



Republic of the Philippines
COMMISSION ON AUDIT
Commonwealth Avenue, Quezon City

ANNUAL AUDIT REPORT

ON THE

**MUNICIPALITY OF AYUNGON
PROVINCE OF NEGROS ORIENTAL**

For the Year Ended December 31, 2024



REPUBLIC OF THE PHILIPPINES
COMMISSION ON AUDIT
PROVINCIAL SATELLITE AUDIT OFFICE
NEGROS ORIENTAL

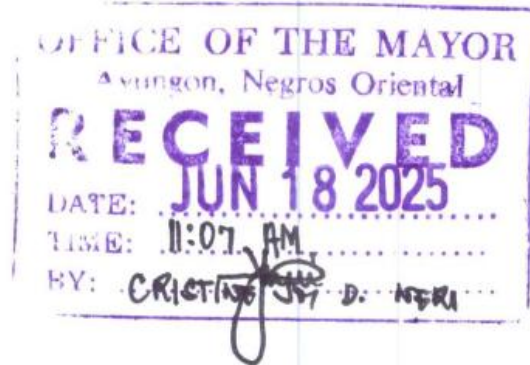
E.J. Blanco Drive, Piapi, Dumaguete City 6200

LOCAL GOVERNMENT AUDIT SECTOR
AUDIT GROUP LGAS – G (NEGROS ORIENTAL II)
OFFICE OF THE SUPERVISING AUDITOR

June 16, 2025

HONORABLE DENNIS N. AMANCIO

Municipal Mayor
Municipality of Ayungon
Province of Negros Oriental



Dear Mayor Amancio:

We are pleased to transmit the Annual Audit Report (AAR) of the Municipality of Ayungon, for the calendar year (CY) 2024 pursuant to Section 2, Article IX-D of the Philippine Constitution and Section 43 of the Presidential Decree (PD) No. 1445, otherwise known as the Government Auditing Code of the Philippines.

The audit was conducted 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.

We conducted the audit in accordance with applicable International Standards of Supreme Audit Institutions (ISSAIs) and we believe that it provides a reasonable basis for our opinion.

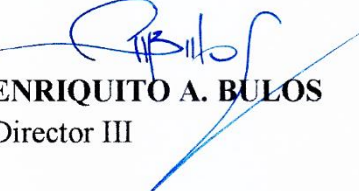
We rendered a qualified opinion on the fairness of the presentation of the financial statements (FS) for the year then ended.

The audit observations, 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 30, 2025, are discussed in detail in Part II of the report. Likewise, Management's comments are also incorporated in Part II, where appropriate. The Status of Implementation of Prior Years' Audit Recommendations is discussed in Part III of this report.

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 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 Municipality of Ayungon.

Very truly yours,



ENRIQUITO A. BULOS
Director III

Copy furnished:

1. The Honorable Sangguniang Bayan Members
Thru: The Secretary, Sangguniang Bayan
Municipality of Ayungon
2. The Secretary
Department of the Interior and Local Government
Quezon City
3. The Regional Director
Bureau of Local Government Finance
4. National Library (Soft Copy)
5. University of the Philippines (UP) Law Center (Soft Copy)
6. COA Commission Central Library (Soft Copy)

MUNICIPALITY OF AYUNGON
Province of Negros Oriental

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 Partial/Delay/Non-Implementation, if applicable	Action Taken/Action to be taken
			Action Plan	Person/Dept. Responsible	Target Implementation Date				
					From	To			

Prepared by:

Municipal Treasurer

Municipal Accountant

Noted by:

Local Chief Executive

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

EXECUTIVE SUMMARY

Introduction

The Municipality of Ayungon was created by virtue of Governor General Order No. 31, series of 1924, by Governor General Leonard Wood on July 1, 1924. It is located northeast of Negros Oriental with a total land area of approximately 28,168 square kilometers mostly devoted to agriculture and housing. Based on the CY 2020 census, its population was reported at 47,102. It is presently classified as a second-class municipality, envisioned to be the rice bowl of Central Negros.

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

Nature of Appointment to Office	No. of Personnel	
	2024	2023
Elective Officials	12	10
Permanent Positions	64	55
Coterminous	2	2
Temporary	0	1
Casual/Contractual	67	60
Job Orders	211	206
Total	356	334

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 Ayungon 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 and equity and a decrease in liabilities:

Accounts	2024 (in ₱)	2023 (in ₱)	Increase/ (Decrease)
Statement of Financial Position			
Assets	747,654,958.44	684,819,428.20	62,835,530.24
Liabilities	87,859,733.10	98,602,236.09	(10,742,502.99)
Equity	659,795,225.34	586,217,192.11	73,578,033.23

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

Accounts	2024 (in ₱)	2023 (in ₱)	Increase/ (Decrease)
Statement of Financial Performance			
Revenue	238,756,283.99	226,238,926.79	12,517,357.20
Personnel Services	71,736,120.93	71,750,572.44	(14,451.51)
MOOE	154,696,252.97	124,357,294.96	30,338,958.01
Non-Cash Expenses	33,864,117.48	32,991,938.29	872,179.19
Financial Expenses	0.00	0.00	0.00
Transfers, Assistance, and Subsidy From	41,367,819.77	13,064,513.31	28,303,306.46
Transfers, Assistance, and Subsidy To	4,980,831.30	11,225,320.57	(6,244,489.27)
Net Surplus/(Deficit)	14,846,781.08	(1,021,686.16)	15,868,467.24

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

Particulars	2024 (in ₱)	2023 (in ₱)	Increase/ (Decrease)
Final Budget	359,184,399.36	363,279,395.86	(4,094,996.50)
Actual Amounts	245,350,472.55	259,351,749.92	(14,001,277.37)

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 ₱377,956,496.66 in the financial statements, including movable properties totaling ₱82,252,926.83 as of December 31, 2024; and
2. The accuracy of the Accountable Forms, Plates and Stickers inventory account in the total amount of ₱1,074,559.30 is unreliable because the Municipal Treasurer did not conduct a physical count of inventory items every semester and did not prepare the Summary of Supplies and Materials Issued (SSMI), which is the basis for recording the utilization of inventory items, thereby overstating the Inventory account by ₱889,767.22 and understating the Expense account of the same amount, affecting the fair presentation of the accounts 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. The balances of the Real Property Tax (RPT) Receivable and Special Education Tax (SET) Receivable accounts as of December 31, 2024, between the records of the Municipal Accounting Office (MAO) and the Municipal Treasurer's Office (MTO) showed a difference of ₱8,907,556.24 due to the non-reconciliation of their records and the non-recording of the RPT and SET receivables. Consequently, the RPT/SET Receivable and Deferred Income accounts, as presented in the financial statements, are deemed unreliable.

We recommended that the Municipal Mayor direct:

- a. The Municipal Accountant and Municipal Treasurer to reconcile the difference between the RPT and SET Receivables account balances totaling ₱8,907,556.24 and henceforth, conduct periodic reconciliation, together with the Municipal Assessor, of the total collectibles from the Basic and Special Education Tax with the RPT and SET Receivables account balances to prevent the accumulation of unreconciled differences;
- b. The Municipal Treasurer to furnish the Municipal Accountant a duly certified list of taxpayers with the amount due and collectible for the current year as basis for recording the RPT and SET Receivable accounts in compliance with Chapter 3, Section 20 of the NGAS Manual for LGUs, Volume I; and
- c. The Municipal Accountant to maintain subsidiary ledgers for RPT and SET receivables to support the general account in the financial statements.

2. Loans totaling ₱2,461,183.81 granted to individuals and people's organizations have remained outstanding for over 10 years due to the inaction of the LGU to demand and strictly enforce the collection of the loans, depriving the government of funds that could have been used for expanding the program or implementing other priority projects.

We recommended that the Municipal Treasurer and Municipal Accountant, with the concurrence of the Local Chief Executive, evaluate the collectability of these loans and exhaust all efforts to collect from the debtors, such as sending demand letters, conducting follow-ups, negotiating payment terms, or implementing legal actions.

Henceforth, we recommended that the Municipal Accountant maintain subsidiary records for future borrowers to monitor each borrower's status and provide detailed records that support the General Ledger to ensure accurate financial reporting.

3. The utilization of the Local Disaster Reduction and Management Fund (LDRRMF) amounting to ₱198,850.00 was paid despite the absence and inaccuracy of supporting documents due to insufficient review by responsible personnel from various departments, increasing the risk of irregular or unsupported expenditures compromising the integrity and accountability of public fund utilization.

We recommended that the Municipal Mayor direct:

- a. The Municipal Accountant to ensure that all disbursement vouchers (DVs) and claims against public funds are supported with complete, accurate, and relevant documents in accordance with Section 4(6) of Presidential Decree No. 1445, which states that claims must be backed by complete documentation.
- b. The Municipal Treasurer to mandate the use of "PAID" stamps on all DVs and supporting documents immediately after payment to establish proof of settlement, prevent duplicate disbursements, and maintain a clear audit trail.
- c. The LDRRM Officer to review the Activity Design of all LDRRM activities to ensure that the planned objectives, target participants, and budget allocations are clearly defined, realistic, and aligned with actual implementation.
- d. All Department Heads to use the updated forms such as the DV, PR etc. as prescribed in the Manual of New Government Accounting System for LGUs.
- e. All Department Heads and personnel responsible for any transaction to review, sign, and fill in all the information needed in the Disbursement Voucher, Purchase Request, Requests for Quotation, Purchase Orders, Activity Designs, Acceptance and Inspection Reports, and other related pertinent documents.

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

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

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	₱ 1,042,905.13	₱ 0.00	₱ 0.00	₱ 1,042,905.13
Disallowances	2,615,028.00	0.00	0.00	2,615,028.00
Charges	0.00	0.00	0.00	0.00
Total	₱ 3,657,933.13	₱ 0.00	₱ 0.00	₱ 3,657,933.13

Status of Implementation of Prior Years' Audit Recommendations

Out of the 49 recommendations embodied in the previous years' Annual Audit Reports, 12 were implemented and the remaining 37 were unimplemented.

TABLE OF CONTENTS

<u>Part</u>	<u>Subject</u>	<u>Page No.</u>
I	Audited Financial Statements	1
II	Audit Observations and Recommendations	28
III	Status of Implementation of Prior Years' Audit Recommendations	46
IV	Appendices	72

PART I

AUDITED FINANCIAL STATEMENTS



REPUBLIC OF THE PHILIPPINES
COMMISSION ON AUDIT
REGIONAL OFFICE NO. VII
M.J. Cuenco Avenue, Corner V. Sotto Street, Cebu City

INDEPENDENT AUDITOR'S REPORT

HONORABLE DENNIS N. AMANCIO

Municipal Mayor
Municipality of Ayungon
Province of Negros Oriental

Qualified Opinion

We have audited the financial statements of the Municipality of Ayungon, Province of Negros Oriental, which comprise the statement of financial position as at December 31, 2024, and the statement of financial performance, statement of changes in net assets/equity, statement of cash flows and statement of comparison of budget and actual amounts for the year then ended, and notes to the financial statements, including a summary of significant accounting policies.

In our opinion, except for the effects of the matter described in the *Bases of Qualified Opinion* section of our report, the accompanying financial statements present fairly in all material respects, the financial position of the Municipality of Ayungon, as at December 31, 2024, and its financial performance, its cash flows, and its statement of comparison of budget and actual amounts for the year then ended in accordance with International Public Sector Accounting Standards (IPSAS).

Bases for Qualified Opinion

As discussed in Part II of this report, 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 ₱377,956,496.66 in the financial statements, including movable properties totaling ₱82,252,926.83 as of December 31, 2024.

Moreover, the accuracy of the Accountable Forms, Plates and Stickers inventory account in the total amount of ₱1,074,559.30 is unreliable because the Municipal Treasurer did not conduct a physical count of inventory items every semester and did not prepare the Summary of Supplies and Materials Issued (SSMI), which is the basis for recording the utilization of inventory items, thereby overstating the Inventory account by ₱889,767.22 and understating the Expense account of the same amount, affecting the fair presentation of the accounts in the financial statements.

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

Key Audit Matters

Except for the matter described in the *Bases for Qualified Opinion* section, we have determined that there are no other key audit matters to communicate in our report.

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

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


Those charged with governance are responsible for overseeing the Municipality of Ayungon's financial reporting process.

Auditor's Responsibilities for the Audit of the Financial Statements

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

COMMISSION ON AUDIT

By:


VERA V. ALJAS
State Auditor IV
Audit Team Leader

June 13, 2025





Republic of the Philippines
Province of Oriental Negros
MUNICIPALITY OF AYUNGON

**Statement of Management Responsibility
for Financial Statements**

The Management of the Municipality of Ayungon is responsible for all information and representations contained in the Consolidated Statement of Financial Position, Statement of Financial Performance, Statement of Changes in Net Assets, Statement of Cash Flows and Statement of Comparison of Budget and Actual Amounts as of December 31, 2024 and for the period then ended. The financial statements have been prepared in conformity with Philippine Public Sector Accounting Standards and reflect amounts that are based on best estimates and informed judgment of management with an appropriate consideration of materiality.

In this regard, management maintains a system of accounting and reporting which provides for the necessary internal controls to ensure that transactions are properly authorized and recorded, assets are safeguarded against unauthorized use or disposition, and liabilities recognized.


