

Republic of the Philippines
COMMISSION ON AUDIT
Regional Office No. VII
Cebu City

ANNUAL AUDIT REPORT

ON THE

MUNICIPALITY OF DAUIN
PROVINCE OF NEGROS ORIENTAL

For the Year Ended December 31, 2024

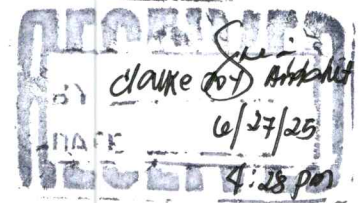


REPUBLIC OF THE PHILIPPINES
COMMISSION ON AUDIT
PROVINCIAL SATELLITE AUDIT OFFICE
NEGROS ORIENTAL
E.J. Blanco Drive, Piapi, Dumaguete City 6200

LOCAL GOVERNMENT AUDIT SECTOR
AUDIT GROUP LGAS F, PROVINCE OF NEGROS ORIENTAL 1
OFFICE OF THE SUPERVISING AUDITOR

June 26, 2025

HONORABLE GALICANO A. TRUITA
Municipal Mayor
Municipality of Dauin
Province of Negros Oriental



Dear Mayor Truita:

We are pleased to transmit the Annual Audit Report (AAR) of the Municipality of Dauin, 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.

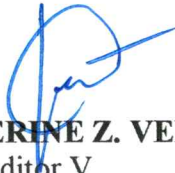
We rendered a qualified opinion on the fairness of the presentation of the financial statements (FS) for the year then ended.

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, 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 Dauin.

Very truly yours,



KATHERINE Z. VELEZ
State Auditor V
Supervising Auditor

Copy Furnished:

1. The Honorable Sangguniang Bayan Members
Thru: The Secretary, Sangguniang Bayan
Municipality of Dauin
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 DAUIN
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



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

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

OFFICE OF THE AUDITOR
Audit Team R7-05, LGAS-F Province of Negros Oriental 1

June 2, 2025

KATHERINE Z. VELEZ

Supervising Auditor

LGAS F – Province of Negros Oriental 1

Dumaguete City

Madam:

In compliance with Section 2, Article IX-D of the Philippine Constitution and Section 43 of the Presidential Decree No. 1445, otherwise known as the Government Auditing Code of the Philippines, we conducted Financial and Compliance Audit on the accounts and operations of the Municipality of Dauin, Province of Negros Oriental, for the year ended December 31, 2024.

The audit was conducted to: (a) ascertain the fairness of presentation of the financial statements (FS); (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.

Our attached Report consists of four (4) parts, Part I - Audited Financial Statements, Part II - Audit Observations and Recommendations, Part III - Status of Implementation of Prior Years' Audit Recommendations, and Part IV - Appendices.

Our comments and observations were communicated to Management through Audit Observation Memoranda and were discussed with agency personnel in an exit conference conducted on May 8, 2025. Their comments were incorporated in this Report, where appropriate.

We have looked into the audit areas which resulted from our risk assessments during the year as well as those contained in the General Audit Instructions (GAIs) dated 30 October 2024 of the Office of the Assistant Commissioner, Corporate Government Sector and in the Specific Audit Instructions (SAIs) of the Office of the Regional Director, Local Government Sector. Attached is

the Status of Implementation of the GAIs and SAIs as of November 11, 2024, for reference on the areas audited.

GAI/SAI Focus Area	Remarks
A. Financial Audit	
1. Cash in Bank	No sufficient and competent evidence to warrant inclusion of audit observation
2. Cash Local Treasury	No sufficient and competent evidence to warrant inclusion of audit observation
3. Investment Property, Buildings	N/A
4. Inventories (Inventory Held for Distribution: i) Welfare Goods for Distribution; Inventory Held for Consumption: i) Drugs and Medicines Inventory, ii) Medical, Dental and Laboratory Supplies Inventory, iii) Office Supplies Inventory, iv) Accountable Forms, Plates and Stickers, v) Other Supplies and Materials Inventory)	With audit finding – AO No. 5
5. PPE: (Land; Other Land Improvements; Infrastructure Assets: i) Road Networks, ii) Water Supply Systems, iii) Power Supply Systems, iv) Flood Control Systems, v) Parks, Plazas, and Monuments, vi) Other Infrastructure Assets; CIP – Buildings and Other Structures, CIP – Infrastructure Assets, Buildings and Other Structures; Buildings and Other Structures: i) Buildings, ii) School Buildings, iii) Hospitals and Health Centers, iv) Markets, v) Slaughterhouses, vi) Other Structures; Machinery and Equipment: Machinery and Equipment: i) Machinery, ii) Office Equipment, iii) Construction and Heavy Equipment, iv) ICT Equipment, v) DRRM Equipment, vi) Medical Equipment, vii) Communication Equipt., viii) Agri and Forestry Equipment, ix) Sports Equipment, x) Military, Police, and Security Equipment, xi) Technical and Scientific Equipment, xii) Other Machinery and Equipment; Transportation Equipment: i) Motor Vehicles, ii) Watercraft, iii) Other Transportation Equipment; Furniture and Fixtures; Other PPE	With audit finding – AO No. 1,5, and 4


GAI/SAI Focus Area	Remarks
6. Books	No sufficient and competent evidence to warrant inclusion of audit observation
7. Receivables (Loans and Receivable Accounts: i) Real Property Tax Receivable, ii) Special Education Tax Receivable)	With audit finding – AO No. 2 and 3
8. Advances (i) Advances to Officers and Employees, ii) Advances to Special Disbursing Officer, iii) Advances for Payroll)	No sufficient and competent evidence to warrant inclusion of audit observation
9. Other Receivables (i) Due from Officers and Employees, ii) Due from NGOs / Pos)	No sufficient and competent evidence to warrant inclusion of audit observation
10. Breeding Stocks	No sufficient and competent evidence to warrant inclusion of audit observation
11. Financial Liabilities (Accounts Payable: Bills / Bonds / Loans Payable, i) Loans Payable – Domestic; Inter-Agency Payables, i) Due to NGAs, ii) Due to LGUs)	No sufficient and competent evidence to warrant inclusion of audit observation
12. Trust Liabilities	No sufficient and competent evidence to warrant inclusion of audit observation
13. Drugs and Medicines Expenses	No sufficient and competent evidence to warrant inclusion of audit observation
14. Other MOOE	No sufficient and competent evidence to warrant inclusion of audit observation
E. Non-Financial Audit Issues for Mandatory Reporting in the AAR	
15. Remittance to the Bureau of Internal Revenue (BIR) on taxes withheld from employees and suppliers in accordance with RA No. 8424 and its IRR under BIR RR No. 02-98	No sufficient and competent evidence to warrant inclusion of audit observation
16. Premium contributions and loan amortization to the Government Service Insurance System (GSIS) and Home Development Mutual Fund in accordance with RA No. 8291 and RA No. 9679, respectively	No sufficient and competent evidence to warrant inclusion of audit observation
17. Premium contributions and remittance to PhilHealth in accordance with RA No. 7875, as amended	No sufficient and competent evidence to warrant inclusion of audit observation
18. Audit of Official Development Assistance (ODA)	No ODA Funds received by the Municipality in CY 2024

