MUNICIPALITY OF SAN JOSE
Province of Negros Oriental

AGENCY ACTION PLAN AND STATUS OF IMPLEMENTATION
Audit Observations and Recommendations
For the Calendar Year 2024
As of August 26, 2025

Ref.	Audit Observations		Audit Recommendations	Agency Action Plan				Status of Implementation	Reason for Partial / Delay / Non-Implementation, if	Action Taken / Action to be Taken	Results of COA Validation				
				Action Plan	Person / Dept. Responsible	Target Implementation					Date of Follow-Up	Status of Implementation	Actual		Remarks
						From	To						From	To	
AAR 2024 AO No. 1 Page 35	The non-reconciliation of a net difference amounting to ₱72,894,810.00 between the General Ledger balance and the Report on the Physical Count of Property, Plant and Equipment (PPE), contrary to the guidelines and procedures in the One-Time Cleansing of PPE embodied in COA Circular No. 2020-006 dated January 31, 2020, rendered the balance of the PPE account as of December 31, 2024, with a gross amount of ₱113,077,252.99, unreliable and inaccurate.		Management direct the Inventory Committee to:												
		1.	a) Prepare and submit the PIP to the COA Audit Team at least ten (10) calendar days before the start of the inventory activities;									Not Implemented			
		2.	b) Use the ICF prescribed in Annex A of COA Circular No. 2020-006 dated January 31, 2020; and												
		3.	c) Reconcile the difference of ₱72,894,810.00 between the accounting and property records, and the result of the actual physical count pursuant to COA Circular No. 2020-006 dated January 31, 2020.												
AAR 2024 AO No. 2 Page 38	The Real Property Tax (RPT) and Special Education Tax (SET) Receivables were not established at the beginning of the year, contrary to Sections 19(b) and 20 of the New Government Accounting System (NGAS) Manual for Local Government Units (LGUs), Volume I, thus, understating the RPT and SET Receivables by ₱21,686,500.81.	4.	The Municipal Treasurer provide the Municipal Accountant with a copy of the RPT records for CY 2024 and prior years to establish the beginning balance for CY 2025.					Implemented				Implemented			
		5.	The Municipal Treasurer to henceforth, furnish the Municipal Accountant at the beginning of each year with a certified list of taxpayers with amounts due and collectible for the current year as their basis for recording the RPT and SET Receivables in compliance with Sections 19(b) and 20 of the NGAS Manual for LGUs, Volume 1									Not Implemented			Full implementation of the recommendation shall be verified in CY 2026.
AAR 2024 AO No. 3 Page 40	Biological Assets totaling ₱3,311,219.14 as of December 31, 2024, were not reported at fair value less costs to sell, which is inconsistent with Paragraph 17 of International Public Sector Accounting Standards (IPSAS) 27, rendering the reported account in the financial statements unreliable.	6.	The Municipal Agriculturist provide the Municipal Accountant with an inventory of biological assets, along with the prevailing market price for each item as of the reporting date and information on the prevailing cost to sell these biological assets.					Unimplemented		We will furnish a copy not later thank December 2025		Not Implemented			Full implementation of the recommendation shall be verified in CY 2026.
AAR 2024 AO No. 4 Page 41	The Municipal Accountant did not prepare Journal Entry Vouchers (JEV) for book reconciling items in the Bank Reconciliation Statements (BRS) totaling ₱1,314,220.44, contrary to Item 3.3 of COA Circular No. 96-011 dated October 2, 1996, resulting in an understatement of both the Cash in Bank and Liability accounts by the same amount.	7.	The Municipal Accountant prepare JEVs for valid reconciling items that require adjustment and correction in the GL, in accordance with COA Circular No. 96-011 dated October 2, 1996.					Implemented				Implemented			
		8.	The Municipal Accountant follow the check disbursement process prescribed in Section 44 of the NGAS Manual for LGUs, Volume I, to ensure that the JEVs are prepared and recorded based on the RCI, together with the DVs and supporting documents received from the Municipal Treasurer's Office.					Implemented				Implemented			
AAR 2024 AO No. 5 Page 43	Stale checks amounting to ₱198,161.51 are still recorded as reconciling items in the Bank Reconciliation Statements (BRS), which contradicts Section 59 of the New Government Accounting System (NGAS) Manual for LGUs, Volume I, resulting in an understatement of the Cash in Bank - Local Currency, Current Account balance by the same amount.	9.	The Municipal Accountant make the necessary adjusting entries to account for the stale checks.					Implemented				Implemented			
		10.	The Municipal Accountant conduct a thorough review and analysis of the list of outstanding checks and regularly prepare the Journal Entry Voucher for the cancellation of stale checks to reflect the correct monthly balances of the Cash in Bank accounts					Implemented				Implemented			
		11.	The Municipal Treasurer regularly send a written notice to the payee informing him of the check's existence at least one month before it becomes stale					Implemented				Implemented			
AAR 2024 AO No. 6 Page 44	Expenses for garbage collection and disposal totaling ₱170,215.00 were erroneously recorded under the Repairs and Maintenance-Land Improvements account instead of the "Environment/Sanitary Services" account, contrary to COA Circular No. 2015-009 dated December 1, 2015, resulting in an understatement of the "Environment/Sanitary Services" account and an overstatement of the "Repairs and Maintenance – Land Improvement" account by the same amount.	12.	The Municipal Accountant use the appropriate account prescribed in COA Circular No. 2015-009, dated December 1, 2015, for garbage collection and disposal.					Implemented				Implemented			
AAR 2024 AO No. 7 Page 46	The Municipal Accountant was unable to submit the year-end financial statements (FS) of the Municipality for CY 2024 within the prescribed period, contrary to Section 41(2) of PD No. 1445 and	13.	The Municipal Accountant improve the processes within the accounting office to streamline the preparation and timely submission of the required financial reports to the Audit Team.					Unimplemented		We will endeavor to submit on time the financial reports of the LGU on the next submission		Not Implemented			Full implementation of the recommendation shall be verified in CY 2026.