KAREN JOY D. MENTE
Municipal Accountant


DENNIS N. AMANCIO
Municipal Mayor

**Republic of the Philippines
Province of Negros Oriental
Municipality of Ayungon**

**NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
December 31, 2024**

1. Profile

The Municipality of Ayungon was created by virtue of Governor General Order No. 31 series of 1924 by Governor General Leonard Wood on July 1, 1924. It is located northeast of Negros Oriental and comprises approximately 28,168 square kilometers of land mostly devoted to agricultural lands and housing communities. Its present population was reported at 47,102 per the latest census of the Philippine Statistics Authority (PSA) as of May 1, 2020.

The local government unit (LGU) is envisioned to be the rice bowl of Central Negros, a peaceful community of healthy and God-fearing people, moving ahead in a sustainably-managed and ecologically-balanced environment.

2. Basis of Financial Statement Preparation

The consolidated financial statements of the LGU have been prepared in accordance with and comply with the International Public Sector Accounting Standards (IPSAS). The consolidated financial statements are presented in pesos, which is the functional and reporting currency of the LGU. The accounting policies have been applied starting the year 2015.

3. Summary of Significant Accounting Policies

3.1 Basis of accounting

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

3.2 Consolidation

The controlled entities (funds) are all those over which the controlling entity has the power to govern the financial and operating policies. The inter-group transaction, balances, and unrealized gains and losses on transactions between entities and funds are eliminated in full. The LGU maintains special accounts under the General Fund for the following economic enterprises it operates:

- Market Administration
- Operation of Cemetery

3.3 Revenue recognition

Revenue from non-exchange transactions

Taxes, fees, and fines

The LGU recognizes revenues from taxes and fines when the event occurs and the asset recognition criteria are met to the extent that there is a related condition attached that would give rise to a liability to repay the amount, liability is recognized instead of revenue. Other non-exchange revenues are recognized when it is improbable that the future economic benefit or service potential associated with the asset will flow to the entity and the fair value of the asset can be measured reliably.

Transfers from other government entities

Revenues from non-exchange transactions with other government entities are measured at fair value and recognized on obtaining control of the asset (cash, goods, services and property) if the transfer is free from conditions and it is probable that the economic benefits or service potential related to the asset will flow to the LGU and can be measured reliably.

Revenue from exchange transactions

Rendering of services

The LGU recognizes revenue from the rendering of services by reference to the stage of completion when the outcome of the transaction can be estimated reliably. The stage of completion is measured by reference to labor hours incurred to date as a percentage of total estimated labor hours. Where the contract outcome cannot be measured reliably, revenue is recognized only to the extent that the expenses incurred.

Sale of goods

Revenue from the sale of goods is recognized when the significant risks and rewards of ownership have been transferred to the buyer, usually on delivery of the goods and when the amount of revenue can be measured reliably and it is probable that the economic benefits or service potential associated with the transaction will flow to the LGU.

Interest income

Interest income represents the interest earned from the depository banks and is presented net of taxes. Interest is earned on a quarterly basis.

3.4 Property, plant and equipment (PPE)

All PPE are stated at cost less accumulated depreciation. Cost includes expenditure that is directly attributable to the acquisition of the items. When significant parts of PPE are required to be replaced at intervals, the LGU recognizes such parts as individual assets with specific useful lives and depreciates them accordingly. Likewise, when a major inspection is performed, its cost is recognized in the carrying amount of the plant and equipment as a replacement if the recognition criteria are satisfied. All other repair and maintenance costs are recognized in surplus or deficit as incurred. Where an asset is acquired in a non-exchange transaction for nil or nominal consideration the asset is initially measured at its fair value.

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

Depreciation is charged at rates calculated to allocate the cost or valuation of the asset less any estimated residual value over its remaining useful life.

Public Infrastructures were not previously recognized in the books. The LGU availed of the 5-year transitional provision for the recognition of the Public Infrastructure. For the first year of implementation of the PPSAS, the LGU did not depreciate. All assets transferred from Trust Funds and other Assets were not depreciated as well.

3.5 Cash and cash equivalents

Cash and cash equivalents comprise cash on hand and cash at bank, deposits on call, and highly liquid investments with an original maturity of three months or less, which are readily convertible to known amounts of cash and are subject to an insignificant risk of changes in value. For the purpose of the consolidated statement of cash flows, cash and cash equivalents consist of cash and short-term deposits as defined above, net of outstanding bank overdrafts.

3.6 Inventories

Inventory is measured at cost upon initial recognition. To the extent that inventory was received through non-exchange transactions (for no cost or for a nominal cost), the cost of the inventory is its fair value at the date of acquisition.

Costs incurred in bringing each product to its present location and condition are accounted for, as follows:

- a) Raw materials: purchase cost using the weighted average cost method; and
- b) Finished goods and work in progress: cost of direct materials and labor and a proportion of manufacturing overheads based on the normal operating capacity, but excluding borrowing costs.

After initial recognition, inventory is measured at the lower of cost and net realizable value. However, to the extent that a class of inventory is distributed or deployed at no charge or for a nominal charge, that class of inventory is measured at the lower of cost and current replacement cost.

Net realizable value is the estimated selling price in the ordinary course of operations, less the estimated costs of completion and the estimated costs necessary to make the sale, exchange, or distribution. Inventories are recognized as an expense when deployed for utilization or consumption in the ordinary course of LGU operations.

3.7 Changes in accounting policies and estimates

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

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

3.8 Borrowing costs

Borrowing costs are capitalized against qualifying assets as part of PPE. Such borrowing costs are capitalized over the period during which the asset is being acquired or constructed and borrowings have been incurred. Capitalization ceases when the construction of the asset is complete. Further, borrowing costs are charged to the statement of financial performance.

3.9 Related parties

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

3.10 Budget information

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

3.11 Significant judgments and sources of estimation uncertainty

Judgments

In the process of applying the LGU's accounting policies, management has made judgments, which have the most significant effect on the amounts recognized in the consolidated financial statements.

Estimates and assumptions

The key assumptions concerning the future and other key sources of estimation uncertainty at the reporting date, that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year, are described below. The LGU based its assumptions and estimates on parameters available when the consolidated financial statements were prepared. However, existing circumstances and assumptions about future developments may change due to market changes or circumstances arising beyond the control of the LGU. Such changes are reflected in the assumptions when they occur.

Useful lives and residual values

The useful lives and residual values of assets are assessed using the following indicators to inform potential future use and value from disposal:

- a) The condition of the asset based on the assessment of experts employed by the LGU;
- b) The nature of the asset, its susceptibility and adaptability to changes in technology and processes;
- c) The nature of the processes in which the asset is deployed; and
- d) Changes in the market in relation to the asset

4. Cash and Cash Equivalents

	2024	2023
Cash in Bank – Local Currency, Current Account	₱ 179,338,247.50	₱ 201,908,732.13
Cash in Bank – Local Currency, Time Deposits	30,716.62	30,576.91
Total Cash and Cash Equivalents	₱ 179,368,964.12	₱ 201,939,309.04

Cash in bank earns interest based on the prevailing bank deposit rates. Short-term deposits are made for varying periods, depending on the immediate cash requirements of the LGU and earn interest at the respective short-term deposit rate.

5. Receivables

Current Receivables		
Real Property Tax Receivable	₱ 8,575,539.39	₱ 7,600,029.00
Special Education Tax Receivable	8,575,539.39	7,600,029.00
Loans Receivable – GOCC		
Loans Receivable – Others	4,206,183.81	4,029,933.81
Due from National Government Agencies	426.17	426.17
Due from LGUs	350,000.00	350,000.00
Due from Other Funds	7,151,082.81	8,306,309.63
Advances to Special Disbursing Officer	0.00	500,000.00
Advances to Officers and Employees	0.00	7,068.00
Due from Officers and Employees	2,458,717.68	2,535,765.75
Total	₱ 31,317,489.25	₱ 30,929,561.36
Less: Intra-Agency Receivables	(7,151,082.81)	(8,306,309.63)
Net, Current Receivables	₱ 24,166,406.44	₱ 22,623,251.73
Non-Current Receivables		
Other Receivables	₱ 420,204.75	₱ 574,816.19

Other Receivables represents mobilization from VESA Engineering and Construction not yet recouped as they have not yet reached the 90% work accomplishment since 2021, Pag ibig remittance which was doubled due to Bancnet Technical error in Year 2022, Holcim's National Greening Program.

Transfers from other government agencies represent those funds received for specific projects undertaken by the LGU for a specific purpose. These funds were received on the basis of the project budgets submitted. Accordingly, the LGU is contractually bound to spend these funds only in connection with the projects. Furthermore, the contracts stipulate that the funds received for the project may only be applied to the costs incurred for the project, as and when the phases of the project are certified as complete. The conditions remaining therefore represent phases of the projects that are yet to be certified as complete. Return of the unspent portion of the fund is subject to the conditions stated in the respective

Memoranda of Agreement executed between the LGU and the proponent government agencies.

Due from LGUs Account represents Fund Transfers to LGU Tayasan as share for BATMAN projects which was disbursed last September 2,2024 amounting to ₱300,000.00 and to LGU Bindoy for BINATA disbursed last December 5,2025.

Due from Officers and Employees represents cash shortage of the former treasurer, Remegio Duran, Jr., of the Municipality which amounted to ₱2,455,634.08. The case is now with Sandiganbayan. Recently, the family of Mr. Duran informed the office that he died last October 2021 but his death certificate was not transmitted to the Municipal Accounting Office for a request for write-off. The remaining balance of Php 239.10 represents shortages from collections, Net Pay of Rau Romano which was claimed during his imprisonment last March 2024 which amounted to 3,049.68 and an advance collection of the GSIS contributions.

For Year 2024 all advances to Special Disbursing Officer were all liquidated and Office of the Mayors have submitted to Accounting office of the duly stamped received from COA last December 18,2024.

As at December 31, 2024, the ageing analysis of current account receivables is as follows:

	Total	Neither past due or impaired	Past due but not impaired		
			<30 days	30-60 days	>60 days
Real Property Tax Receivable	₱8,575,539.39	₱0.00	₱0.00	₱0.00	₱8,575,539.39
Special Education Tax Receivable	8,575,539.39	0.00	0.00	0.00	8,575,539.39
Loans Receivable – Others	4,206,183.81	0.00	181,250.00	0.00	4,024,933.81
Due from NGAs	426.17	0.00	0.00	0.00	426.17
Due from Other Funds	7,151,082.81	0.00	4,419,026.30	0.00	2,732,056.51
Due from LGUs	350,000.00	0.00	150,000.00	0.00	200,000.00
Due from Officers and Employees	2,458,717.68	0.00	0.00	0.00	2,458,717.68
Other Receivables	420,204.75	0.00	0.00	0.00	420,204.75
Total	₱31,737,694.00	₱0.00	₱4,750,276.30	₱0.00	₱26,987,417.70

6. Inventories

Inventory Held for Sale	2024	2023
Merchandise Inventory	₱ 0.00	₱ 36,000.00
Inventory Held for Distribution		
Drugs and Medicines for Distribution	9,964,058.22	8,271,913.67
Agricultural and Marine Supplies for Distribution	1,854,050.00	956,050.00

Inventory Held for Distribution	2024	2023
Property and Equipment for Distribution	₱ 960,558.33	₱ 322,558.33
Other Supplies and Materials for Distribution	6,527,823.30	4,504,625.00
Inventory Held for Consumption		
Office Supplies Inventory	6,433,032.81	3,974,233.81
Accountable Forms, Plates and Stickers	1,074,559.30	720,910.80
Animal/Zoological Supplies Inventory	105,400.00	105,400.00
Medical, Dental and Laboratory Supplies Inventory	5,834,425.60	4,620,529.50
Agricultural and Marine Supplies Inventory	3,971,912.23	2,114,696.73
Other Supplies and Materials Inventory	7,220,640.19	7,081,682.29
Semi-Expendable Machinery and Equipment		
Semi-Expendable Office Equipment	445,703.50	0.00
Semi-Expendable ICT Equipment	544,965.00	0.00
Semi-Expendable Agricultural and Forestry Equipment	141,226.00	0.00
Semi-Expendable Disaster and Response Equipment	1,238,283.94	0.00
Semi-Expendable Medical, Dental and Laboratory Equipment	39,453.00	0.00
Semi-Expendable Other Machinery and Equipment	283,906.00	0.00
Semi-Expendable Furniture and Fixtures	512,737.00	0.00
Total	₱ 47,152,734.42	₱ 32,708,600.13

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

7. Prepayments

Prepayments consisted of Advances to Contractors amounting to ₱6,344,021.75 and ₱2,027,433.70 for CY 2024 and CY 2023, respectively.

Advances to Contractors represents mobilizations from various projects not yet recouped as they have not yet reached the 90% work accomplishment

8. Property, Plant and Equipment

Property, Plant, and Equipment amounted to ₱490,202,626.96 and ₱424,356,667.41 for CY 2024 and CY 2023, respectively. See pages 25 and 26 for details.

9. Biological Assets

Biological Assets	2024	2023
Breeding Stocks	₱ 0.00	₱ 550,000.00
Trees, Plant and Crops	0.00	39,350.00
Total	₱ 0.00	₱ 589,350.00

Biological Assts were dropped from Books due to the fact that those Assets were already distributed to the beneficiaries, no need to update since ownership and MOA have been signed by LGU and respective beneficiaries.