GAI/SAI Focus Area	Remarks
19. LGSF – Support to the Barangay Development Program of the National Task Force to End Local Communist Armed Conflict (NTF-ELCAC)	No sufficient and competent evidence to warrant inclusion of audit observation
20. Twenty percent Development Fund <ul style="list-style-type: none"> • Projects completed but not yet recorded • Expenses not related to 20% Development Fund 	No sufficient and competent evidence to warrant inclusion of audit observation
21. Payments to Casuals, Job Order, Contractuals and Consultants vis-à-vis the requirements of COA Memorandum No. 2012-010 dated December 28, 2021	No sufficient and competent evidence to warrant inclusion of audit observation
22. DRRM Funds/QRF – Projects completed but not yet recorded and expenses not related to DRRM Funds	No sufficient and competent evidence to warrant inclusion of audit observation
23. Gender and Development (GAD) Funds – Expenses not related to GAD programs, projects and activities per approved GAD Plan and Budget	With audit finding – AO No.10
24. National Task Force to End Local Communist Armed Conflict (NTF-ELCAC) Funds	No sufficient and competent evidence to warrant inclusion of audit observation
F. Other Accounts/Thrusts area not included in the GAI/SAI	
1. Collection of delinquent real property taxes	With audit finding – AO No. 6
2. Use of negotiated procurement-small value procurement instead of competitive bidding	With audit finding – AO No. 7
3. Technical Inspection Report findings	With audit finding – AO No. 8 and 9
4. Compliance to Item 6.1 of DepED, DBM and DILG Joint Circular No. 1, Series of 2017 on monitoring, transparency, and accountability in the allocation and utilization of Special Education Fund (SEF)	With audit finding – AO No. 11

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

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

Very truly yours,


JANICE VERIÑA SARITA
 State Auditor III
 OIC-Audit Team Leader

EXECUTIVE SUMMARY

Introduction

The Municipality of Dauin was created on January 13, 1908, by virtue of Executive Order No. 37. It is located 15 kilometers south of Dumaguete City, the capital of the Province of Negros Oriental. It is classified as a fourth-class Municipality and has 23 component barangays.

As of December 31, 2024, it had a personnel complement of 310, as shown below:

<i>Nature of Appointment to Office</i>	<i>Quantity</i>
Elective Officials	10
Permanent Positions	94
Ex-Officio	2
Casual	0
Job Orders	204
Total	310

Audit Objective

Our audit was conducted to (a) ascertain the level of assurance that may be placed on management's assertions on the financial statements; (b) determine management's compliance with laws, rules, and regulations in the pre-identified audit thrusts/areas, and recommend opportunities for agency's improvement; and (c) assess the extent of implementation of the prior years' audit recommendations. The performance audit was likewise conducted with the objective of informing management where improvements can be in the areas of revenue generation, 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, a 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 Dauin for CY 2024. The audit consisted of a review of operating procedures, evaluation of the LGU's programs and projects, interviews with concerned government officials and employees, and the verification, reconciliation, confirmation, inspection, and analysis of accounts, and such other procedures considered necessary.

Financial Highlights

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

Accounts	2024 (in ₱)	2023 (in ₱)	Increase (Decrease)
Statement of Financial Position			
Assets	728,852,345.18	629,275,601.53	99,576,743.65
Liabilities	341,675,496.67	253,109,855.56	88,565,641.11
Government Equity	387,176,848.51	376,165,745.97	11,011,102.54

Likewise, the Statement of Financial Performance reflects increases in revenue, surplus, and expenses, as shown below:

Results of Operations			
Revenues	196,844,378.49	183,553,832.20	13,290,546.29
Personnel Services	62,048,577.50	64,220,618.06	(2,172,040.56)
Maintenance and Other Operating Expenses	112,475,060.40	101,867,952.88	10,607,107.52
Non-cash Expenses	17,719,217.60	16,311,202.95	1,408,014.65
Financial Expenses	13,341,882.86	5,740,916.49	7,600,966.37
Net Financial Assistance/ Subsidy	22,520,381.03	14,193,158.81	8,327,222.22
Net Surplus (Deficit)	13,780,021.16	9,606,300.63	4,173,720.53

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

Final Budget	243,103,156.54	260,125,251.25	(17,022,094.71)
Actual Amounts	201,421,132.44	205,555,787.12	(4,134,654.68)

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 ended December 31, 2024, taking exception to the effects of the following:

1. At least six completed projects under the General Fund, totaling ₱15,620,256.97, were incorrectly recorded in the Construction in Progress (CIP) account instead of being transferred to the appropriate asset account, due to insufficient monitoring and improper documentation, resulting in an overstatement of the CIP account and an understatement of the corresponding Property, Plant and Equipment (PPE) and depreciation expense accounts.

2. The Real Property Tax (RPT) Receivable and Special Education Tax (SET) Receivable, both established at the beginning of CY 2024 at ₱9,822,743.90 each, were based on an erroneous assessment roll due to an outdated tax system, rendering the balances of both receivable accounts as of December 31, 2024, unreliable.
3. Penalties from RPT and SET collections, totaling ₱1,048,459.20 in CY 2024, were not recognized as income but were instead recorded as credits to the RPT Receivable and SET Receivable accounts, resulting in the understatement of both receivable and income Accounts.

Significant Findings and Recommendations

The following are the significant observations and recommendations in the audit and/or evaluation of the operations of the Municipality for CY 2024. These and other audit observations discussed by the Audit Team with Management during an exit conference on May 8, 2025, are fully presented in Part II of this Report.

1. **The cost of an outdoor LED wall display, amounting to ₱3,997,000.00, was erroneously recorded in the books of accounts as Office Equipment (1-07-05-020) instead of Information and Communication Technology Equipment (1-07-05-030), hence, both asset accounts and the related depreciation expense accounts were overstated and understated, respectively, as of December 31, 2024.**

We recommended that the Municipal Accountant:

- a. Prepare the necessary accounting entries to rectify the recording of a P4.8 outdoor LED wall display costing ₱3,997,000.00, which was recognized as Office Equipment (1-07-05-020) instead of Information and Communication Technology Equipment (1-07-05-030), and to adjust the corresponding depreciation expense accounts; and
 - b. Henceforth, refer to the description of accounts as a guide in recording expenses in the books of accounts in adherence to COA Circular No. 2015-009 dated December 1, 2015, to avoid making erroneous accounting entries in the books of accounts.
2. **Payments for various LDRRM supplies and equipment were incorrectly recorded, resulting in the overstatement of Other Supplies and Materials Inventory (₱168,334.00), Other Property, Plant and Equipment (₱99,500.00), and Other MOOE (₱40,250.00), and the understatement of Semi-Expendable Disaster Response and Rescue Equipment (₱109,595.00) and Disaster Response and Rescue Equipment (₱198,489.00), thereby affecting the accuracy of the financial statements as of December 31, 2024.**

We recommended that the Municipal Accountant reclassify the costs of various supplies and equipment recorded in the accounts Other Supplies & Materials Inventory, Other MOOE, Other PPE, respectively, to their appropriate accounts by making the following adjusting entries:

Semi-Expendable Disaster Response and Rescue Equipment	₱109,595.00
Disaster Response and Rescue Equipment	₱198,489.00
Other Supplies & Materials Inventory	₱168,334.00
Other MOOE	40,250.00
Other PPE	99,500.00

We further recommended that the corresponding depreciation expense computed for the account Other PPE be rectified while the depreciation expense for the account Disaster Response and Rescue Equipment be properly recognized.