	Section 4.1 of COA Circular No. 2010-01 dated March 2, 2010, thus preventing municipal officials concerned from utilizing timely financial information, which is essential for making informed decisions	14.	Additionally, the Municipal Accountant consider the implementation of the Electronic New Government Accounting System (eNGAS) to automate manual accounting processes and facilitate the timely preparation of Financial Statements.							period.					
AR 2024 AO No. 8 Page 47	The Municipality did not follow the procedure prescribed in Section 254 of Republic Act (R.A) No. 7160, which led to a low collection of delinquent real property taxes (RPT) amounting to ₱25,770,471.90 as of December 31, 2024. Consequently, the Municipality risks losing potential revenue that could be used to finance development projects, programs, and activities	15.	The Municipal Treasurer and Municipal Assessor conduct tax mapping to cleanse their records of real properties and post the Notice of Delinquency in the Payment of RPT pursuant to Section 254 of R.A 7160.					Implemented				Not Implemented			Full implementation of the recommendation shall be verified in CY 2026.
		16.	After the Notice of Delinquency in the Payment of RPT is posted, the Municipality avail itself of the remedies provided under R.A. No. 7160 to collect delinquent taxes.									Not Implemented			Full implementation of the recommendation shall be verified in CY 2026.
AR 2024 AO No. 9 Page 49	A total of ₱880,000.00 was spent on renting venues outside the Municipality's official station or territorial jurisdiction for training and planning activities, contrary to the Department of the Interior and Local Government (DILG) Memorandum Circular (MC) No. 2011-059 dated April 25, 2011, resulting in the uneconomical use of scarce government financial resources.		Management to:												
		17.	a) Ensure that all future training and planning activities take place within the Municipality's official station or territorial jurisdiction, as stipulated by DILG Memorandum Circular No. 2011-059, thereby reducing unnecessary expenses and ensuring compliance with regulations.					Implemented				Implemented			
		18.	b) Choose venues within the Municipality or nearby towns to reduce costs associated with transportation and venue rental.												
		19.	c) Implement improved scheduling and communication strategies to ensure higher attendance rates for training and planning activities, such as coordinating with participants well in advance to avoid conflicts with their professional duties.												
		20.	d) Conduct a cost-benefit analysis before approving any training or planning activities outside the Municipality to facilitate informed decisions that align with the Municipality's financial constraints and priorities.												
AR 2024 AO No. 10 Page 51	Expenses totaling ₱74,081.00 for food and meals provided to responders at the Local Disaster Risk Reduction and Management Office (LDRRMO) during their 24/7 operations were charged to the Local Disaster Risk Reduction and Management Fund (LDRRMF), contrary to Item 5.0 of the NDRRMC, DBM, and DILG Joint Memorandum Circular No. 2013-1 issued on March 25, 2013, thereby reducing the funds allocated for disaster risk reduction and management activities.	21.	The LDRRMO utilize the LDRRMF in accordance with NDRRMC, DBM, and DILG Joint Memorandum Circular No. 2013-01 dated March 25, 2013, to strengthen the capacity of the LGU to avoid or mitigate the adverse effects of disasters or calamities.					Implemented				Implemented			
AR 2024 AO No. 11 Page 52	The Municipality did not comply with Item 6.1 of DepED, DBM and DILG Joint Circular No. 1, Series of 2017, due to the various deficiencies noted, hindering effective monitoring, transparency and accountability in the allocation and utilization of the Special Education Fund (SEF). a) The Local School Board (LSB) did not provide the Municipal Budget Officer, Municipal Accountant, and Municipal Treasurer with a copy of the approved SEF Budget within seven (7) days after its approval. b) The LSB was unable to submit the quarterly and annual reports on SEF utilization to the DepEd Central Office (CO) through the appropriate channels, with copies furnished to the local sanggunian, as well as to the Regional Offices of the DBM and DILG. c) The LSB did not post the Quarterly and Annual SEF Utilization Reports on the LGU website and/or at least three (3) conspicuous public places in the Municipality.		The Local School Board (LSB) Chairperson and Vice-Chairperson to:					Implemented				Implemented			
		22.	a) Ensure that the approved SEF Budget is stamped as "received" by the Municipal Budget Officer, Municipal Accountant, and Municipal Treasurer within the indicative timeline or within seven (7) days after approval of the SEF Budget for verification of compliance with Sec. 6.1 of DepEd-DBM-DILG Joint Circular, s. 2017;												
		23.	b) Ensure the timely submission of the quarterly and annual SEF Utilization Reports within the specified timelines stated in the above-mentioned Joint Circular to the DepEd Central Office through appropriate channels and copy furnished the local sanggunian and Regional Offices of the DBM and DILG; and												
		24.	c) Ensure that the quarterly and annual SEF Utilization Reports are posted on the LGU website and on the three (3) Full Disclosure Policy Bulletin Boards of the Municipality within their indicated timelines as specified in the Joint Circular above.												
2023 AAR AO No. 1, Page 34	The non-reconciliation of a net difference amounting to ₱56,187,136.63 between the General Ledger balance and the Report on the Physical Count of Property, Plant, and Equipment (PPE), contrary to the guidelines and procedures		Management direct the Inventory Committee to:					Unimplemented				Not Implemented			Full implementation of the recommendation shall be verified in CY 2026.
		25.	a) Work on the reconciled difference of ₱56,187,136.63 between the accounting and property records, and the result of the actual physical count;												