10. Financial Liabilities

Current Financial Liabilities		
Accounts Payable	₱ 17,522,559.52	₱ 9,647,689.12
Due to Officers and Employees	398,759.48	2,991,091.85
Total, Current Financial Liabilities	₱ 17,921,319.00	₱ 12,638,780.97
Non-Current Financial Liabilities		
Loans Payable – Domestic	₱ 0.00	₱ 0.00

11. Inter-Agency Payables

Inter-Agency Payables		
Due to BIR	₱ 2,362,370.63	₱ 2,778,358.28
Due to GSIS	570,507.89	647,941.62
Due to Pag-IBIG	112,721.82	108,548.04
Due to PhilHealth	388,962.58	366,509.62
Due to NGAs	20,004,500.57	31,245,857.95
Due to GOCCs	72,355.25	72,355.25
Due to LGUs	5,730,775.76	6,154,760.62
Total	₱ 29,242,194.50	₱ 41,374,331.38

The first four accounts represent the amount deducted from the salaries of officials and employees and is remitted to the respective government agencies immediately on the month following the month for which these were deducted. While the remaining accounts represents balances of funds received by the LGU for specific purposes.

During the immediately succeeding month, i.e. January 2025, the following remittances were made:

Particulars	Total
Remittance to BIR	₱ 2,351,307.74

12. Intra-Agency Payables

Due to Other Funds amounting to ₱7,151,082.81 and ₱8,306,309.63 for CY 2024 and CY 2023, respectively, is the reciprocal account of Due from Other Funds with the same amount (Note 5) and has been eliminated in the preparation of the Consolidated Financial Statements.

13. Trust Liabilities

	2024	2023
Trust Liabilities – DRRMF	₱ 15,621,405.74	₱ 23,723,153.75
Bail Bonds Payable	45,069.00	45,069.00
Guaranty/Security Deposits Payable	7,087,620.08	4,879,150.83
Total	₱ 22,754,094.82	₱ 28,647,373.58

14. Deferred Credits/Unearned Income

Deferred Real Property Tax	₱ 8,575,539.39	₱ 7,600,029.00
Deferred Special Education Tax	8,575,539.39	7,600,029.00
Total	₱ 17,151,078.78	₱ 15,200,058.00

15. Other Payables

Other Payables amounted to ₱791,046.00 and ₱741,692.16 for CY 2024 and CY 2023, respectively.

16. Tax Revenue

Tax Revenue – Individual and Corporation		
Community Tax	₱ 419,021.46	₱ 503,272.54
Tax Revenue – Property		
Real Property Tax – Basic	919,480.91	944,947.21
Special Education Tax	1,149,351.24	1,181,184.10
Tax Revenue – Goods and Services		
Business Tax	4,997,633.95	6,295,825.23
Tax on Sand, Gravel and Other Quarry Products	223,410.00	359,536.41
Amusement Tax	101,882.50	119,547.50
Franchise Tax	16,850.00	26,865.20
Other Taxes	69,987.20	17,727.50

Tax Revenue – Fines and Penalties	2024	2023
Tax Revenue – Fines and Penalties – Taxes on Individual and Corporation	₱ 2,640.35	₱ 6,074.67
Tax Revenue – Fines and Penalties – Property	333,596.08	312,554.98
Tax Revenue – Fines and Penalties – Other Taxes	213,429.29	142,991.67
Total	₱ 8,447,282.98	₱ 9,910,527.01

17. Share from Internal Revenue Collections

Share from Internal Revenue Collections amounted to ₱223,681,503.00 and ₱210,536,953.11 for CY 2024 and CY 2023, respectively.

18. Service and Business Income

Service Income		
Permit Fees	₱ 2,079,591.48	₱ 1,833,692.61
Registration Fees	253,086.00	346,430.00
Registration Plates, Tags and Stickers Fees	5,200.00	189,480.00
Clearance and Certificate Fees	215,605.60	82,510.00
Inspection Fees	205,650.80	72,639.50
Occupation Fees	1,700.00	104,970.00
Fees for Sealing and Licensing of Weights and Measures	101,825.70	19,990.00
Fines and Penalties – Service Income	19,110.00	0.00
Other Service Income	184,797.50	150,125.00
Business Income		
Receipt from Market Operations	1,272,796.10	1,193,517.50
Receipt from Cemetery Operations	775,100.00	573,100.00
Garbage Fees	263,590.00	161,328.00
Hospital Fees	197,176.00	182,438.86
Interest Income	127,304.21	145,083.81
Other Business Income	100,871.90	157,041.32
Total	₱ 5,803,405.29	₱ 5,212,346.60

19. Shares, Grants, and Donations

Grants and Donations in Kind which amounted to ₱50,000.00 represents RACAL vehicle which was donated by RACAL to the Municipality of Ayungon in CY 2023.

20. Personnel Services

Salaries and Wages	2024	2023
Salaries and Wages – Regular	₱ 34,695,598.12	₱ 33,509,984.81
Salaries and Wages – Casual/Contractual	6,764,102.41	6,986,040.58
Other Compensation		
Personal Economic Relief Allowance	2,933,727.37	2,904,363.65
Representation Allowance	1,950,962.50	1,775,968.75
Transportation Allowance	1,848,962.50	1,676,943.75
Clothing/Uniform Allowance	867,000.00	732,000.00
Subsistence Allowance	345,000.00	354,750.00
Laundry Allowance	32,250.00	33,450.00
Productivity Incentive Allowance	0.00	15,000.00
Honoraria	1,006,345.20	1,457,294.71
Hazard Pay	1,292,704.96	1,243,762.82
Overtime and Night Pay	297,204.70	367,857.67
Year-End Bonus	3,575,154.85	3,372,399.70
Cash Gift	627,250.00	621,250.00
Other Bonuses and Allowances	6,484,598.00	6,352,036.00
Personnel Benefits Contributions		
Retirement and Life Insurance Premiums	4,929,928.45	4,815,960.01
Pag-IBIG Contribution	283,100.00	145,500.00
PhilHealth Contribution	1,014,562.77	787,353.33
Employees Compensation Insurance Premiums	145,760.87	145,420.75
Other Personnel Benefits		
Terminal Leave Benefits	2,608,408.23	4,166,735.91
Other Personnel Benefits	33,500.00	286,500.00
Total	₱ 71,736,120.93	₱ 71,750,572.44

21. Maintenance and Other Operating Expenses

Traveling Expenses		
Traveling Expenses – Local	₱ 3,445,471.35	₱ 4,069,282.98
Training and Scholarship Expenses		
Training Expenses	1,154,330.00	915,619.12
Supplies and Materials Expenses		
Office Supplies Expense	184,574.00	294,111.02
Accountable Forms Expenses	510.00	2,400.00
Welfare Goods Expenses	1,192,800.00	0.00
Drugs and Medicines Expenses	3,291,399.70	2,529,236.32
Medical, Dental and Laboratory Supplies Expenses	40,123.00	34,412.00
Fuel, Oil and Lubricant Expenses	14,453,070.89	18,268,962.72

Supplies and Materials Expenses	2024	2023
Agriculture and Marine Supplies Expenses	₱ 947,028.80	₱ 92,900.00
Other Supplies and Materials Expenses	1,866,772.10	152,955.00
Utility Expenses		
Water Expenses	762,262.59	806,005.53
Electricity Expenses	6,502,367.79	5,989,794.28
Communication Expenses		
Postage and Courier Services	0.00	1,030.00
Telephone Expenses	123,728.37	145,021.44
Internet Subscription Expenses	441,653.62	520,325.86
Awards/Rewards and Prizes		
Prizes	1,307,400.00	978,050.00
Confidential, Intelligence, and Extraordinary Expenses		
Confidential Fund Expenses	300,000.00	0.00
Professional Services		
Legal Services	2,000.00	29,850.00
Repairs and Maintenance		
Repairs and Maintenance – Infrastructure Assets	5,096,052.00	3,566,322.50
Repairs and Maintenance – Buildings and Other Structures	2,231,340.75	2,316,960.00
Repairs and Maintenance – Machinery and Equipment	742,109.84	448,009.75
Repairs and Maintenance – Transportation Equipment	3,438,138.86	3,529,199.57
Repairs and Maintenance – Other Property, Plant and Equipment	21,780.00	0.00
Taxes, Insurance Premiums and Other Fees		
Taxes, Duties and Licenses	211,090.35	175,779.00
Fidelity Bond Premiums	164,250.00	241,140.00
Insurance Expenses	418,177.45	1,153,527.91
Other Maintenance and Operating Expenses		
Printing and Publication Expenses	35,190.00	1,500.00
Donations	56,580,608.00	31,769,352.35
Other Maintenance and Operating Expenses	49,742,023.51	46,325,547.61
Total Maintenance and Other Operating Expenses	₱ 154,696,252.97	₱ 124,357,294.96

22. Non-Cash Expenses

	2024	2023
Depreciation – Land Improvements	₱ 385,657.95	₱ 385,657.95
Depreciation – Infrastructure Assets	19,554,321.62	19,554,321.62
Depreciation – Buildings and Other Structure	4,606,822.70	4,587,822.70
Depreciation – Machinery and Equipment	5,224,481.98	4,371,302.79
Depreciation – Transportation Equipment	3,199,604.22	3,199,604.22
Depreciation – Furniture, Fixtures and Book	336,112.60	336,112.60
Depreciation – Other Property, Plant and Equipment	557,116.41	557,116.41
Total	33,864,117.48	₱ 32,991,938.29

23. Transfers, Financial Assistance and Subsidy From

Subsidy from National Government	₱ 34,657,827.95	₱ 10,445,031.00
Subsidy from Local Government Units	2,095,543.82	2,619,482.31
Subsidy from Other Funds	109,945.00	0.00
Transfers for Project Equity Share/ LGU Counterpart	70,203.00	0.00
Transfers from General Fund of Unspent DRRMF	4,434,300.00	0.00
Total	₱ 41,367,819.77	₱ 13,064,513.31

24. Transfers, Financial Assistance and Subsidy To

Subsidy to Local Government Units	₱ 561,805.00	₱ 24,000.00
Transfers of Unspent Current Year DRRM Funds to Trust Fund	4,419,026.30	6,132,820.57
Transfers for Project Equity Share/ LGU Counterpart	0.00	5,068,500.00
Total	₱ 4,980,831.30	₱ 11,225,320.57

25. Other Non-Operating Income/Losses

Miscellaneous Income	₱ 824,092.72	₱ 529,100.07
Other Losses	0.00	0.00
Net	₱ 824,092.72	₱ 529,100.07

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

	2024	2023
Surplus/(Deficit)	₱ 14,846,781.08	₱ (1,021,686.16)
Non-cash Transactions		
Depreciation	33,864,117.48	32,991,938.29
Other Non-cash Losses		
Increase/(Decrease) in Payables	(18,226,693.00)	(862,971.15)
(Increase)/Decrease in Current Assets	(15,047,193.66)	(14,860,786.67)
Prior Years	61,318.83	(5,284,614.45)
Grants in Kind		(50,000.00)
Net Cash from Operating Activities	₱ 15,498,330.73	₱ 10,911,879.86

27. Reconciliation between actual amounts on a comparable basis as presented in the Statement of Comparison of Budget and Actual amounts and in the Statement of Financial Performance for the Year Ended December 31, 2024

See page 27 for details.

28. Local Disaster Risk Reduction Management Fund (LDRRMF)

The LDRRMF represents the amount set aside by the LGU to support its disaster risk management activities pursuant to R.A. No. 10121 otherwise known as the “Philippine Disaster Risk Reduction and Management Act of 2010”. The amount available for utilization and utilized during the year totaled ₱41,671,211.42 and ₱16,111,196.57, respectively, broken down as follows:

Particulars	Amount		
	Available	Utilized	Balance
Current Year Appropriation:			
Quick Response Fund (QRF)	₱ 3,809,417.30	₱ 0.00	₱ 3,809,417.30
Mitigation Fund (MF)			
MOOE	1,720,000.00	1,110,391.00	609,609.00
Capital Outlay	7,168,640.37	0.00	7,168,640.37
Subtotal	₱ 12,698,057.67	₱ 1,110,391.00	₱ 11,587,666.67
Continuing Appropriation:			
Capital Outlay	₱ 5,250,000.00	₱ 2,480,030.70	₱ 2,769,969.30
Special Trust Fund:			
CY 2023	₱ 4,632,820.57	₱ 2,922,000.00	₱ 1,710,820.57
CY 2022	9,233,674.76	1,192,800.00	8,040,874.76
CY 2021	5,968,806.57	4,518,123.02	1,450,683.55
CY 2020	3,887,851.85	3,887,851.85	0.00
Subtotal	₱ 23,723,153.75	₱ 12,520,774.87	₱ 11,202,378.88
Total	₱ 41,671,211.42	₱ 16,111,196.57	₱ 25,560,014.85

PART II

AUDIT OBSERVATIONS AND RECOMMENDATIONS

AUDIT OBSERVATIONS AND RECOMMENDATIONS

A. FINANCIAL AND COMPLIANCE AUDIT

One-Time Cleansing of Property, Plant, and Equipment

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 mandated under COA Circular No. 2020-006 thereby raising concerns about the existence and fairness of the presentation of the PPE balances of **₱377,956,496.66** in the financial statements, including movable properties totaling **₱82,252,926.83** as of December 31, 2024.