- 3. Delinquent RPT and SET, including accrued penalties, which accumulated to ₱21,847,664.76, remained uncollected as of December 31, 2024, thus, depriving the Municipality of substantial amount of income that could have been utilized to finance the implementation of various development projects or other major programs/ projects/ activities (PPAs).**

We recommended that the Municipal Treasurer enforce the collection of delinquent real property taxes by conducting intensive tax campaigns in every barangay and by issuing Notices of Delinquencies to all delinquent taxpayers.

We also recommended that Management consider applying the remedies for the collection of real property taxes in accordance with the relevant provisions of Republic Act (RA) No. 7160.

- 4. Purchases totaling at least ₱548,234.00 were charged to the LDRRMF through Negotiated Procurement–Small Value Procurement, bypassing competitive bidding, without justifying the need for this alternative procurement method and without meeting the required posting, contrary to the relevant provisions of the Revised IRR of RA No. 9184, thus, failing to ensure economy, efficiency, and the most advantageous prices.**

We recommended that henceforth, the BAC undertake procurements through competitive bidding in accordance with Section 10, Rule IV of the IRR of RA 9184, except as provided in Rule XVI of the IRR.

We further recommended that Management use Negotiated Procurement–Small Value Procurement only if they can establish compliance with the requirements specified in Annex “H,” Sections 48 and 53.9 of the 2016 IRR of RA 9184.

We furthermore recommended that the BAC strictly comply with the posting requirements mandated by RA 9184 and its 2016 IRR.

5. **The completion of the Dauin Public Market and its dormitory furniture, bedding, and accessories, which was reported as 100% complete in CY 2023, was determined to be only 99.62% complete upon inspection by a COA Technical Audit Specialist, resulting in an overpayment of ₱107,227.00.**

We recommended that the Municipal Mayor and the Municipal Engineer inform the contractor of the deficiencies noted and require them to either complete the remaining work items or refund the amount corresponding to the uninstalled components, totaling ₱107,227.00.

We further recommended that Management enhance its monitoring and validation procedures by ensuring that all work items are physically verified and accounted for prior to certifying project completion and processing the final payment.

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

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

Particulars	Beginning Balance (1/1/2024)	Issued this Period (1/1/2024 to 12/31/2024)		Ending Balance (12/31/2024)
		NS/ND	NSSDC	
Suspensions	₱ 2,370,417.00	₱ 0.00	₱ 0.00	₱ 2,370,417.00
Disallowances	3,445,935.78	0.00	0.00	3,445,935.78
Charges	0.00	0.00	0.00	0.00

Status of Implementation of Prior Years' Recommendations

Of the 99 prior years' recommendations, 25 were implemented and 74 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	31
III	Status of Implementation of Prior Years' Audit Recommendations	58
IV	Appendices	96

PART I

AUDITED FINANCIAL STATEMENTS



REPUBLIC OF THE PHILIPPINES
COMMISSION ON AUDIT
REGIONAL OFFICE NO. VII
M.J. Cuenco Avenue, Corner V. Sotto Street, 6000 Cebu City

INDEPENDENT AUDITOR'S REPORT

HONORABLE GALICANO A. TRUITA

Municipal Mayor
Municipality of Dauin
Province of Negros Oriental

Qualified Opinion

We have audited the financial statements of the Municipality of Dauin, 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 for Qualified Opinion section of our report, the accompanying financial statements present fairly in all material respects, the financial position of the Municipality of Dauin 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:

1. At least six completed projects under the General Fund, totaling ₱15,620,256.97, were incorrectly recorded in the Construction in Progress account instead of being transferred to the appropriate asset account, due to insufficient monitoring and improper documentation, resulting in an overstatement of the Construction in Progress account and an understatement of related PPE and depreciation expense accounts.
2. The Real Property Tax (RPT) Receivable and Special Education Tax (SET) Receivable, both established at the beginning of CY 2024 at ₱9,822,743.90 each, were based on an erroneous assessment roll due to an outdated tax system, rendering the balances of both receivable accounts as of December 31, 2024, unreliable.
3. Penalties from RPT and SET collections totaling ₱1,048,459.20 in CY 2024 were not recognized as income but were instead recorded as credits to the RPT Receivable and SET Receivable accounts, resulting in the understatement of both Receivable and Income Accounts.

We conducted our audit in accordance with the International Standards of Supreme Audit Institutions (ISSAIs). Our responsibilities under those standards are further described in 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 basis 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 International Public Sector Accounting Standards, 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 Dauin'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:



JANICE VERIÑA SARITA

State Auditor III

OIC-Audit Team Leader

June 2, 2025



Republic of the Philippines
Province of Negros Oriental
Municipality of Dauin
OFFICE OF THE MAYOR
Telephone No.: (035) 527-9733
Email: lgudauin@yahoo.com



STATEMENT OF MANAGEMENT RESPONSIBILITY FOR FINANCIAL STATEMENTS

The Management of the Municipality of Dauin is responsible for all information and representation contained in the Consolidated Financial Position as of December 31, 2024 and the related Consolidated Statement of Financial Performance, Statement of Changes in Net Assets/Equity, Statement of Cash Flows, and Statement of Comparative Budget and Actual Amounts for the year 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.


MARIA ANA E. DELFINO
Municipal Accountant

6/17/25
Date Signed



HON. GALICANO A. TRUITA
Municipal Mayor

6/18/25
Date Signed

Republic of the Philippines
Province of Negros Oriental
Municipality of Dauin

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
December 31, 2024

Note 1 – Profile

The Municipality was created on January 13, 1908 by virtue of Executive Order No. 37. It is located 15 kilometers south of Dumaguete City, the capital of the Province of Negros Oriental, and comprises approximately 14,433 hectares of land. Its population was reported at 27,786 in the latest census conducted by the Philippine Statistics Authority (PSA) on August 1, 2015. It is classified as a fourth class Municipality and has 23 component barangays.

Pursuant to RA No. 7160, known as the Local Government Code of 1991, the Municipality, like other local government units, enjoys total independence in managing, deciding and planning its own administration, fiscal and development affairs in conformity with the national government’s thrust for sustainable social and economic growth.

The LGU exercises powers necessary, appropriate, or incidental for efficient and effective governance, and those which are essential to the promotion of the general welfare. It ensures and supports, among other things, the preservation and enrichment of culture, promotes health and safety, enhance the right of the people to a balanced ecology, encourage and support the development of appropriate and self-reliant scientific capabilities, improve public morals, enhance economic prosperity and social justice, promote full employment among their residents, maintain peace and order, and preserve the comfort and convenience of their inhabitants.