	in the One-Time Cleansing of PPE embodied in COA Circular No. 2020-006 dated January 31, 2020, rendered the balance of the PPE account as of December 31, 2023, with a gross amount of ₱93,887,372.47, unreliable and inaccurate.	26.	b) Adopt the uniform numbering system for property numbers of PPE and require the Property Unit to update the property stickers based on the prescribed format and to include the required information under Section 5.6 and 5.7 of COA Circular No. 2020-006 dated January 31, 2020; and												
		27.	c)Conduct a physical count of all the PPE, whether acquired through purchase or donation, using the prescribed forms in Annexes of COA Circular No. 2020-006 dated January 31, 2020, and prepare and submit the duly accomplished RPCPPE.												
2023 AAR AO No. 2, Page 37	The accuracy and reliability of the Local Road Network (LRN) account totaling ₱53,532,885.84 could not be ascertained due to various deficiencies noted, in violation of COA Circular No. 2015-008 dated November 23, 2015, thereby, affecting the fair presentation of the account in the financial		The Local Chief Executive to:												
		28.	Enjoin the Municipal Treasurer, Municipal Accountant, and Municipal Engineer to strictly comply with the accounting and reporting guidelines on the local roads asset management system pursuant to COA Circular No. 2015-008 dated October 23, 2015.									Not Implemented			Full implementation of the recommendation shall be verified in CY 2026.
2023 AAR AO No. 5, Page 42	Unexpended balances of Continuing Appropriations amounting to ₱20,759,703.80 for various projects, programs, and activities (PPAs) remained unutilized, inconsistent with Section 4.0 of the DBM-DOF-DILG Joint Memorandum Circular No. 1 dated November 4, 2020, and Section 322 of R.A. No. 7160, thereby depriving the public of timely benefits from the development PPAs that could have been programmed from the unexpended amount.	29.	The Municipal Budget Officer, MPDO, Municipal Engineer, and Municipal Accountant review and monitor the balances of the continuing appropriations under the 20% DF, which shall be the basis for the Local Finance Committee to recommend to the Local Chief Executive the reversion of those pertaining to completed projects and those no longer needed so that the funds may be appropriated and utilized for other priority development projects.	The LFC and Municipal Engineer will conduct a meeting to review the balances of continuing appropriation.				Unimplemented	The LFC has not conducted a meeting yet due to busy schedule of the members and the municipal engineer.			Not Implemented			
		30.	Management address the causes of delay, like insufficient funds, road ROW issues, and project plan and site problems.												
2023 AAR AO No. 7, Page 46	The Municipality spent ₱1,998,997.00 out of the LDRRMF for the purchase of a rescue vehicle utilized for trips not related to disaster rescue or response activities, inconsistent with Section 5.0 of NDRRMC-DBM-DILG Joint Memorandum Circular No. 2013-1 dated March 25, 2013 and DILG Memorandum Circular No. 2012-73 dated April 17, 2012, thus, reducing the funds available for disaster risk management, relief, rehabilitation, and recovery programs.	31.	Management utilize the procured rescue vehicle exclusively for response and rescue/relief activities in accordance with DILG Memorandum Circular No. 2022-105 dated August 23, 2022. Otherwise, the LDRRMF should be reimbursed from the general fund for the cost of the vehicle.					Unimplemented	Insufficient funds.			Not Implemented			
		32.	Management adhere strictly to the provisions of DILG Memorandum Circular No. 2012-73 dated April 17, 2012, and NDRRMC-DBM-DILG Joint Memorandum Circular No. 2013-1 dated March 25, 2013, on the utilization of the LDRRMF.												
2022 AAR AO No. 1, Page 28	The account balances of Cash Local Treasury and Cash in Bank-Local Currency Current Accounts (LCCA) showed unreconciled differences of ₱(119,232.12) and ₱752,651.62, respectively, against the cashbook balances due to non-reconciliation of both records on a regular basis, contrary to Section 143 (A.7) of the Local Treasury Operations Manual (LTOM), 2nd Edition, thereby casting doubts as to the reliability of its balances as at year-end.	33.	The Municipal Treasurer and Municipal Accountant trace the differences between the Cash Local Treasury and Cash in Bank- LCCA accounts. Management, henceforth, conduct properly the quarterly reconciliation between the treasury records and accounting records in compliance with Section 143 (A.7) of the LTOM.					Unimplemented				Not Implemented			
2018 AAR Page 30	The balances of movable Property, Plant, and Equipment (PPE) accounts included unserviceable properties with acquisition costs and net book values totaling at least ₱1,570,851.70 and ₱448,324.80, respectively, which the Municipality had not yet disposed of, hence, could not be dropped from the books, contrary to Sections 162 and 195 of COA Circular No. 92-386 dated October 20, 1992, thus, resulting in the overstatement of the PPE accounts.	34.	The person immediately accountable for the unserviceable properties turn over the items to the Municipal Treasurer for cancellation of the Memorandum Receipt/ Acknowledgement Receipt of Equipment.					Unimplemented				Not Implemented			
		35.	The Local Chief Executive (LCE) create an Appraisal and Disposal Committee to appraise the value of unserviceable properties for the immediate disposal and drop thereof from the book of accounts in order to fairly present the PPE account in the financial statements												
2018 AAR Page 34	Inter-agency and other receivable account balances totaling ₱174,059.13 have been dormant for over 10 years, yet no allowance for impairment of receivables was recognized as prescribed under paragraph 67 of the Philippine Public Sector Accounting Standards (PPSAS) 29, and the pertinent provision of COA Circular No. 2016-005 dated December 19, 2016. Therefore, these accounts were not fairly presented in the financial statements.	36.	The Municipal Accountant comply with all the conditions and requirements of COA Circular No. 2016-005 for the possible write-off of the specified dormant receivables, through the Local Chief Executive, to the Commission on Audit.					Unimplemented				Not Implemented			