- 1.1. COA Circular No. 2020-006, dated January 31, 2020, was issued to prescribe guidelines and procedures for inventory-taking, recognizing items found at the station, and disposing of nonexistent or missing PPE items. This aims to facilitate a one-time cleansing of PPE accounts of government agencies to establish verifiable balances regarding existence, condition, and accountability.
- 1.2. Section 5.1 of the circular states that “Each government agency shall conduct a physical count of all its PPE, whether acquired through purchase or donation, including those constructed by administration and found at station.”
- 1.3. Our verification of the Municipality’s year-end financial statements showed that, as of December 31, 2024, PPE had a total balance of **₱377,956,496.66**, which represents 50% of its total assets amounting to **₱754,806,041.25**, detailed as follows (see **Appendix 1** for details):

Account	Net Book Value
Immovable Properties	
Land	₱ 2,965,303.54
Land Improvements	1,476,125.82
Infrastructure Assets	215,058,420.65
Buildings and Other Structures	76,203,719.82
Sub-total – Immovable Properties	₱ 295,703,569.83
Movable Properties	
Machinery and Equipment	₱ 54,902,231.10
Transportation Equipment	22,239,039.66
Furniture, Fixtures, and Books	2,759,872.21
Other Property, Plant, and Equipment	2,351,783.86
Sub-total – Movable Properties	₱ 82,252,926.83
Total PPE	₱ 377,956,496.66

- 1.4. However, these PPE balances were not properly established or accounted for because the Inventory Committee was not able to conduct a complete physical count of PPE and reconcile it with the financial statements at year-end.
- 1.5. Our audit disclosed that an inventory committee was established by an executive order signed by the Municipal Mayor on August 12, 2022. The committee comprised the Municipal Treasurer as Chairman, the Revenue Collection Clerk II as Vice Chairman, and five members, all personnel from the Municipal Treasurer's Office. However, it is noted that the committee's composition does not align with the COA Circular, which requires at least one member each from the accounting and property offices.
- 1.6. The Municipal Treasurer explained that it was agreed at an inventory committee meeting that all departments would conduct their own physical counts in accordance with the guidelines outlined in the one-time cleansing circular. He emphasized that all department heads or their representatives were invited to observe and participate in the physical counts taking place at the Accounting Office for a hands-on experience aimed at ensuring consistency and accuracy when applying the same procedures in their respective departments, with guidance from the inventory committee members when necessary. Each department was required to submit a list of properties to the Inventory Committee for consolidation after the count.
- 1.7. An initial physical count was conducted on August 23, 2023. However, some departments submitted their reports only in December 2024, which contributed to the delayed consolidation. Thus, the physical count was not completed by December 31, 2024, and since no report on the partial count was prepared, it is difficult to determine the percentage of completion.
- 1.8. He further explained that the inventory committee faced challenges in completing the property count, especially for items located outside the offices. This was mainly because three of the seven committee members were no longer serving due to resignations in May 2023 and November 2023, along with a retirement in March 2024. This left only four members, including himself, to carry out the one-time cleansing of properties. However, since his responsibilities as Municipal Treasurer limited his direct involvement in the inventory process, he issued Office Order No. 2-2023 on December 1, 2023, designating Ms. Reslyn E. Depillo, RCC I, as the Inventory Unit Head.
- 1.9. The Municipal Treasurer also informed us that the Inventory Committee still needs to validate the inventory reports submitted by the department heads, reconcile them with the accounting records, and assess whether the procedures followed by the latter during their respective physical counts complied with the one-time cleansing guidelines.

- 1.10. However, it is our observation that the procedures followed by the Inventory Committee did not also follow the basic guidelines outlined in the COA Circular as follows:
- 1.10.1. The Inventory Committee only designated the department heads to conduct the physical count in their respective offices instead of being fully responsible for the actual count;
 - 1.10.2. The Inventory Committee has an approved Physical Inventory Plan (PIP), however, the assignments and duties of its members were not specified;
 - 1.10.3. The members of the Inventory Committee were not temporarily relieved of their regular duties so that they could devote their full time in the conduct of their physical count until its completion; and
 - 1.10.4. The inventory-taking was not witnessed by a representative of the Commission on Audit.
- 1.11. Finally, it is important to remember that the audit team has consistently encouraged the Municipal Mayor and Department Heads at every entrance and exit conference to implement the required one-time cleansing of PPE accounts, as stated in COA Circular No. 2020-006 dated January 31, 2020. This one-time cleansing allows the Municipality to update and reconcile its property records, ensuring the accuracy of their presentation in the financial statements. By identifying and reconciling discrepancies between the physical count and existing records, the Municipality can enhance the reliability and completeness of its PPE information. Accurate asset information, in turn, provides insights into the existence, condition, usage, and value of the assets, helping the municipality optimize resource allocation and operational efficiency, deter fraud, mismanagement, and misuse of government resources, which in turn fosters financial integrity and accountability in property management.
- 1.12. This observation was communicated to Management through Audit Observation Memorandum (AOM) No. 2025-01(2024)-Ayungon dated March 19, 2025.

1.13. We recommended that the Municipal Mayor:

- 1.13.1. Create a new Inventory Committee composed of an adequate number of members to complete the physical inventory in three months or less with at least one member each from the accounting and property divisions/unit;**
- 1.13.2. Instruct the Inventory Committee to prepare a Physical Inventory Plan (PIP) with specified duties and assignments of the members and submit the PIP to the audit team before the scheduled inventory-taking activities;**

- 1.13.3. Temporarily relieve the members of the Inventory Committee of all their regular duties so they can fully devote their time to conducting the physical inventory until its completion;**
 - 1.13.4. Request for a COA representative to witness the inventory-taking; and**
 - 1.13.5. Direct the Inventory Committee to strictly follow the general and procedural guidelines outlined in COA Circular No. 2020-006 dated January 31, 2020 in the conduct of the physical count of PPE and the one-time cleansing of PPE account balances.**
- 1.14. During the exit conference, the Municipal Mayor stated that he intends to have a meeting regarding this and they will endeavor to complete the one-time cleansing of PPEs at the soonest possible time.
- 1.15. The Municipal Treasurer also inquired if they are allowed to gradually dispose of unserviceable properties. The Audit Team affirmed that disposal may be done as long as every movement is reflected in the books.

Accountable Forms, Plates and Stickers Inventory

- 2. The accuracy of the Accountable Forms, Plates and Stickers inventory account in the total amount of ₱1,074,559.30 is unreliable because the Municipal Treasurer did not conduct a physical count of inventory items every semester and did not prepare the Summary of Supplies and Materials Issued (SSMI), which is the basis for recording the utilization of inventory items, contrary to Sections 121 and 124, Chapter 7 of the New Government Accounting System (NGAS) Manual for Local Government Units (LGUs), thereby overstating the Inventory account by ₱889,767.22 and understating the Expense account of the same amount, affecting the fair presentation of the accounts in the financial statements.**
- 2.1. Sections 121, Chapter 7 of the NGAS Manual for LGUs, set forth the procedures for accounting for supplies or property, as follows:

“Section 121. Reporting on Issuance of Supplies/materials – The General Services Officer or the Local Treasurer, as the case may be, shall consolidate weekly the RIS for which supplies and materials were issued using the Summary of Supplies and Materials Issued (SSMI). The SSMI together with the original copy of the RIS shall be submitted to the Chief Accountant, who shall compute the cost of supplies and ending inventory using the moving average method. Based on the SSMI, a JEV shall be prepared to record the expenditures using appropriate expenditure accounts.

Xxx.

Section 124. Inventory of Supplies or Property.- The local chief executive shall require periodic physical inventory of supplies or property. Physical count of inventory items by type shall be conducted semestraly and reported in the Report of the Physical Count of Inventories (RPCI). This shall be submitted to the Auditor concerned not later than July 31, and January 31 of each year for the first and second semesters, respectively.”

- 2.2. Our review of the financial statements revealed that as of December 31, 2024, the Municipality’s Accountable Forms, Plates, and Stickers account had a balance of ₱1,074,559.30, while the related Accountable Forms Expense account reflected only ₱510.00. Given the Municipality's daily use of various accountable forms, the minimal expense recorded for the whole year appears unusual and warrants further investigation.
- 2.3. Our inquiry with the Municipal Accountant disclosed that the Accountable Forms, Plates, and Stickers inventory account comprises various accountable forms utilized by different municipal offices. These include community tax certificates for individuals/corporations, accountable forms used in the regular business of the LGU (AF 51, AF 56 etc), bank checks, cash tickets and amusement tickets used by the Municipal Treasurer's Office, as well as birth, death, and marriage certificates among others issued by the Municipal Civil Registrar’s Office.
- 2.4. To verify the accountable forms inventory balance as of year-end, we reviewed the December 31, 2024, Report of Accountability for Accountable Forms (RAAF) submitted by the Municipal Treasurer. To determine the cost of accountable forms on hand as of December 31, 2024, we utilized the price list of accountable forms and cash tickets provided by the Provincial Treasurer. Additionally, we confirmed the cost per checkbook through inquiries with the Land Bank of the Philippines (LBP) Service Officer and the Development Bank of the Philippines (DBP) Service Officer. The computed inventory cost is summarized as follows:

Accountable Form (AF)	No. of Pads of AF on hand	Cost per Pad	Total AF on Hand
BIR 0016	181.94	₱81.00	₱14,737.14
BIR 0017	.42	200.00	84.00
AF 51	216.92	297.00	64,425.24
AF 52	5.8	345.00	2,001.00
AF53	1	345.00	345.00
AF54	24	220.00	5,280.00
AF56	129.76	332.00	43,080.32
AF8	8.54	216.00	1,844.64
Cash Tickets P2.00	5.96	162.00	965.52
Cash Tickets P10.00	13.91	162.00	2,253.42
Amusement Ticket P200.00	84.90	51.00	4,329.90
DBP Checks	12.74	510.00	6,497.40

Accountable Form (AF)	No. of Pads of AF on hand	Cost per Pad	Total AF on Hand
LBP Checks	8.46	₱600.00	₱5,076.00
		Total	₱150,919.58

- 2.5. Additionally, the Municipal Accountant provided the accountable forms inventory balance for the Municipal Civil Registrar’s Office as of December 31, 2024, as detailed below:

Accountable Form (AF)	No. of Pads of AF on hand	Cost per Pad	Total AF on Hand
Mun. Form 102 (Live Birth)	18	₱335.50	₱6,039.00
Mun. Form 97 (Marriage)	20	335.50	6,710.00
Mun. Form 103 (Death)	41	335.50	13,755.50
Mun. Form 90 (Application for Marriage License)	24	269.50	6,468.00
Mun. Form 26-1 (Live Birth Book)	2	150.00	300.00
Mun. Form 25 (Marriage Book)	1	150.00	150.00
Mun. Form 100 (Application for Marriage License Book)	2	150.00	300.00
Mun. Form 111 (Legal Instrument)	1	150.00	150.00
		Total	₱33,872.50

- 2.6. The Accountable Forms, Plates, and Stickers inventory on hand as of December 31, 2024, should have been reported at ₱184,792.08, which is ₱889,767.22 lower than the reported inventory balance of ₱1,074,559.30 in the financial statement.
- 2.7. The Municipal Accountant clarified that the Office of the Municipal Civil Registrar consistently submits an inventory of accountable forms, accompanied by Requisition and Issue Slips (RIS), to properly document the utilization of these forms within their office. In contrast, the Office of the Municipal Treasurer has not provided any supporting documents to account for the usage of its accountable forms. As a result, the Municipal Accountant lacks the necessary basis—specifically the Supplies and Materials Issuance (SSMI) form supported by RIS—to record the utilization of inventory. Consequently, the inventory account remained unchanged, and the corresponding expense was not recognized in the books.
- 2.8. Upon inquiry, the Municipal Treasurer confirmed that he had unintentionally failed to prepare and submit the Semi-Annual Statement of Management of Inventory (SSMI) along with the Requisition and Issue Slips (RIS) to support the utilization of

Accountable Forms (AF). Additionally, he did not prepare a semester-end inventory of supplies. Instead, he had been regularly submitting the Consolidated Report of Accountability for Accountable Forms to the audit team, detailing the AF issued and those remaining at the end of each month.

- 2.9. The Municipal Treasurer's failure to properly report the utilization of AF has prevented the Municipal Accountant from accurately recording their usage. As a result, the Accountable Forms, Plates, and Stickers inventory account was overstated by ₱889,767.22, while the related expense account was understated by the same amount, thereby affecting the fair presentation of the financial statements as of year-end.
- 2.10. This observation was communicated to Management through Audit Observation Memorandum (AOM) No. 2025-04(2024)-Ayungon dated April 4, 2025.
- 2.11. **We recommended that the Municipal Mayor issue a directive to ensure proper inventory management and accurate financial reporting by requiring the following actions:**
 - 2.11.1. **The Municipal Treasurer shall conduct a physical count of inventories every semester and submit a corresponding report to the Municipal Accountant and the Auditor no later than July 31 for the first semester and January 31 for the second semester.**
 - 2.11.2. **The Municipal Treasurer shall submit the Summary of Supplies and Materials Issued (SSMI) to the Municipal Accountant on a weekly basis, duly supported by Requisition and Issue Slips (RIS), to serve as the basis for recording utilized inventory items in the books.**
 - 2.11.3. **The Municipal Accountant and the Municipal Treasurer shall regularly reconcile accounting and inventory records and implement the necessary adjustments to ensure the fair presentation of accounts in the financial statements.**
- 2.12. During the exit conference, the Audit Team commended the prompt submission of the Monthly RAAF by the Municipal Treasurer. However, he was unaware that the same report must be furnished to the Municipal Accountant's Office, thus, no entries had been made upon issuance of the accountable forms.