Note 2 – Statement of Compliance and Basis of Preparation of Financial Statements

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

The financial statements have been prepared on the basis of historical cost, unless stated otherwise. The SCBAA and the Notes to FS are attached components to the FS of the Municipality. The Statement of Cash Flows is prepared using the direct method.

Note 3 – Summary of significant accounting policies

3.1 Basis of accounting

The combined financial statements are prepared on an accrual basis in accordance with the International Public Sector Accounting Standards (IPSAS).

3.2 Combination/Consolidation

The consolidated financial statements reflect all the assets, liabilities, revenues, and expenses of the Municipality covering all funds. These funds include the General Fund, Special Education Fund and Trust Fund. The General Fund is composed of the following Special Accounts.

- General Fund Proper
- Market Operation
- Waterworks Operation
- Cemetery Operation
- 20% Development Fund
- Coastal Resource Management Program
- Solid Waste Management Program

3.3 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 cash and they present insignificant risk of changes in value because of changes in interest rates.

Petty Cash Fund (PCF) is maintained under an imprest system wherein replenishment is charged to the expense account. The PCF is not used to purchase regular inventory items for stock.

3.4 Investments

The LGU limits its exposure to risk by investing in authorized depository banks.

3.5 Receivables

Receivables represent amounts collectible from various constituents, taxpayers, other local government units, national government agencies, municipal officials and employees arising from claims for money lent, real property taxes due to the local government unit and cash advances granted or travel or for payment of salaries, wages, allowances, honoraria and petty operating expenses.

3.6 Inventories

Inventories are recognized and measured at cost upon initial recognition. Inventories are recognized as expenses when issued for utilization or consumption in the ordinary course of operations.

3.7 Prepayments and Deferred Charges

Prepayments are recorded under the asset method. Adjusting entries are prepared at the end of the year to record the portion of the prepayment representing the expense incurred during the current accounting period.

3.8 Investment Property

Investment Property is land, a building, part of a building, or both, held by the owner or a lessee under a finance lease to earn rentals or for capital appreciation, or both.

3.9 Property, Plant and Equipment

Property, Plant and Equipment (PPE) are recognized at cost. Cost includes the purchase price and expenditures directly attributable to the acquisition of the asset.

After recognition, PPE is stated at cost less accumulated depreciation.

The straight-line method is adopted in the computation of depreciation over the useful life of the asset, assigning a residual value of at least 10%.

The estimated useful life of the asset is based on the estimated useful life of PPE by classification issued by COA. Depreciation starts on the month following the date of the purchase. Assets acquired prior to CY 2002 were not subjected to depreciation.

The LGU derecognizes items of property, plant and equipment and/or any significant part of an asset upon disposal or when no future economic benefits or service potential is expected from its continuing use. Any gain or loss arising on derecognition of the asset (calculated as the difference between the net disposal proceeds and the carrying amount of the assets) is included in the surplus or deficit when the asset is derecognized.

Public Infrastructures were not previously recognized in the books. The LGU availed of the five-year transitional provision for the recognition of the public infrastructure. For the first year of implementation of the IPSAS, the LGU did not recognize the public infrastructure in the books of accounts.

3.10 Financial liabilities

The LGU's financial liabilities include payables and borrowings which the Municipality is committed to pay for goods or services received. These also include amounts entrusted to/withheld by outside sources/offices and personnel for which the Municipality is acting as a trustee or administrator.

Payables are recognized and recorded in the book of accounts only upon acceptance of goods and rendering of service to the Municipality.

Loans contracted by the Municipality are recognized upon receipt of the proceeds from creditors. Interest payable is normally settled quarterly throughout the financial year.

3.11 Equity

Equity represents the difference between the assets and liabilities. The amount available for operations is computed by deducting the following from the ending balance of Government Equity:

- a. Equity set aside to finance capital projects with appropriations provided in previous years (continuing appropriations)
- b. Portion pertaining to receivables, inventories, prepayments and other current assets
- c. Portion pertaining to property, plant and equipment including public infrastructure in process
- d. Amount reserved for Local Disaster Risk Reduction and Management Fund

Note 4 – Cash and Cash Equivalents

Cash and Cash Equivalents amounting to ₱145,901,872.07 represent 77.12% of the total current assets. These are composed of the following accounts:

	2024	2023
Cash – Local Treasury	₱ 1,110,822.32	₱ 413,211.62
Petty Cash	0.00	0.00
Cash in Bank – Local Currency – Current Account	144,791,049.75	127,826,966.36
Total	₱ 145,901,872.07	₱ 128,240,177.98

The account Cash – Local Treasury consists of collections from taxpayers that were deposited with DBP and Landbank on January 2 and 3, 2025. At the end of CY 2024, there were still unreconciled items per Bank Reconciliation Statement totaling ₱1,411,362.71 in the General Fund; ₱8,294.24 in the Special Education Fund; and ₱509,378.21 in the Trust Fund or a total of ₱1,929,035.16, all representing deductions from the bank balances.

Note 5 – Receivables

This account consists of the following:

<i>Current:</i>	2024	2023
Loans and Receivable Accounts		
Real Property Tax Receivable	₱ 10,401,020.48	₱ 10,034,541.92
Special Education Tax Receivable	10,889,513.31	10,034,541.62
Sub-total	₱ 21,290,533.79	₱ 20,069,083.54
Intra-Agency Receivable		
Due from Other Funds	₱ 11,629,848.65	₱ 4,799,837.62
Advances		
Advances for Operating Expenses	₱ 0.00	₱ 792.00
Advances to Special Disbursing Officer	237,000.00	156,000.00
Advances to Officers and Employees	13,030.84	35,519.00
Due from Officers and Employees	0.00	2,974.55
Sub-total	₱ 250,030.84	₱ 195,285.55
Total Current Receivables	₱ 33,170,413.28	₱ 25,064,206.71
<i>Non-Current:</i>		
Inter-Agency Receivables		
Due from National Government Agencies	₱ 257,277.63	₱ 257,277.63
Allowance for Impairment-Due from National Government Agencies	(257,277.63)	(257,277.63)
Due from Local Government Units	₱ 430,304.66	₱ 430,304.66
Allowance for Impairment – Due from Local Government Units	(430,304.66)	(430,304.66)
Sub-total	₱ 0.00	₱ 0.00
Intra- Agency Receivables		
Due from Other Funds	₱ 753,292.18	₱ 383,568.96
Advances		
Due from Officers and Employees	₱ 2,800.00	₱ 2,800.00
Allowance for Impairment – Due from Officers and Employees	(2,800.00)	(2,800.00)
Sub-total	₱ 0.00	₱ 0.00
Receivables – Disallowances/ Charges	₱ 701,957.94	₱ 802,191.85
Other Receivables		
Due From NGOs/POs	100,000.00	100,000.00
Allowance for Impairment – Due From NGOs/POs	(100,000.00)	(100,000.00)
Other Receivables	630,416.34	630,416.34
Allowance for Impairment – Other Receivables	(57,706.00)	(57,706.00)
Sub-total	₱ 572,710.34	₱ 572,710.34
Total Non-Current Receivables	₱ 2,027,960.46	₱ 1,758,471.15
Total Receivables	₱ 35,198,373.74	₱ 26,822,677.86

An Advance to Special Disbursing Officer in the amount of ₱237,000.00 represents advances made by Mayor Galicano A. Truita, ₱225,000.00 for programs/projects/activities conducted for various confidential operations on October 10, 2024, and the balance of cash advances made by Lilibeth G. Salatan in the amount of ₱12,000.00 for Assistance to Indigent Senior Citizens, which was subsequently liquidated per OR#8785303 dated January 3, 2025.