2015 AAR AO No. 2, Page 23	The accuracy of all the receivable accounts amounting to ₱95,160.18 in the Trust Fund is unreliable because they pertain to old balances which have remained dormant for more than 10 years.	37.	The Municipal Accountant evaluate the collectability of receivables, review and analyze the accounts and, if not possible due to the absence of records, the Local Chief Executive request for authority to write-off from the Commission on Audit.					Unimplemented				Not Implemented			
2011 AAR	The Municipality of San Jose granted productivity enhancement incentives for CY 2010 to its officials and employees at P23,000.00 each or a total amount of P1,771,000.00 even if it exceeded the PS limitation by P3,249,163.12 in violation of Section 325 (a) of the Local Government Code of 1991 and Section 8.1 of DBM Budget Circular No. 2010-3 dated November 30, 2010, thereby making the excess disbursements illegal.	38.	Officials and employees concerned to immediately refund in full the productivity enhancement incentive received by them for CY 2010. Henceforth, the local chief executive should ensure that the grant of similar benefits complies with prescribed guidelines, specifically insofar as the observance of the PS limitation is concerned so that the disbursements will not be disallowed in audit.					On-going				Not Implemented			
2002 AAR	The land claimed by the Municipality with a total market value of P2,248,226.00 had not been issued Torrens titles and certificates of title as evidence of ownership in violation of Section 23 (2) Title I-B, Book V, and the 1987 Administrative Code.	39.	The department heads concerned to process the titles of the land claimed by the Municipality and also requires the Municipal Accountant to record the said land in the books of accounts as soon as the titles have been issued					Unimplemented	No proof of Deed of Conveyance			Not Implemented			

Prepared by;

REGIE R. BAOY
OIC-Audit Team Leader

Approved by:

KATHERINE Z. VELEZ
Supervising Auditor