RPT and SET Receivables

3. The balances of the Real Property Tax (RPT) Receivable and Special Education Tax (SET) Receivable accounts as of December 31, 2024, between the records of the Municipal Accounting Office (MAO) and the Municipal Treasurer's Office (MTO) showed a difference of **₱8,907,556.24** due to the non-reconciliation of their records and the non-recording of the RPT and SET receivables in accordance with Chapter 3, Section 20, Volume I, and Chapter 1, Section 10, Volume II of the Manual on the New Government Accounting System (NGAS) for Local Government Units (LGUs). Consequently, the RPT/SET Receivable and Deferred Income accounts, as presented in the financial statements, are deemed unreliable.

3.1. Chapter 3, Section 20, Volume I of the Manual on the New Government Accounting System (NGAS) provides that:

“Real Property Tax Receivables/Special Education Tax Receivables shall be established at the beginning of the year based on Real Property Tax Account Register/Taxpayer’s index card. At the beginning of the year, the Treasurer shall furnish the Chief Accountant of a duly certified list showing the name of taxpayers and the amount due and collectible for the year. Based on the list, the Chief Accountant shall draw a Journal Entry Voucher (JEV) to record the debit to Real Property Tax Receivable/Special Education Tax Receivable and crediting to Deferred Real Property Tax Income/Deferred Special Education Tax Income.”
(Emphasis ours)

3.2. On the other hand, Chapter 1, Section 10, Volume II of the same Manual for LGUs provides that:

“The Subsidiary Ledger is a book of final entry containing the details or breakdown of the balances of the controlling account appearing in the General ledger. Postings to the subsidiary ledgers generally come from the source documents. X x x. The totals of the subsidiary ledger balances shall be reconciled to their respective control account at the end of every month.”

3.3. Our review of the List of Real Property Tax Delinquencies from the Municipal Treasurer's Office (MTO) (**Appendix 2**) and the RPT and SET Receivable accounts from the Municipal Accounting Office (MAO) as of December 31, 2024, revealed the following balances:

Account	Per MTO	Per MAO	Difference
RPT Receivable	₱13,029,358.71	₱8,575,539.39	₱4,453,819.32
SET Receivable	13,029,276.31	8,575,539.39	4,453,736.92
Total	₱26,058,635.02	₱17,151,078.78	₱8,907,556.24

- 3.4. As shown in the table above, there is a significant difference of ₱8,907,556.24 between the RPT Receivable and SET Receivable account balances between the MTO and MAO records as of December 31, 2024.
- 3.5. Our verification revealed that the Municipal Accountant records the RPT and SET Receivables at the beginning of the year based on the Assessment Roll from the Municipal Assessor because the Municipal Treasurer did not furnish the Municipal Accountant with a duly certified list showing the names of taxpayers and the amount due and collectible for the year which serves as the basis for recording the RPT/SET receivable. This practice raises concerns about the accuracy and reliability of the recorded receivables and may contribute to discrepancies in the RPT/SET receivable account at year-end.
- 3.6. The Municipal Treasurer on the other hand clarified that the failure to furnish the Municipal Accountant with the duly certified list of taxpayers, along with the corresponding amounts due and collectible for the year, was an unintentional oversight. He explained that this happened because he had merely followed the procedures previously observed by the former Municipal Treasurer.
- 3.7. It is important to emphasize to Management that non-compliance with the guidelines outlined in Chapter 3, Section 20 of the NGAS Manual for LGUs can significantly affect RPT and SET collection efficiency as well as the management of delinquent accounts. Incorrectly recording these receivables may result in an understatement of actual revenue, impacting overall collection efficiency and causing delays in collecting outstanding accounts, ultimately affecting the municipality's cash flow and budgetary planning.
- 3.8. Meanwhile, the Municipal Accountant confirmed that reconciliation between the records of the Municipal Accountant's Office (MAO) and the Municipal Treasurer's Office (MTO) was not conducted at the end of the year. Additionally, subsidiary ledgers for the RPT/SEF receivable account were not maintained. She explained that this non-compliance was an unintentional oversight caused by the overwhelming workload during that period.
- 3.9. Management must understand that reconciling the Municipal Accountant and Treasurer's records for RPT and SET receivables is crucial for ensuring the accuracy and integrity of financial records. When these records are not reconciled, significant discrepancies can lead to, among other issues, financial misstatements, lack of accountability, and even potential fraud.
- 3.10. In this particular case, there is a significant difference of ₱8,907,556.24 between the MAO and MTO records as of December 31, 2024. Therefore, the RPT and SET receivable account balances, along with their corresponding Deferred RPT and SET Income accounts shown in the financial statements at the reporting date, are unreliable.

3.11. This observation was communicated to Management through Audit Observation Memorandum (AOM) No. 2025-02(2024)-Ayungon dated March 19, 2025.

3.12. We recommended that the Municipal Mayor direct:

3.12.1. The Municipal Accountant and Municipal Treasurer to reconcile the difference between the RPT and SET Receivables account balances totaling ₱8,907,556.24 and henceforth, conduct periodic reconciliation, together with the Municipal Assessor, of the total collectibles from the Basic and Special Education Tax with the RPT and SET Receivables account balances to prevent the accumulation of unreconciled differences;

3.12.2. The Municipal Treasurer to furnish the Municipal Accountant a duly certified list of taxpayers with the amount due and collectible for the current year as basis for recording the RPT and SET Receivable accounts in compliance with Chapter 3, Section 20 of the NGAS Manual for LGUs, Volume I; and

3.12.3. The Municipal Accountant to maintain subsidiary ledgers for RPT and SET receivables to support the general account in the financial statements.

3.13. During the exit conference, the Audit Team added that any unreconciled difference be disclosed in the Notes to the financial statements.

Loans Receivable

4. Loans totaling ₱2,461,183.81 granted to individuals and people's organizations have remained outstanding for over 10 years due to the inaction of the LGU to demand and strictly enforce the collection of the loans which is not consistent with Section 2 of Presidential Decree 1445, depriving the government of funds that could have been used for expanding the program or implementing other priority projects.

4.1. Section 2 of Presidential Decree (PD) 1445, states that, "It is the declared policy of the State that all resources of the government shall be managed, expended or utilized in accordance with law and regulations, and safeguarded against loss or wastage through illegal or improper disposition, with a view of ensuring efficiency, economy and effectiveness in the operations of the government. x x x"

4.2. Our review of the Municipality's financial statements as of December 31, 2024, revealed that the Loans Receivable – Others account had a balance of ₱4,206,183.81. Of this amount, ₱2,461,183.81 has remained outstanding for over 10 years and consists of the following loans:

Particulars	Amount
General Fund	
1. Community-Based Resource Management Project of Ayungon (CBRMP)	₱1,457,590.00
Trust Fund	
2. Various Recipients of KKK Loans	₱ 43,100.35
3. Ayungon Environmental Multipurpose Cooperative (AEMPACO)	444,308.46
4. Sustainable Hilly-Land Agricultural Development Project (SHADE)	516,185.00
Subtotal	₱1,003,593.81
Total	₱2,461,183.81

- 4.2. The funds were disbursed to various groups of individuals to support livelihood and agricultural improvement initiatives. These loans were granted over a decade ago, and the remaining book balances represent the unpaid portions. When we interviewed the current Municipal Accountant regarding the history of these loans, she informed the audit team that when she assumed her position in CY 2012, she discovered that these loan receivables had already been recorded in the books since CY 2007; therefore, these loans have been outstanding for eighteen years as of December 31, 2024.
- 4.3. The Municipal Accountant further explained that significant challenges were faced in collecting these receivables due to the inability to identify most of the loan borrowers, except for those under the CBRMP. This problem occurred because the former municipal accountant did not maintain subsidiary records for the KKK, AEMPACO, and SHADE loans under the Trust Fund, which made it difficult for the Municipality to pursue claims against the debtors.
- 4.4. Additionally, the current Municipal Accountant stated that she has no information about the status or whereabouts of the borrowers, nor could she locate any records of a Memorandum of Agreement (MOA) or any other documents related to the aforementioned loans in the Trust Fund.
- 4.5. The Municipal Accountant, however, informed the audit team that, aside from issuing demand letters for the CBRMP borrowers in Calendar Year 2019, which received no response and did not result in any payments from the debtors, no additional measures had been taken. She clarified that this was unintentional and attributed it to her heavy workload, which prevented her from sending follow-up demand letters this year.
- 4.6. Our inquiry with the Municipal Treasurer also revealed that he was aware of the CBRMP and AEMPACO loans. However, since assuming office in December 2023, he has inadvertently failed to assess the collectability of these loans or initiate collection efforts from the borrowers.
- 4.7. The presence of outstanding loans receivable, in this case almost eighteen (18) years old, affects the municipality's financial stability and operations. Failure to collect may

limit the municipality's ability to meet financial obligations and deliver essential services to its constituents, as it has been deprived of funds that could have been used for public services, infrastructure projects, and other programs.

- 4.8. This observation was communicated to Management through Audit Observation Memorandum (AOM) No. 2025-03(2024)-Ayungon dated March 21, 2025.
- 4.9. **We recommended and Management agreed that the Municipal Treasurer and Municipal Accountant, with the concurrence of the Local Chief Executive, evaluate the collectability of these loans and exhaust all efforts to collect from the debtors, such as sending demand letters, conducting follow-ups, negotiating payment terms, or implementing legal actions.**
- 4.10. **Henceforth, we recommended and Management agreed that the Municipal Accountant maintain subsidiary records for future borrowers to monitor each borrower's status and provide detailed records that support the General Ledger to ensure accurate financial reporting.**

Lacking Supporting Documents

5. **The utilization of the Local Disaster Reduction and Management Fund (LDRRMF) amounting to ₱198,850.00 was paid despite the absence and inaccuracy of supporting documents due to insufficient review by responsible personnel from various departments, resulting in non-compliance with Section 4(6) of Presidential Decree No. 1445 and increasing the risk of irregular or unsupported expenditures compromising the integrity and accountability of public fund utilization.**
 - 5.1. Section 4(6) of Presidential Decree No. 1445 states, "Claims against government funds shall be supported with complete documentation."
 - 5.2. We conducted a post-audit of ten (10) disbursement vouchers (DV) of the utilization of the Local Disaster Risk Reduction and Management Fund (LDRRMF) for Calendar Year 2024 and noted the following significant observations, as detailed in **Appendix 3**.
 - 5.11.1. The payment of food ingredients used for the meal of the responders in the search and retrieval operation on a reported missing person in the Barangay Anibong, Ayungon, Negros Oriental was supported with a wrong Sales Invoice. The transaction was only for ₱5,850.00 but the sales invoice attached was for the purchase of 50 bags of milled rice in the amount of ₱139,000.00 for the Municipality. This discrepancy indicates a lack of proper documentation to support the validity and accuracy of the claimed expense.
 - 5.11.2. The DV for the payment of snacks of ₱10,000.00 for the 1st quarter National Earthquake Simultaneous Drill 2024 does not bear the signature of the Municipal Treasurer that certifies that the funds are available for this

transaction. The absence of this required certification constitutes a lapse in internal control and a deviation from standard disbursement procedures, potentially compromising the legality and regularity of the transaction.

- 5.11.3. The activity design for the payment of 250 pax snacks for the 2nd quarter National Earthquake Drill of ₱10,000.00 identified participants from various schools within the Municipality, however, the actual attendance sheets reflected LGU personnel as the participants, indicating a discrepancy between the planned and actual participants. This inconsistency between the planned and actual beneficiaries raises concerns about the accuracy and reliability of the documentation, and casts doubt on whether the expenditure was properly aligned with its intended purpose.
- 5.11.4. The activity design for the food served during the Mangrove Planting at Brgy. Calagalag of ₱15,000.00 intended for 150 participants @ ₱100.00 each was only attended by 100 participants. This discrepancy between the planned and actual number of attendees suggests a potential overstatement of expenses, which may lead to inefficient use of public funds and raises questions on the accuracy and reliability of planning and budgeting processes.
- 5.3. Furthermore, the post-audit revealed several common issues, including the lack of “PAID” stamps on all Disbursement Vouchers (DVs) and their supporting documents. This increases the risk of duplicate or unauthorized payments, as there is no clear proof that the transactions were already settled.
- 5.4. It was also noted that DVs had no dates, and important documents such as the Acceptance and Inspection Reports (AIR), Purchase Requests (PR), and Requests for Quotation were not completely filled out, which affects the accuracy and completeness of the records.
- 5.5. In addition, the forms used by the LGU, such as the DVs, AIR, PR, Purchase Orders, and Obligation Requests, were not the updated forms prescribed in the Manual of New Government Accounting System for LGUs Volume II.
- 5.6. Our inquiry with the Municipal Accountant confirmed that a review of the completeness of supporting documents was conducted prior to payment. However, it was inadvertently overlooked that the activity design associated with the transaction did not align with the submitted supporting documents. The Accountant assured that, moving forward, stricter measures will be implemented to ensure both the completeness and accuracy of all documentary requirements before processing any payments. Additionally, starting May 2025, the office will adopt and utilize the updated forms prescribed under the NGAS Manual to further strengthen compliance and internal controls.