Advances to Officers and Employees, in the amount of ₱13,030.84, represents the balance of travel advances made by Cherry Mae Taburnal, ₱2,770.84 and Marife D. Tenido, ₱10,260.00, which were liquidated per OR#8788926 dated January 21, 2025, and OR#8978816 dated February 7, 2025, respectively.

Due from Officers and Employees, in the amount of ₱2,974.55, represents an over remittance of DBP loan repayments, which was corrected and refunded through payroll deduction.

Receivables – Disallowances/Charges represent the following claims against municipal officials and employees from audit disallowances that have become final and executory.

<u>Particulars</u>	<u>Amount Disallowed</u>	<u>Remarks</u>
Extra Cash Gift CY 2007	₱ 18,385.93	Partially refunded through payroll deductions
Amelioration Assistance CY 1998	54,350.00	Balances of disallowances was settled before CY 2001
Productivity Enhancement Incentive for CY 2010	8,000.00	The amount of ₱8,000.00 represents disallowance of Ms. Merlita Awayan (deceased).
Registration Fees for Barangay Government and Development Courses, CY 2011	56,000.00	Overpayment of registration fees paid by Barangay Officials
Productivity Enhancement Incentive for CY 2013	470,459.09	Partially refunded through payroll deductions
Claim from Former Mayor Felicisimo Deleña	57,107.55	Pending decision on the Criminal Case filed with the OMB (deceased)
Cash Shortage from Former Mun. Treasurer Cesar Tenebroso	37,655.37	Case pending with Sandigan Bayan
	₱ 701,957.94	

Other Receivables represent loans to Kadiwa of ₱6,500.00, sale of agricultural products of ₱3,000.00, and overpayment of salaries/allowances of ₱8,419.25, which represents an amount in the old books of accounts with no record available for its details; KKK loans granted of ₱14,701.75 and long overdue cash advances amounting to ₱25,085.00. The amount of ₱572,710.34 represents long overdue cash advances and a claim from former Municipal Treasurer, Mr. Cesar Tenebroso, for a cash shortage.

Note 6 – Inventories

This account consists of inventories held for consumption:

	2024	2023
Welfare Goods for Distribution	₱ 145,579.40	₱ 134,769.48
Property and Equipment for Distributions	0.00	1,522,240.00
Other Supplies & Materials for Distribution	0.00	74,000.00
Office Supplies Inventory	442,703.75	0.00
Accountable Forms, Plates and Stickers	395,364.14	22,625.74
Drugs and Medicines Inventory	459,321.00	519,139.00
Medical Dental and Laboratory Supplies	122,110.00	371,161.45
Fuel, Oil & Lubricants Inventory	351,837.10	0.00
Agricultural and Marine Supplies Inventory	61,855.00	220,714.34
Construction Materials Inventory	0.00	4,174,848.94
Other Supplies and Materials Inventory	3,402,564.80	222,335.00
Semi-Expendable Office Equipment	38,500.00	0.00
Semi-Expendable Information & Communication	18,650.00	0.00
Total	₱ 5,438,485.19	₱ 7,261,833.95

Note 7 – Prepayments and Deferred Charges

Advances to Contractors	₱ 3,869,782.01	₱ 15,365,530.11
Prepaid registration	17,136.00	13,295.50
Prepaid Insurance (for municipal vehicles)	47,848.47	22,087.51
Discount on Advance Payment	740,527.84	362,935.64
Total	₱ 4,675,294.32	₱ 15,763,848.76

Note 8 – Property, Plant and Equipment

	2024	2023
Land	₱ 4,043,920.40	₱ 4,043,920.40
Land Improvements		
Land Improvements	111,697.00	111,697.00
Less: Accumulated Depreciation	100,527.30	100,527.30
	₱ 11,169.70	₱ 11,169.70
Other Land Improvements	3,303,100.99	3,303,100.99
Less: Accumulated Depreciation	2,311,132.99	2,166,001.66
	₱ 991,968.00	₱ 1,137,099.33
Sub-total Land Improvements	₱ 1,003,137.70	₱ 1,148,269.03

	2024	2023
<i>Infrastructure Assets</i>		
Road Networks	₱ 85,058,833.87	₱ 85,058,833.87
<i>Less: Accumulated Depreciation</i>	34,649,827.02	31,086,398.08
	₱ 50,409,006.85	₱ 53,972,435.79
Flood Control Systems	408,470.00	408,470.00
<i>Less: Accumulated Depreciation</i>	220,574.16	183,811.80
	₱ 187,895.84	₱ 224,658.20
Water Supply Systems	27,848,789.73	25,160,161.73
<i>Less: Accumulated Depreciation</i>	11,222,199.05	9,577,793.31
	₱ 16,626,590.68	₱ 15,582,368.42
Power Supply Systems	14,804,053.02	14,704,153.02
<i>Less: Accumulated Depreciation</i>	4,227,435.46	2,991,688.63
	₱ 10,576,617.56	₱ 11,712,464.39
Parks, Plazas and Monuments	4,890,546.79	4,890,546.79
<i>Less: Accumulated Depreciation</i>	2,200,746.00	1,760,596.80
	₱ 2,689,800.79	₱ 3,129,949.99
Sub-total Infrastructure Assets	₱ 80,489,911.72	₱ 84,621,876.79
<i>Building and Other Structures</i>		
Buildings	36,724,977.75	36,724,977.75
<i>Less: Accumulated Depreciation</i>	7,524,917.31	6,062,204.83
	₱ 29,200,060.44	₱ 30,662,772.92
School Buildings	3,544,805.99	3,544,805.99
<i>Less: Accumulated Depreciation</i>	1,542,039.26	1,438,793.28
	₱ 2,002,766.73	₱ 2,106,012.71
Hospital and Health Centers	3,780,137.05	3,780,137.05
<i>Less: Accumulated Depreciation</i>	931,921.80	761,815.80
	₱ 2,848,215.25	₱ 3,018,321.25
Markets	2,466,507.52	2,466,507.52
<i>Less: Accumulated Depreciation</i>	1,688,159.98	1,296,017.62
	₱ 778,347.54	₱ 1,170,489.90
Slaughterhouses	944,959.00	944,959.00
<i>Less: Accumulated Depreciation</i>	850,463.10	832,646.52
	₱ 94,495.90	₱ 112,312.48
Other Structures	11,490,781.58	11,490,781.58
<i>Less: Accumulated Depreciation</i>	1,753,759.77	1,300,959.57
	₱ 9,737,021.81	₱ 10,189,822.01
Sub-total Building and Other Structures	₱ 44,660,907.67	₱ 47,259,731.27
<i>Machinery and Equipment</i>		
Office Equipment	3,043,086.00	6,112,097.67
<i>Less: Accumulated Depreciation</i>	1,253,188.33	3,410,556.53
	₱ 1,789,897.67	₱ 2,701,541.14

