Progress account in the TF while understating the related PPE accounts in the GF by the same amount, as well as understating depreciation expense by an estimated amount totaling ₱7,794,223.89, which affected the fair presentation of these accounts in the financial statements.

   We recommended that the Municipal Accountant prepare the following entries in the Trust Fund and General Fund books as follows:

   A. Trust Fund Books:

      a. To record the transfer of the cost of the six completed projects from CIP accounts to the respective PPE accounts:

Account Name	Account Code	Debit	Credit
Road Networks	1-07-03-010	6,699,125.51	
Water Supply System	1-07-03-040	1,988,213.14	
Buildings	1-07-04-010	1,095,241.44	
CIP – Infrastructure Assets	1-07-10-020		8,687,338.65
CIP – Buildings and Other Structures	1-07-10-030		1,095,241.44

      b. To record the transfer of the PPE accounts to the GF:

Account Name	Account Code	Debit	Credit
Government Equity	3-01-01-010	9,782,580.09	
Road Networks	1-07-03-010		6,699,125.51
Water Supply System	1-07-03-040		1,988,213.14
Buildings	1-07-04-010		1,095,241.44

   B. General Fund Books:

      a. To record the receipt of the six completed projects from TF:

Account Name	Account Code	Debit	Credit
Road Networks	1-07-03-010	6,699,125.51	
Water Supply System	1-07-03-040	1,988,213.14	
Buildings	1-07-04-010	1,095,241.44	
Government Equity	3-01-01-010		9,782,580.09

b. To record the corresponding depreciation expenses for the current and prior years:

Account Name	Account Code	Debit	Credit
Prior Period Adjustment	3-01-01-020	7,794,223.89	
Accumulated Depreciation – Road Networks	1-07-03-011		5,281,133.79
Accumulated Depreciation – Water Supply System	1-07-03-041		1,888,802.48
Accumulated Depreciation – Buildings	1-07-04-011		624,287.62

We further recommended that the Municipal Accountant and the Municipal Engineer regularly monitor the Municipality's CIP accounts to ensure the timely transfer of completed projects to the appropriate PPE accounts.

Lastly, we recommended that the Municipal Accountant direct the personnel in charge to prepare individual subsidiary ledgers for each project to ensure proper recording and monitoring.

Summary of Total Suspensions, Disallowances, and Charges

The Notices of Suspension and Disallowance showed the following balances as of December 31, 2024:

Particulars	**Beginning Balance (01/01/2024)**	**Issued this Period (01/01/2024 to 12/31/2024)**		**Ending Balance (12/31/2024)**
		NS/ND/NC	**NSSDC**	
Suspension	₱1,969,125.08	₱ 0.00	₱ 0.00	₱1,969,125.08
Disallowances	2,431,500.00	0.00	0.00	2,431,500.00
Charges	0.00	0.00	0.00	0.00
Total	**₱4,400,625.08**	**₱ 0.00**	**₱ 0.00**	**₱4,400,625.08**

Status of Implementation of Prior Years' Audit Recommendations

Out of the 61 recommendations embodied in the previous years' Annual Audit Reports, 7 were implemented and the remaining 54 were unimplemented.