- 5.7. As for the case involving the wrong sales invoice, the Municipal Accountant explained that the invoices were inadvertently interchanged during the attachment of documents to the Disbursement Voucher (DV) upon full payment.
- 5.8. On the other hand, the Municipal Treasurer explained that the “PAID” stamp was applied only to Disbursement Vouchers (DVs) for cash disbursements, while those processed through check disbursements were not stamped due to the high volume of transactions. He assured the audit team that the practice of stamping all paid DVs, regardless of mode of payment, will be fully implemented within the current year. Additionally, he explained that his failure to sign the subject disbursement voucher was unintentional, and he had intended to affix his signature following the completion of the audit.
- 5.9. In view of the foregoing the inadequate review of the transaction documents of various offices of the LGU resulted in the payment of ten transactions of ₱198,850.00 despite the absence and inaccuracy of supporting documents, increasing the risk of irregular or unsupported expenditures, compromising the integrity and accountability of public fund utilization.
- 5.10. This observation was communicated to Management through Audit Observation Memorandum (AOM) No. 2025-05(2024)-Ayungon dated April 16, 2025.

5.11. We recommended and Management agreed that the Municipal Mayor direct:

- 5.11.1. The Municipal Accountant to ensure that all disbursement vouchers (DVs) and claims against public funds are supported with complete, accurate, and relevant documents in accordance with Section 4(6) of Presidential Decree No. 1445, which states that claims must be backed by complete documentation.**
- 5.11.2. The Municipal Treasurer to mandate the use of “PAID” stamps on all DVs and supporting documents immediately after payment to establish proof of settlement, prevent duplicate disbursements, and maintain a clear audit trail.**
- 5.11.3. The LDRRM Officer to review the Activity Design of all LDRRM activities to ensure that the planned objectives, target participants, and budget allocations are clearly defined, realistic, and aligned with actual implementation.**
- 5.11.4. All Department Heads to use the updated forms such as the DV, PR etc. as prescribed in the Manual of New Government Accounting System for LGUs.**

5.11.5. All Department Heads and personnel responsible for any transaction to review, sign, and fill in all the information needed in the Disbursement Voucher, Purchase Request, Requests for Quotation, Purchase Orders, Activity Designs, Acceptance and Inspection Reports, and other related pertinent documents.

B. OTHER MANDATORY AREAS

Compliance with Mandatory Deductions and Tax Laws

6.1. Taxes withheld during the year from salaries, wages, and other services, including Value-Added Taxes withheld from suppliers and contractors were remitted to the Bureau of Internal Revenue pursuant to existing Revenue Regulations. Of the current outstanding balance of the Due to BIR account as of December 31, 2024, amounting to ₱2,362,370.63, ₱2,355,267.73 was remitted in January 2023 while the remaining balance is still subject to further verification, detailed as follows:

Due to BIR Balance	Date of Remittance	Check No.	Amount
₱ 2,362,370.63	01/02/2024	0096785134	₱ 3,960.00
2,358,410.63	01/09/2024	0096785174	22,404.33
2,336,006.30	01/09/2024	0096785175	658,035.70
1,677,970.60	01/09/2024	0096785176	1,670,867.70
7,102.90			
Total Remittances			₱ 2,355,267.73

6.2. Salary deductions recorded under the accounts Due to GSIS, Due to Pag-IBIG, and Due to PhilHealth had balances of ₱570,507.89 ₱112,721.82, and ₱388,962.58, respectively, which are still subject to further verification. Remittances for the month of December amounted to ₱1,087,872.00, ₱133,270.98, and, ₱178,857.35, for the accounts Due to GSIS, Due to Pag-IBIG, and Due to PhilHealth, respectively, detailed as follows:

Due to GSIS Balance	Date of Remittance	Check No.	Amount
₱ 1,658,379.89	12/23/2024	0096785114	₱ 1,087,872.00
570,507.89			
Total Remittances			₱ 1,087,872.00
Due to Pag-IBIG Balance	Date of Remittance	Check No.	Amount
₱ 245,992.80	12/23/2024	0096785103	₱ 92,370.98
153,621.82	12/23/2024	0096785105	22,400.00
131,221.82	12/23/2024	0096785106	18,500.00
112,721.82			
Total Remittances			₱ 133,270.98

Due to PhilHealth Balance	Date of Remittance	Check No.	Amount
₱ 567,819.93	12/23/2024	0096785104	₱ 178,857.35
388,962.58			
Total Remittances			₱ 178,857.35

C. SETTLEMENT OF ACCOUNTS

7.1. 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	₱ 1,042,905.13	₱ 0.00	₱ 0.00	₱ 1,042,905.13
Disallowances	2,615,028.00	0.00	0.00	2,615,028.00
Charges	0.00	0.00	0.00	0.00
Total	₱ 3,657,933.13	₱ 0.00	₱ 0.00	₱ 3,657,933.13

7.2. These ending balances pertain to audit suspensions and disallowances issued and received in the following years:

Year Issued	Balance as of 12/31/2024	Transaction Year	Remarks
Notice of Suspension (NS)			
2019	₱ 194,094.37	2019	None
2019	848,810.76	2019	None
Total NS	₱ 1,042,905.13		
Notice of Disallowance (ND)			
2018	₱ 51,435.00	2010	None
2018	52,065.00	2010	None
2018	40,860.00	2010	None
2018	61,830.00	2010	None
2018	55,800.00	2010	None
2018	46,035.00	2010	None
2018	54,810.00	2010	None
2018	73,800.00	2010	None
2018	54,180.00	2010	None
2018	47,970.00	2010	None
2018	92,970.00	2010	None
2018	98,775.00	2010	None
2018	9,180.00	2010	None

Year Issued	Balance as of 12/31/2024	Transaction Year	Remarks
2018	₱ 46,260.00	2010	None
2018	46,980.00	2010	None
2018	47,475.00	2010	None
2018	32,895.00	2010	None
2018	11,880.00	2010	None
2018	53,550.00	2010	None
2018	49,590.00	2010	None
2018	40,590.00	2010	None
2018	9,000.00	2010	None
2018	32,895.00	2010	None
2018	40,005.00	2010	None
2018	50,040.00	2010	None
2018	49,815.00	2010	None
2018	36,000.00	2010	None
2018	36,360.00	2010	None
2018	42,795.00	2010	None
2018	53,055.00	2010	None
2018	56,475.00	2010	None
2018	57,600.00	2010	None
2018	6,750.00	2010	None
2018	7,200.00	2010	None
2018	20,520.00	2010	None
2018	28,215.00	2010	None
2018	41,535.00	2010	None
2018	44,640.00	2010	None
2018	45,585.00	2010	None
2018	47,520.00	2010	None
2018	52,920.00	2010	None
2018	53,550.00	2010	None
2018	58,545.00	2010	None
2018	49,860.00	2010	None
2018	31,815.00	2010	None
2018	32,715.00	2010	None
2018	38,970.00	2010	None
2018	44,055.00	2010	None
2018	58,950.00	2010	None
2018	47,520.00	2010	None
2016	29,120.00	2014	None
2016	38,080.00	2014	None
2016	49,880.00	2014	None
2016	30,500.00	2014	None
2016	33,990.00	2014	None
2016	45,320.00	2014	None

Year Issued	Balance as of 12/31/2024	Transaction Year	Remarks
2016	₱ 48,850.00	2014	None
2016	46,759.00	2014	None
2016	15,300.00	2014	None
2016	17,294.00	2014	None
2016	16,100.00	2014	None
Total ND	₱ 2,615,028.00		

D. OTHER MATTERS

8. We have audited the other audit areas specified under COA Local Government Audit Sector (LGAS) Unnumbered Memorandum dated October 30, 2024. However, we have not yet obtained sufficient and competent evidence on these matters to warrant the inclusion of audit observations in this Report.

PART III

STATUS OF IMPLEMENTATION OF PRIOR YEARS' AUDIT RECOMMENDATIONS

STATUS OF IMPLEMENTATION OF PRIOR YEARS' AUDIT RECOMMENDATIONS

Of the 49 prior years' recommendations 12 were implemented and 37 were unimplemented as shown in the results of validations presented below:

Ref.	Observation	Recommendations	Management Comments/Actions	Status of Implementation
2023 AAR, AO No. 1, page 29; 2007 AAR	The Municipality has not kept a subsidiary ledger for the land account, which had a reported balance of ₱2,965,303.54 at the end of the year. As a result, the balance could not be reconciled with the records of the Municipal Treasurer, and the validity and accuracy of the account balance as of year-end could not be determined.	1. We recommended that the Municipal Accountant maintain a subsidiary ledger and reconcile their record with the Municipal Treasurer to record an accurate account balance in the financial statement.	Subsidiary ledgers had been maintained and reconciliation of records had been done.	Implemented
		2. We also recommended that the Municipal Treasurer and Assessor determine the value of the five properties and maintain a complete record and documentation of the real properties owned by the Municipality.	The value of the five properties had been determined by the Municipal Assessor and had been recorded in the books.	Implemented
2023 AAR, AO No. 2, page 31	Four parcels of land valued at ₱2,146,400.00 are not covered with Transfer Certificates of Title (TCT) in favor of the Municipality of	3. We recommended and the Municipal Treasurer agreed to prioritize the filing of applications for the titling of all real	No applications had been filed yet due to the current workload of the assigned personnel.	Unimplemented

Ref.	Observation	Recommendations	Management Comments/Actions	Status of Implementation
	Ayungon, thus the ownership of the properties could not be fully validated.	properties acquired by the municipality so that TCTs can be issued in favor of the Municipality of Ayungon to establish ownership thereto.		
2023 AAR, AO No. 3, page 32	Delinquent Real Property Taxes (RPT) and Special Education Taxes (SET), including penalties accruing thereon, which accumulated to ₱38,017,366.97, remained uncollected as of December 31, 2023, thus depriving the Municipality of a substantial amount of income that could have been utilized to finance the implementation of various development projects or other major programs, projects, and activities (PPAs).	4. We recommended that the Municipal Treasurer enforce the collection of delinquent real property taxes by availing of the remedies for collecting delinquent real property taxes provided in Sections 256 to 260 of RA No. 7160, which are administrative action through levy on real property or judicial action.	Further coordination with the Provincial Treasurer's Office is still needed.	Unimplemented
2023 AAR, AO No. 4, page 35	The factors considered by the LGU to arrive at the Approved Budget for the Contract (ABC) for the procurement of an LED wall display and a brand-new backhoe in the total amount of ₱14,778,000.00 were not	5. We recommended that the concerned end-user submit to the audit team documentation of the cost components considered to arrive at the ABC for the procurement of the brand-	The necessary documents supporting how the approved budget of the contract was derived were submitted on May 3, 2024.	Implemented

Ref.	Observation	Recommendations	Management Comments/Actions	Status of Implementation
	properly documented, which is not consistent with GPM Volume 2, thus the ABC may not be reflective of the current market price at the time of the bid.	new backhoe and LED wall. 6. In addition, we recommended that the BAC Chairman conduct a thorough review of the ABC for all procurements before it is submitted for approval to the Municipal Mayor to ensure transparency and accountability of the procurement process.	Subsequent ABC for purchase of equipment had itemized prices for each component.	Implemented
2023 AAR, AO No. 5, page 36	Job-order (JO) and casual employees who were allowed to receive collections for the LGU are not properly bonded, contrary to Section 101 of PD No. 1445, thus exposing government funds to unsecured losses.	7. We recommended that the Municipal Treasurer ensure strict adherence to existing laws and regulations and that all accountable officers and employees under his jurisdiction be properly bonded to provide effective bond coverage in case of shortages or losses in compliance with Section 101 of PD No. 1445.	During the cash count conducted last December 20, 2024, JO employees still performed collection duties but they were still not bonded.	Unimplemented

Ref.	Observation	Recommendations	Management Comments/Actions	Status of Implementation
		8. Furthermore, we recommended that the Revenue Collection Clerks assume their duties and responsibilities as collectors of the LGU and stop the practice of allowing job orders or casual employees to collect on their behalf.	Assignment of collection duties to job order and/or casual employees was minimized but was not stopped.	Unimplemented
2023 AAR, AO No. 6, page 38	Payment of honoraria to members of the BAC, its TWG, and the Secretariat for their participation in government procurement activities amounting to ₱1,096,099.76 were made despite incomplete documentation, contrary to Section 5.7.1 of COA Circular No. 2012-001 dated June 14, 2012, thus casting doubt on the regularity of the transaction.	9. We recommended and Management agreed to submit the lacking documents and, 10. Henceforth, ensure that the supporting documents are complete in accordance with Section 5.7.1 of COA Circular No. 2012-001 dated June 14, 2012.	The lacking documents were submitted. The Municipal Accountant ensured that complete supporting documents were attached to the disbursement vouchers.	Implemented Implemented
2022 AAR, AO No. 2, page 31	The accuracy and reliability of the Road Networks account totaling ₱92,914,235.74 could not be ascertained due to: (a) non-conduct of inventory of local	11. We recommended that Management enjoin the concerned department heads to strictly comply with the accounting and reporting guidelines on	The accounting and reporting guidelines on the local roads asset management system was not complied with.	Unimplemented