	2024	2023
Information and Communication Technology Equipment	₱ 2,515,314.00	₱ 8,581,471.00
<i>Less: Accumulated Depreciation</i>	1,206,789.42	4,474,810.81
	₱ 1,308,524.58	₱ 4,106,660.19
Agricultural and Forestry Equipment	3,711,700.00	3,500,040.00
<i>Less: Accumulated Depreciation</i>	2,674,770.96	2,337,471.87
	₱ 1,036,929.04	₱ 1,162,568.13
Communication Equipment	706,468.79	1,342,738.84
<i>Less: Accumulated Depreciation</i>	489,397.96	846,260.11
	₱ 217,070.83	₱ 496,478.73
Construction and Heavy Equipment	52,805,494.33	52,805,494.33
<i>Less: Accumulated Depreciation</i>	13,583,342.28	9,254,897.76
	₱ 39,222,152.05	₱ 43,550,596.57
Disaster Response and Rescue Equipment	7,594,930.96	8,490,851.94
<i>Less: Accumulated Depreciation</i>	6,019,315.45	6,754,165.65
	₱ 1,575,615.51	₱ 1,736,686.29
Military, Police and Security Equipment	64,602.00	78,439.45
<i>Less: Accumulated Depreciation</i>	969.02	36,198.00
	₱ 63,632.98	₱ 42,241.45
Medical Equipment	682,149.00	1,363,953.60
<i>Less: Accumulated Depreciation</i>	297,636.12	614,841.39
	₱ 384,512.88	₱ 749,112.21
Technical and Scientific Equipment	298,795.00	298,795.00
<i>Less: Accumulated Depreciation</i>	201,686.40	147,903.36
	₱ 97,108.60	₱ 150,891.64
Other Machinery and Equipment	178,200.00	181,695.00
<i>Less: Accumulated Depreciation</i>	111,382.50	82,567.50
	₱ 66,817.50	₱ 99,127.50
Sub-total Machinery and Equipment	₱ 45,762,261.64	₱ 54,795,903.85
Transportation Equipment		
Motor Vehicles	11,256,839.29	11,224,929.29
<i>Less: Accumulated Depreciation</i>	9,444,633.18	9,137,800.29
	₱ 1,812,206.11	₱ 2,087,129.00
Watercrafts	0.00	37,693.00
<i>Less: Accumulated Depreciation</i>	0.00	33,923.70
	₱ 0.00	₱ 3,769.30
Other Transportation Equipment	9,518,075.00	9,518,075.00
<i>Less: Accumulated Depreciation</i>	4,899,281.76	4,002,312.74
	₱ 4,618,793.24	₱ 5,515,762.26
Sub-total Transportation Equipment	₱ 6,430,999.35	₱ 7,606,660.56
Furniture, Fixtures and Books		
Furniture and Fixtures	695,118.80	1,809,300.77
<i>Less: Accumulated Depreciation</i>	177,726.99	574,289.97
	₱ 517,391.81	₱ 1,235,010.80

	2024	2023
Books	0.00	943.91
Sub-total Furniture, Fixtures and Books	₱ 517,391.81	₱ 1,235,954.71
Construction in Progress		
Construction in Progress –Infrastructure Assets	124,012,318.40	106,329,323.90
Construction in Progress – Building and Other Structures	221,711,783.63	142,166,853.34
Sub-total Construction in Progress	₱ 345,724,102.03	₱ 248,496,177.24
Other Property, Plant and Equipment		
Other Property, Plant and Equipment	9,803,706.00	3,576,583.92
<i>Less: Accumulated Depreciation</i>	1,328,018.46	2,128,014.79
Sub-total Other Property, Plant and Equipment	₱ 8,475,687.54	₱ 1,448,569.13
Total Property, Plant and Equipment	₱ 537,108,319.00	₱ 450,657,062.98

As of December 31, 2024, the LGU has a total of 14.31 kilometers of roads with a total cost of ₱85,058,833.67. For the year ended, the agency has spent a total of ₱28,376,427.26 for local additions booked this year. The Municipality has not incurred major repairs and regular maintenance on booked Road Networks.

The LGU determines the residual value of all items of property, plant and equipment. During the current financial year, the LGU also reviewed the estimated useful life.

As of December 31, 2024, the Registry of Public Infrastructures had a balance consisting of the following accounts:

Roads	₱ 20,853,039.97	₱ 20,853,039.97
Others	24,583,350.01	24,583,350.01
Total	₱ 45,436,389.98	₱ 45,436,389.98

Note 9 – Biological Assets

This account, with a balance of ₱530,000.00, represents two heads of cattle (bulls) valued at ₱35,000.00 per head and 20 heads of cattle (heifers) valued at ₱18,000.00 per head, received from the DA Reg. VII for dispersal in the barangays, including four heads of carabao (heifers) purchased at ₱25,000.00 each, which were distributed to selected farmers.

Note 10 – Liabilities

The account consists of the following:

	2024	2023
<i>Current:</i>		
Accounts Payable	₱ 5,190,601.99	₱ 7,240,966.12
Due to Officers and Employees	246,567.76	244,602.72
Leave Benefits Payable	910,515.95	2,069,819.54
Loans Payable - Domestic	4,308,899.48	4,308,899.48
Total Current Financial Liabilities	₱ 10,656,585.18	₱ 13,864,287.86
<i>Non-Current:</i>		
Loans Payable - Domestic	₱ 228,984,838.91	₱ 162,061,595.36
Total Non-Current Financial Liabilities	₱ 228,984,838.91	₱ 162,061,595.36

Of the total financial liabilities of ₱10,656,585.18, Accounts Payable amounting to ₱5,190,601.99 represents 48% percent. The Due to Officers and Employees account represents expenses due for reimbursement, and the Leave Benefits Payable account represents money value of the earned leave credits of some government personnel. The Loans Payable-Domestic account pertains to the current portion of the loan for the purchase of heavy equipment.

Loans Payable - Domestic pertains to the non-current portion of the loan granted by Land Bank of the Philippines for the construction of Jetty Port at Barangay Maayongtubig and Apo Island amounting to ₱181,598,505.27, for the purchase of heavy equipment amounting to ₱19,390,047.60, and for the completion of Public Market amounting to ₱27,996,286.04.

10.1 Inter-Agency Payables

Due to BIR	₱ 3,105,007.08	₱ 2,405,248.75
Due to GSIS	1,232,158.74	1,250,692.38
Due to Pag-IBIG	63,946.50	39,408.77
Due to PhilHealth	382,673.71	166,412.80
Due to NGAs	16,140,022.57	9,810,611.85
Due to Other GOCCs	10,178.78	10,178.78
Due to LGUs	2,032,572.30	2,310,666.89
Total	₱ 22,966,559.68	₱ 15,993,220.22

The first four accounts represent the amounts deducted from the salaries of officials and employees, which were remitted to the respective government agencies immediately in the following month. The remaining accounts represent balances of funds received by the LGU for specific purposes.