Ref.	Observation	Recommendations	Management Comments/Actions	Status of Implementation
	roads and non-preparation of the Report on the Physical Count of Local Road Network (RPCLR); (b) non-maintenance of the Local Road Network Ledger Card (LRNLC) and Local Road Network Property Card (LRNPC); and (c) non-disclosure of the total road networks in the Notes to the Financial Statements, contrary to COA Circular No. 2015-008 dated November 23, 2015, thereby affecting the fair presentation of the account in the financial statements.	the local roads asset management system and earnestly perform their respective duties and responsibilities as set forth under COA Circular No. 2015-008 dated October 23, 2015. 12. We further recommended that the Inventory Committee 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 prepared before the statement date.	Physical count of all LRN was not done yet.	Unimplemented
2022 AAR, AO No. 5, page 37	Receivables totaling ₱3,356,104.25 that remained inactive for 10 years or more were not written off as at year-end, contrary to Items	13. We recommended that Management file a request for authority to write-off dormant receivables together with	Management had not submitted a request for write-off as of December 31, 2024.	Unimplemented

Ref.	Observation	Recommendations	Management Comments/Actions	Status of Implementation
	8.2 and 8.3 of COA Circular No. 2016-005 dated December 19, 2016, hence, receivables, as presented in the financial statements, were overstated.	<p>all the documentary requirements as enumerated under Section 8.3 of COA Circular No. 2016-005 to address the overstatement of receivable accounts in the financial statements due to the remote possibility of their settlement.</p> <p>14. We further recommended that the Municipal Accountant reconcile the ₱900,044.00 balance in the Due from Other Funds account in the General Fund with the Due to Other Funds account in the Trust Fund.</p>	Time and workload constraints prevented the implementation of the recommendation.	Unimplemented
2022 AAR, AO No. 6, page 40; 2019 AAR, AO No. 2, page 30	Unused balances of funds transferred to the Municipality totaling ₱6,268,580.10 which have been outstanding for more than two years, ₱1,764,492.06 of which have remained outstanding for over 10 years, were not	15. We reiterated our recommendation that the Municipal Accountant, in coordination with the Municipal Treasurer, reconcile and evaluate the unused balances to determine their proper sources so that the latter	Time and workload constraints prevented the implementation of the recommendation.	Unimplemented

Ref.	Observation	Recommendations	Management Comments/Actions	Status of Implementation
	<p>returned to their respective source agencies, contrary to COA Circular No. 94-013 dated December 13, 1994 and COA Circular No. 2016-005 dated December 19, 2016, thereby preventing the source agencies from utilizing the funds for other priority projects and from closing their receivable accounts.</p>	<p>can return the same to their respective source agencies in accordance with COA Circular Nos. 94-013 and COA Circular No. 2016-005 so that these funds can be used for other priority programs/projects.</p> <p>16. We further recommended that the Municipal Accountant maintain separate subsidiary records for every fund transferred to the Municipality in accordance with Section 6.3 of COA Circular No. 94-013.</p>	<p>Separate subsidiary records still had not been maintained.</p>	<p>Unimplemented</p>
<p>2021 AAR, AO No. 1, page 28</p>	<p>The accuracy and reliability of the reported depreciable Property, Plant and Equipment (PPE) accounts with total carrying value of ₱268,402,327.30 could not be ascertained as depreciation charges were computed based on a 10% residual value instead of 5% as required</p>	<p>17. We recommended and the Municipal Accountant agreed to adjust the balances related to the PPE account as a change in accounting policy and, subsequently, record depreciation based on a 5% residual value in compliance with PAG 6</p>	<p>All PPE accounts under the Special Education Fund (SEF) had already been adjusted. However, the Municipal Accountant still had not finished adjusting the depreciation of all accounts under the General Fund (GF) as required due to time</p>	<p>Unimplemented</p>

Ref.	Observation	Recommendations	Management Comments/Actions	Status of Implementation
	<p>under the Philippine Application Guidance (PAG) 6 of International Public Sector Accounting Standard (IPSAS) 17 – Property, Plant and Equipment, resulting in the overstatement of the PPE accounts. Furthermore, subsidiary ledgers were not maintained for all PPE accounts contrary to Section 10 of the New Government Accounting System (NGAS) Manual for Local Government Units (LGUs), thus rendering the said accounts unreliable.</p>	<p>of IPSAS No. 17 – Property, Plant and Equipment.</p> <p>18. We also recommended and the Municipal Accountant agreed that subsidiary ledgers be maintained for all PPE accounts to ensure the accuracy and reliability of their recorded book value.</p>	<p>constraints and ongoing one-time cleansing of PPEs.</p> <p>Separate subsidiary records still had not been maintained.</p>	<p>Unimplemented</p>
<p>2021 AAR, AO No. 2, page 30</p>	<p>The payroll covering the payment of COVID-19 Hazard Pay to personnel of the Municipality in the total amount of ₱1,221,225.00 was not substantially supported with complete documentary requirements, contrary to Section 4(6) of Presidential Decree (P.D.) No. 1445,</p>	<p>19. We recommended that Management submit to the Auditor the following documents to substantiate the grant of Hazard Pay:</p> <ul style="list-style-type: none"> a. Approved DTRs; b. Inter-Agency Task Force for the Management of 	<p>The Inter-Agency Task Force for the Management of Emerging Infectious Diseases Resolution of the Risk Certification in the workplace and the Authority from the head of agency/office to render service during the ECQ stating the prescribed official working hours and</p>	<p>Unimplemented</p>

Ref.	Observation	Recommendations	Management Comments/Actions	Status of Implementation
	precluding the Auditor from ascertaining the propriety and regularity of the grant during the implementation of the Modified Enhanced Quarantine (ECQ).	Emerging Infectious Diseases Resolution of the Risk Certification in the workplace; and the c. Authority from the head of agency/office to render service during the ECQ stating the prescribed official working hours and the entitlement of the COVID-19 Hazard Pay.	the entitlement of the COVID-19 Hazard Pay had not been submitted.	
2021 AAR, AO No. 3, page 32	The Disbursing Officer (DO) was allowed to draw multiple cash advances in one day for the payment of salaries and wages, honoraria, financial assistance, and other similar payments because the Municipality has only one DO, contrary to Section 4.1.2 of COA Circular No. 97-002 dated February 10, 1997, resulting in overlapping of cash advances, unnecessarily exposing government funds	20. We recommended and Management agreed that the irregular procedure in the grant of cash advances, such as the grant of multiple cash advances to the DO – Designate in one day be immediately stopped. 21. We also recommended that the Municipal Mayor appoint or designate additional DO to avoid granting multiple cash	The DO had still been handling multiple cash advances. Management opted not to designate an additional DO because they had planned to disburse payrolls through the Automated Teller Machine	Unimplemented Unimplemented

Ref.	Observation	Recommendations	Management Comments/Actions	Status of Implementation
	affect the fairness of the presentation of the Municipality's financial statements as well as its operational efficiency that may render the entire Municipality ineligible for the FY 2021 Performance-Based Bonus (PBB).	Taken should also be submitted to facilitate our validation of the responses.	implementation of the recommendations despite being indicated as implemented. Gradual submission of supporting documents was only done during validation, causing delay in the process.	
2021 AAR, AO No. 7, page 39	The Municipality failed to remit GSIS, Pag-IBIG and PhilHealth contributions accumulated for two to less than ten years amounting to ₱640,724.89, ₱109,796.80 and ₱342,544.33, respectively, contrary to the provisions of the Implementing Rules and Regulations of R.A No. 8291, R.A. No. 9679, and R.A. No. 7875 as amended by R.A. No. 9241 and R.A. No. 10606, which may result in the imposition of interests and penalties and may deprive the employees of the benefits due them.	We recommended and Management agreed to: 25. direct the Treasurer and the Accountant to coordinate with GSIS, Pag-IBIG and PhilHealth to determine the outstanding premium contributions of each employee in their records; 26. ensure that mandatory contributions are remitted in accordance with the provisions of R.A No. 8291, R.A. No. 9679, and R.A. No. 7875 as amended by R.A. No. 9241 and R.A. No. 10606	Coordination with the agencies had been started but final balances had not been provided yet. Current-year balances of mandatory contributions had been remitted accordingly. However, unreconciled balances from prior years still remain.	Unimplemented Unimplemented

Ref.	Observation	Recommendations	Management Comments/Actions	Status of Implementation
		<p>and its IRRs to avoid the incurrence of interest and penalties; and</p> <p>X x x</p>		
<p>2020 AAR, AO No. 3, page 32</p>	<p>The propriety of the disbursements of ₱8,252,599.50 under the Bayanihan Grant to Cities and Municipalities (BGCM) could not be ascertained due to incomplete documentation contrary to Section 4(6) of Presidential Decree (P.D.) No. 1445.</p>	<p>We recommended that Management:</p> <p>27. Instruct the Municipal Accountant to submit the complete supporting documents in order to ascertain the propriety of the disbursement made;</p> <p>28. Require the Municipal Accountant to verify and ascertain that payments for gasoline, oil and lubricants are duly supported with completely filled up driver's trip tickets for proper evaluation on the propriety and reasonableness of fuel consumption;</p> <p>X x x</p>	<p>The supporting documents for the purchase of medicines had not been submitted.</p> <p>The Monthly Report of Official Travels and Monthly Report of Fuel Consumption had been submitted.</p>	<p>Unimplemented</p> <p>Implemented</p>

Ref.	Observation	Recommendations	Management Comments/Actions	Status of Implementation
2020 AAR, AO No. 6, page 41	Copies of perfected contracts with the supporting documents of six infrastructure projects under the 20% Development Fund which was completed in CY 2020 with a total project cost of ₱6,242,600.90 were not submitted to the auditor for review, as required under COA Circular No. 2009-001 dated February 12, 2009, thus, determination of the reasonableness of contract prices and initial evaluation that the contractual covenants were not disadvantageous to the Municipality could not be conducted.	X x x 29. Moreover, Management is required to adhere strictly to the provisions of COA Circular No. 2009-001 dated February 12, 2009.	Submission via email only consisted of some documents, particularly, the Notices of Award and Purchase Orders, and not all the required documents under COA Circular No. 2009-001.	Unimplemented
2020 AAR, AO No. 7, page 42	Due to the absence of internal control mechanism on inventories, the Municipality failed to properly monitor and recognize the receipts, recording, issuances, and management of food items procured for relief distribution in relation to the COVID-19 pandemic totaling ₱10,638,575.00 contrary to	We recommended that Management: 30. render proper accounting of the difference noted from the purchased and distributed food items; 31. install sound internal control mechanism in the	The MSWDO had not submitted any report to account for the difference therefore, proper accounting had not been rendered. No action had been done.	Unimplemented Unimplemented

Ref.	Observation	Recommendations	Management Comments/Actions	Status of Implementation
	Item No. 5, Section IV of COA Circular No. 2014-002 dated April 15, 2014.	<p>repacking of goods to monitor the release of items for repacking and account the packed relief items to ensure that these are safeguarded from possible theft, loss and wastage;</p> <p>32. require the MDRRMO or property officer to prepare reports on the inventory and monitoring of all procured and donated supplies, materials, equipment, and relief goods in accordance with COA Circular No. 2014-002 dated April 15, 2014;</p> <p>X x x</p>	No report had been submitted.	Unimplemented
2020 AAR, AO No. 8, page 45	The absence of adequate documentation and appropriate profiling of beneficiaries in the implementation of the Emergency Subsidy Program (ESP) through the Social Amelioration Program (SAP)	<p>We recommended that:</p> <p>33. the MSWDO submit a written explanation on the difference between the number of the target beneficiaries (8,047) and the actual beneficiaries</p>	A written justification had already been submitted. However, Management had not submitted additional documents to account for the deficiencies noted.	Unimplemented

Ref.	Observation	Recommendations	Management Comments/Actions	Status of Implementation
	of the Department of Social Welfare and Development (DSWD) resulted in the failure to comply with the pertinent provisions of DSWD Memorandum Circular No. 2020-09, hence, the eligibility of beneficiaries and the propriety and authenticity of the payments could not be verified.	<p>found on the master list (8,031) and on the lapses and deficiencies enumerated in this observation;</p> <p>34. require Management to establish a system in the distribution of SAP and similar cash assistance programs wherein the guidelines issued by the DSWD are followed and that proper validation and appropriate profiling of beneficiaries are performed before disbursement;</p> <p>35. the amount received by the 13 job order personnel of the LGU who appeared in the master list of paid beneficiaries of the ESP be refunded.</p>	<p>No action had been done.</p> <p>No refund had been made.</p>	<p>Unimplemented</p> <p>Unimplemented</p>
2020 AAR, AO No. 9, page 51	The payroll covering the payment of COVID-19 Special Risk Allowance (SRA) to 25 public health workers (PHWs) in the total	36. We recommended that Management require the Municipal Health Officer to submit to the Auditor the following documents	Authority from the head of agency/office to render service had not been attached. Additionally, incomplete DTRs were attached to the	Unimplemented

Ref.	Observation	Recommendations	Management Comments/Actions	Status of Implementation
	<p>amount of ₱123,006.50 was not substantially supported with complete documentary requirements, contrary to Section 4(6) of Presidential Decree (P.D.) No. 1445, precluding the Auditor from ascertaining the propriety and regularity of the grant during the period of the implementation of the Enhanced Community Quarantine (ECQ).</p>	<p>to substantiate the grant of SRA:</p> <ol style="list-style-type: none"> a. Inter-Agency Task Force (IATF) for the Management of Emerging Infectious Diseases Resolution of the Risk Certification in the workplace; b. Authority from the head of agency/office to render service during the period of the ECQ stating the prescribed official working hours as well as the entitlement of the SRA; c. Individual approved daily time record (DTR) or daily report of attendance indicating the dates and time they physically reported for work; and d. Daily status/monitoring 	<p>payrolls. Furthermore, the daily status/ monitoring report on COVID-19 patients had not been submitted.</p>	

Ref.	Observation	Recommendations	Management Comments/Actions	Status of Implementation
		<p>report on COVID-19 patients, PUIs or PUMs quarantined in the Municipality's COVID-19 facility, in the homes, and in other isolation facilities covering the same period of the ECQ.</p>		
<p>2020 AAR, AO No. 11, page 56</p>	<p>The reasonableness of the prices of medicines, medical supplies and equipment amounting to ₱3,884,245.00 could not be ascertained because the Purchase Orders (POs) did not contain the complete detailed specifications and brand names of the items contrary to Item B of COA Circular No. 96-010 dated August 15, 1996, causing difficulty in comparing the prices of these supplies with the prevailing market prices.</p>	<p>37. We recommended and Management agreed to require the concerned personnel or the end-user duly authorized by the Head of the Procuring Entity to completely and properly fill up the relevant and required information in the PO pursuant to Item B of COA Circular No. 96-010 dated August 15, 1996.</p>	<p>Purchase orders attached to CY 2024 disbursement vouchers still lacked the relevant and required information, particularly the date of delivery and the date the PO was signed by the supplier.</p>	<p>Unimplemented</p>

Ref.	Observation	Recommendations	Management Comments/Actions	Status of Implementation
2020 AAR, AO No. 12, page 57	<p>The Bids and Awards Committee did not properly reflect in the Annual Procurement Plan (APP) the method of procurement undertaken under R.A. No. 11469 or the Bayanihan Act, as required under GPPB Circular No. 01-2020 dated April 6, 2020, indicating procedural lapses and deficiencies in the procurement process of the Municipality, thereby, rendering the legality and regularity of the transactions doubtful. Moreover, procurement of COVID-related supplies and equipment amounting ₱12,928,839.45 were paid despite lack of supporting documents in violation to Section 4(6) of Presidential Decree (P.D.) No. 1445, and COA Circular No. 2012-001 dated June 14, 2012, thus, casting doubt on the regularity, validity, and</p>	<p>X x x</p> <p>38. Moreover, we recommended that Management submit the lacking required documents to the Office of the Auditor, and comply with the documentary requirements under COA Circular No. 2012-001 for future disbursements.</p>	<p>No documents had been submitted in compliance with the recommendation.</p>	<p>Unimplemented</p>

Ref.	Observation	Recommendations	Management Comments/Actions	Status of Implementation
	propriety of the disbursement.			
2020 AAR, AO No. 14, page 64	The Municipality utilized a total of ₱8,004,631.84 from the prior years unexpended Local Disaster Risk Reduction Management Fund (LDRRMF) despite non-revision of the LDRRMF Investment Plan (LDRRMFIP), contrary to Section 5.1.2 of COA Circular No. 2012-002 dated September 12, 2012, Sections 2.5.5 and 2.5.6 of Local Budget Circular (LBC) No. 124 dated March 26, 2020 and Section 6.5 of the NDRRMC-DILG-DBM Joint Memorandum Circular No. 2013-1 dated March 25, 2013, which may result in irregular disbursement of said fund.	39. We recommended that Management instruct the LDRRM Officer to include PPAs chargeable against the prior years unexpended LDRRMF in the annual LDRRMFIP of the current year pursuant to NDRRMC-DILG-DBM JMC No. 2013-1 and the same be prepared in substantial adherence to the format prescribed under Annex A of COA Circular No. 2012-002, thereby make this trust fund available for disbursement.	Addenda had been prepared prior to the utilization of prior years unexpended LDRRMF.	Implemented
2019 AAR, AO No. 5, page 35	Had the Municipal Mayor and Municipal Engineer considered the limited manpower in planning the implementation of programs/projects/activities under the	40. We recommended that the Municipal Engineer, in coordination with the Municipal Planning and Development Coordinator, evaluate the	Quarterly status report as of December 31, 2024 showed that only 4 out of the 28 projects programmed under the 20% DF had been completed.	Unimplemented

Ref.	Observation	Recommendations	Management Comments/Actions	Status of Implementation
	<p>20% Development Fund, it could have completed not just two of the 20 projects programmed under the 20% Development Fund for CY 2019 and thus could have been more efficient and effective in the delivery of basic facilities and services to its constituents as mandated under Section 17 of R.A. No. 7160.</p>	<p>feasibility, and closely monitor the implementation of, the different PPAs of the Municipality in accordance with the approved development plan as required under Section 476 (4) of R.A. No. 7160.</p> <p>41. We also recommended that the Municipal Mayor evaluate the number of personnel assigned in the Office of the Municipal Engineer, taking into consideration their profiles and technical qualifications.</p> <p>X x x</p>	<p>Six permanent positions are now filled under the Office of the Municipal Engineer.</p>	<p>Implemented</p>
<p>2018 AAR, AO No. 7, page 41</p>	<p>Optimal use of the 70% Mitigation Fund was not achieved by the Municipality of Ayungon because out of the seven general categories of programs, projects and activities (PPAs) planned for disaster prevention/</p>	<p>42. We recommended that the Municipal DRRMO prioritize the planning and implementation of programs, projects and activities (PPAs) under the 70% Mitigation Fund which should be aligned</p>	<p>Based on the LDRRMF Utilization Report as of December 31, 2024, only ₱15,768,747.49 out of ₱41,661,197.90 or 37.85% had been utilized for the LDRRMF.</p>	<p>Unimplemented</p>

Ref.	Observation	Recommendations	Management Comments/Actions	Status of Implementation
	<p>mitigation and preparedness during the year totaling ₱5,084,748.40, only four were executed, with utilization cost amounting to only 16% or ₱800,011.26 contrary to R.A. 10121, otherwise known as the Philippine Disaster Risk Reduction and Management Act of 2010 and NDDRMC-DBM-DILG Joint Memorandum Circular (JMC) No. 2013-1 dated March 25, 2013, thereby adversely affecting the capability of the municipal government to respond to and manage risks of disaster.</p>	<p>with the National Disaster Risk Reduction and Management Plan of 2015-2018, in consideration of the indicators provided therein and to regularly monitor its implementation to ensure the municipal government's resilience to disaster.</p>		
<p>2018 AAR, AO No. 8, page 44</p>	<p>The Municipality of Ayungon has not yet fully complied with the minimum standards on disaster preparedness as required under R.A. 10121 thereby adversely affecting its capability and readiness to respond to and manage the effects of any calamity which may occur, putting lives and property at risk.</p>	<p>43. We recommended that the LDRRM Office, in coordination with the various officials in the community and its component barangays, prioritize compliance with the minimum standards on disaster preparedness as required under R.A. No. 10121</p>	<p>Some criteria in the minimum standards had not yet been complied with, namely: B. Plans 1. Recovery Plan with a Build Better Principle as part of LDRRMP 2. Business Continuity Plan as part of LDRRMP</p>	<p>Unimplemented</p>

Ref.	Observation	Recommendations	Management Comments/Actions	Status of Implementation
		<p>and other relevant laws, rules and regulations using the NDPP Minimum Standards manual published by the Local Government Academy in order to be better prepared to handle and cope with natural calamities which may occur.</p>	<p>3. Communication and Advocacy Plans</p> <p>C. Data Requirements</p> <p>2. Database on</p> <p>a. Basic minimum information on vulnerable sector</p> <p>b. Disaggregated data on the number of families, elderly, women, children, and persons with disabilities (PWDs) in communities (high risk areas and evacuation centers)</p> <p>3. Updated Community-Based Monitoring System</p> <p>D. Service Delivery</p> <p>2. Emergency Response – Accredited Community Disaster Volunteers</p> <p>3. Health Emergency Management Services – psychosocial support responders</p>	

Ref.	Observation	Recommendations	Management Comments/Actions	Status of Implementation
			4. Recovery and Rehabilitation Services	
2018 AAR, AO No. 9, page 47	The Municipality has not established or set up a Gender and Development database to serve as basis for gender-responsive planning, programming and policy formulation as required under Section 36 (c) of R.A. 9710, nor establish a GAD Monitoring and Evaluation (M&E) System as required under Secs. 3.4 and 5.1 of PCW-DILG-DBM-NEDA Joint Memorandum Circular No. 2013-01, which could adversely affect the direction of its GAD policies and programs and hinder the assessment of the success or failure thereof.	44. We recommended that the Municipal Mayor require the Municipal Planning and Development Officer to establish and maintain a GAD database in order to provide the data necessary to properly plan GAD projects and activities. 45. We further recommended that the municipal mayor create a gender-responsive Monitoring and Evaluation System in order that GAD projects and activities are properly planned and implemented and its results assessed to ensure its success.	CBMS had been established and maintained. A gender-responsive monitoring and evaluation system had been created and maintained.	Implemented Implemented
2017 AAR, AO No. 4, page 34	Excessive quantities of materials were programmed for the improvement of three day care centers under the Bottom-up Budgeting program of the national	46. We recommended that Program of Work be properly prepared based on detailed engineering measurements, duly reviewed by the	POWs had not been attached to the DVs.	Unimplemented

Ref.	Observation	Recommendations	Management Comments/Actions	Status of Implementation
	<p>government thus resulting to unused materials, some of which could no longer be used, such as hardened cement, nor even be accounted for at the time of inspection, resulting to waste of government funds of ₱75,893.50.</p>	<p>Municipal Engineer before the same is approved in order to avoid the purchase of excess materials and loss of government funds, and that in cases where excesses cannot be avoided, the Municipal Engineer see to it that the excess materials are reprogrammed for utilization in other projects of the Municipality.</p> <p>47. We also recommended that the Municipal Engineer submit an explanation for the excess quantities of materials programmed, the neglect to properly account and store the excess and to reprogram these to other projects of the Municipality.</p>	<p>The Municipal Engineer had not submitted a formal explanation on the excessive quantities of materials.</p>	<p>Unimplemented</p>
<p>2017 AAR, AO No. 6, page 37</p>	<p>Payment of registration fee to the Liga Ng Mga Barangay Sa Pilipinas amounting to</p>	<p>48. We recommended that SB member Chona A. Agustino demand from</p>	<p>A letter request had already been sent to the concerned personnel of the Liga but no</p>	<p>Unimplemented</p>

Ref.	Observation	Recommendations	Management Comments/Actions	Status of Implementation
	<p>₱9,800.00 was acknowledged by a printed receipt of the organization instead of an official receipt of the Republic of the Philippines as required under Sections 42 and 44, Chapter 7, Title I (13) Book V of the Administrative Code of 1987 and Section 505(b) of R.A No, 7160, thus eliminating accounting thereof as government funds and the audit thereof by the Commission on Audit.</p>	<p>the provincial treasurer of the Liga Ng Mga Barangay of Negros Oriental, to acknowledge its payment with government accountable form No. 51 in order that the funds may be subject to government accounting and auditing rules and regulations.</p> <p>X x x</p>	<p>answer had been given. Payment continue to not be acknowledged with government accountable form No. 51.</p>	
<p>2016 AAR, AO No. 9, page 41</p>	<p>Because Programs of Work (POWs) are not required during the budgeting process but only when the projects are to be implemented, delayed preparation of these POWs resulted in the low implementation rate of projects under the 20% Development Fund where only six of the sixteen (16) projects identified for implementation in CY 2016 were implemented, thereby depriving the constituents of the socio-economic benefits</p>	<p>49. We recommended that in the preparation of the 20% Development Fund Budget, a Program of Work be required before a project can be included therein in order that the implementation thereof will not be delayed.</p>	<p>The Municipal Engineer found it impractical to prepare the Programs of Work in the budgeting process due to price escalations. The Municipality had other backlog projects that they prioritized.</p>	<p>Unimplemented</p>

Ref.	Observation	Recommendations	Management Comments/Actions	Status of Implementation
	that could have been available therefrom.			

Five audit recommendations appearing in the PY AAR were revised and included in Paragraphs 1.13.1, 1.13.2, 1.13.3, 1.13.4, 1.13.5, 4.9, and 4.10 Part II/A of this report.

PART IV
APPENDICES

PART IV

APPENDICES

Title	Ref
I. Financial Statements by Fund	
A. Statement of Financial Position	
General Fund	A.1
Special Education Fund	A.2
Trust Fund	A.3
B. Statement of Financial Performance	
General Fund	B.1
Special Education Fund	B.2
Trust Fund	B.3
C. Statement of Changes in Net Assets/Equity	
General Fund	C.1
Special Education Fund	C.2
D. Statement of Cash Flows	
General Fund	D.1
Special Education Fund	D.2
Trust Fund	D.3
E. Statement of Comparison of Budget and Actual Amounts	
General Fund	E.1
Special Education Fund	E.2
II. Other Appendices	
Schedule of Property, Plant, and Equipment	1
Certified List of All Real Property Tax Delinquencies	2
Post Audit of LDRRM Utilization	3