10.2 Intra-Agency Payables

	2024	2023
Due to Other Funds	₱ 13,268,174.67	₱ 5,529,270.19

10.3 Trust Liabilities

Trust Liabilities	₱ 1,228,866.90	₱ 1,500,715.00
Trust Liabilities – Disaster Risk Reduction and Management Fund	12,101,630.46	5,567,878.08
Guaranty/Security Deposits Payable	21,806,415.10	17,236,410.14
Total	₱ 35,136,912.46	₱ 24,305,003.22

The Guaranty/Security Deposits Payable account consists of performance bonds and warranty securities received from winning contractors or suppliers.

10.4 Deferred Credits/Unearned Income

Deferred Real Property Tax	₱ 10,401,020.48	₱ 10,034,541.92
Deferred Special Education	10,889,513.31	10,034,541.62
Other Deferred Credits	7,990,185.86	9,474,970.65
Total	₱ 29,280,719.65	₱ 29,544,054.19

Note 11 – Other Payables

Other Payables	₱ 1,381,706.12	₱ 1,812,424.52
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Note 12 – Tax Revenue

Tax Revenue – Individual and Corporation		
Community Tax	₱ 519,612.12	₱ 488,369.59
Tax Revenue – Property		
Real Property Tax – Basic	₱ 3,572,814.25	₱ 3,422,339.58
<i>Discount on Real Property Tax – Basic</i>	508,027.91	477,543.71
	₱ 3,064,786.34	₱ 2,944,795.87
Special Education Tax	₱ 4,454,866.44	₱ 4,291,433.85
<i>Discount on Special Education Tax</i>	637,822.98	596,929.71
	₱ 3,817,043.46	₱ 3,694,504.14
Sub-total	₱ 6,881,829.80	₱ 6,639,300.01

	2024	2023
Tax Revenue – Goods and Services		
Business Tax	₱ 16,280,249.58	₱ 11,394,796.26
Amusement Tax	745,620.00	633,054.50
Sub-total	₱ 17,025,869.58	₱ 12,027,850.76
Tax Revenue – Fines and Penalties		
Tax Revenue – Fines and Penalties – Property Taxes	₱ 471,806.46	₱ 477,650.53
Tax Revenue – Fines and Penalties – Other Taxes	₱ 365,227.66	212,566.92
Sub-total	₱ 837,034.12	₱ 690,217.45
Total	₱ 25,264,345.62	₱ 19,845,737.81

Note 13 – Share from Internal Revenue Collection

Share from Internal Revenue Collections	₱ 147,028,290.00	₱ 138,373,002.00
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Note 14 – Service and Business Income

This consists of the following:

<i>Service Income</i>		
Permit Fees	₱ 6,030,738.03	₱ 5,829,777.05
Registration Fees	79,845.00	81,266.00
Clearance and Certificate Fees	406,019.00	395,280.00
Supervision and Regulations Enforcement Fees	303,850.00	428,930.00
Fees for Sealing and Licensing of Weights and Measures	9,365.00	9,065.00
Other Service Income	2,101.96	0.00
Sub-total	₱ 6,831,918.99	₱ 6,744,318.05
<i>Business Income</i>		
Rent Income	₱ 0.00	₱ 11,350.80
Waterworks System Fees	2,195,002.00	2,712,121.00
Receipt from Market Operations	3,103,520.00	4,071,910.05
Receipt from Slaughterhouse Operation	285,101.30	184,908.50
Receipt from Cemetery Operations	3,900.00	2,670.00
Sales Revenue	58,833.50	115,748.00
Garbage Fees	1,092,974.00	1,044,120.00
Interest Income	107,068.45	129,518.22
Fines and Penalties – Business Income	1,504.85	2,507.77
Other Business Income	10,807,324.00	10,315,920.00
Sub-total	₱ 17,655,228.10	₱ 18,590,774.34
Total	₱ 24,487,147.09	₱ 25,335,092.39

Note 15– Other Income

	2024	2023
Miscellaneous Income	₱ 64,595.78	₱ 0.00

Note 16 – Personnel Services

This consists of the following:

<i>Personnel Services</i>		
Salaries and Wages – Regular	₱ 37,441,979.76	₱ 37,244,844.80
Salaries and Wages – Casual/Contractual	0.00	0.00
Sub-total	₱ 37,441,979.76	₱ 37,244,844.80
<i>Other Compensation</i>		
Personal Economic Relief allowance	₱ 2,626,490.31	₱ 2,652,166.74
Representation Allowance	1,779,943.55	1,563,750.00
Transportation Allowance	1,779,943.55	1,563,750.00
Clothing/Uniform Allowance	770,000.00	654,000.00
Subsistence Allowance	270,000.00	250,500.00
Laundry Allowance	27,000.00	25,050.00
Productivity Incentive Allowance	525,000.00	533,500.00
Honoraria	542,568.26	807,316.75
Hazard Pay	1,294,528.73	1,049,706.05
Mid-Year and Year-End Bonuses	6,179,512.00	6,140,110.60
Cash Gift	521,500.00	539,500.00
Other Bonuses and Allowances	2,100,000.00	2,132,000.00
Sub-total	₱ 18,416,486.40	₱ 17,911,350.14
<i>Personnel Benefit Contribution</i>		
Retirement and Life Insurance Premiums	₱ 4,404,360.20	₱ 4,349,711.00
Pag-IBIG Contribution	238,900.00	128,900.00
PhilHealth Contribution	916,293.02	703,323.68
Employees Compensation Insurance Premiums	130,558.12	102,152.97
Sub-total	₱ 5,690,111.34	₱ 5,284,087.65
<i>Other Personnel Benefit</i>		
Terminal Leave Benefits	₱ 500,000.00	₱ 3,780,335.47
Total	₱ 62,048,577.50	₱ 64,220,618.06

Note 17– Maintenance and Other Operating expenses

This consists of the following:

	2024	2023
<i>Traveling Expenses</i>		
Traveling Expenses – Local	₱ 887,708.49	₱ 1,053,388.03
<i>Training and Scholarship Expenses</i>		
Training Expenses	₱ 3,170,018.90	₱ 1,772,596.00
<i>Supplies and Material Expenses</i>		
Office Supplies Expenses	₱ 2,117,575.45	₱ 2,078,190.27
Accountable Forms Expenses	520,991.60	572,730.66
Welfare Goods Expenses	1,159,955.08	941,939.42
Drugs and Medicines Expenses	2,355,038.45	1,403,905.94
Medical, Dental & Laboratory Supplies Expenses	469,508.15	1,068,456.40
Fuel, Oil and Lubricants Expenses	5,828,178.02	5,307,338.67
Agriculture & Marine Supplies Expenses	1,699,153.87	908,662.01
Semi-Expendable Machinery and Equipment Expenses	4,354,318.80	0.00
Semi-Expendable Furniture, Fixtures and Books Expenses	52,759.00	0.00
Other Supplies & Material Expenses	2,808,515.45	4,023,851.11
Sub-total	₱ 21,365,993.87	₱ 16,305,074.48
<i>Utility Expenses</i>		
Electricity Expenses	₱ 5,668,130.57	₱ 4,692,216.63
<i>Communication Expenses</i>		
Postage and Courier Services	₱ 4,865.00	₱ 5,610.00
Telephone Expenses	403,722.01	454,307.64
Internet subscription Expenses	597,646.80	865,615.43
Sub-total	₱ 1,006,233.81	₱ 1,325,533.07
<i>Awards/Rewards and Prizes</i>		
Prizes	₱ 720,800.00	₱ 514,500.00
<i>Confidential Expenses</i>	₱ 225,000.00	₱ 0.00
<i>Professional Services</i>		
Auditing Services	₱ 48,750.00	₱ 70,050.00
Consultancy Services	0.00	269,750.00
Other Professional Services	₱ 1,366,850.00	1,073,200.00
Sub-total	₱ 1,415,600.00	₱ 1,413,000.00
<i>General Services</i>		
Security Services	₱ 802,953.42	₱ 744,256.29

	2024	2023
<i>Repairs and Maintenance</i>		
Repairs and Maintenance – Infrastructure Assets	₱ 3,975,835.00	₱ 5,705,630.00
Repairs and Maintenance – Buildings and Other Structures	3,214,908.74	2,892,512.90
Repairs and Maintenance – Machinery and Equipment	473,520.90	827,149.00
Repairs and Maintenance – Transportation Equipment	1,553,800.06	1,110,432.60
Sub-total	₱ 9,218,064.70	₱ 10,535,724.50
<i>Taxes, Insurance Premiums and Other Fees</i>		
Taxes, Duties and License	₱ 291,644.06	₱ 228,361.34
Fidelity Bond Premiums	186,074.00	105,000.00
Insurance Expenses	139,971.61	149,831.27
Sub-total	₱ 617,689.67	₱ 483,192.61
<i>Other Maintenance and Operating Expense</i>		
Printing and Publication Expense	2,100.00	59,557.00
Representation Expenses	101,953.00	104,017.72
Membership Dues and Contributions to Organizations	0.00	7,600.00
Donations	41,511,128.00	33,573,897.33
Other Maintenance and Operating Expenses	25,761,685.97	29,283,399.22
Sub-total	₱ 67,376,866.97	₱ 63,028,471.27
Total	₱ 112,475,060.40	₱ 101,867,952.88

Note 18 – Non-Cash Expenses

This consists of the following:

Depreciation and Losses		
Depreciation – Land Improvements	145,131.33	₱ 161,283.48
Depreciation – Infrastructure Assets	6,920,493.07	7,235,299.12
Depreciation – Buildings and Other Structure	2,598,823.60	2,219,964.37
Depreciation – Machinery and Equipment	6,064,305.08	4,742,400.47
Depreciation – Transportation Equipment	1,247,001.91	1,489,199.17
Depreciation – Furniture, Fixtures and Books	50,163.72	130,342.60
Depreciation – Other Property, Plant and Equipment	693,298.89	332,713.74
Total	₱ 17,719,217.60	₱ 16,311,202.95

Note 19– Financial Expenses

	2024	2023
Interest Expense	₱ 11,806,027.86	₱ 4,600,164.99
Bank Charges	155.00	21,300.00
Other Financial Charges	1,535,700.00	1,119,451.50
Total	₱ 13,341,882.86	₱ 5,740,916.49

Note 20 – Financial Assistance and Subsidy From

This consists of the following:

Subsidy from NGAs	₱ 35,593,804.00	₱ 18,721,148.94
Subsidy from Other Local Economic Enterprises	3,342,242.23	4,630,756.09
Transfer From General Fund of Unspent DRRMF	0.00	6,346,900.00
Total	₱ 38,936,046.23	₱ 29,698,805.03

Note 21 – Financial Assistance/Subsidy To

This consists of the following:

Subsidy to Other Local Government Units	₱ 2,110,232.40	₱ 2,165,714.00
Subsidy to Other Funds	0.00	0.00
Subsidy to National Government Agencies	10,412.32	0.00
Subsidy to General Fund Proper/Special Accounts	3,342,242.23	4,630,756.09
Subsidy – Others	4,322,929.60	4,136,368.00
	₱ 9,785,816.55	₱ 10,932,838.09
Transfer of Unspent Current Year DRRM Funds to the Trust Funds	6,629,848.65	₱ 4,572,808.13
Transfers for Project Equity Share/LGU Counterpart	0.00	0.00
	₱ 6,629,848.65	₱ 4,572,808.13
Total	₱ 16,415,665.20	₱ 15,505,646.22

**Note 22 – Reconciliation of Net Cash Flows from Operating Activities to Surplus/
(Deficit)**

	2024	2023
Surplus/(Deficit)	₱ 13,780,021.16	₱ 9,606,300.63
Non-cash transactions:		
Donated Asset (Payloader)	0.00	0.00
Depreciation	17,719,217.60	16,311,202.95
Loss on Sale of Property, Plant and Equipment	0.00	0.00
Impairment Loss	0.00	0.00
Increase (Decrease) in payables	20,420,947.31	13,099,135.12
Decrease (Increase) in current assets	16,346,801.89	(20,629,452.96)
Decrease (Increase) in receivables	(7,154,245.63)	2,003,248.04
Net Cash from Operating Activities	₱ 61,112,742.33	₱ 20,390,433.78

Note 23 – Local Disaster Risk Reduction Management Fund (LDRRMF)

The Local Disaster Risk Reduction Management Fund represents the amount set aside by the LGU to support its disaster risk reduction management activities pursuant to Republic Act 10121, otherwise known as “Philippine Disaster Risk Reduction and Management Act of 2010.” The amount available and utilized during the year 2024 totalled ₱20,376,962.26 and ₱8,244,282.74, respectively, broken down as follows:

Particulars	Amount		
	Available	Utilized	Balance
Current Year Appropriation			
Quick Response Fund (QRF)	₱ 2,880,285.73	₱ 0.00	₱ 2,880,285.73
Mitigation Fund (MF)			
MOOE	6,220,666.72	2,471,103.80	3,749,562.92
Capital Outlay	500,000.00	469,500.00	30,500.00
Sub-total	₱ 9,600,952.45	₱ 2,940,603.80	₱ 6,660,348.65
Continuing Appropriation			
CY 2023	₱ 5,000,000.00	₱ 4,999,450.94	₱ 549.06
Sub-total	₱ 5,000,000.00	₱ 4,999,450.94	₱ 549.06
Special Trust Fund			
CY 2021	₱ 161,859.00	0.00	₱ 161,859.00
CY 2022	770,011.00	0.00	770,011.00
CY 2023	4,644,139.81	304,228.00	4,339,911.81
Sub-total	₱ 5,576,009.81	₱ 304,228.00	₱ 5,271,781.81
GRAND TOTAL	₱ 20,176,962.26	₱ 8,244,282.74	₱ 11,932,679.52

The Municipality's total Current Year Appropriation for the 5% Local Disaster Risk Reduction and Management Fund is ₱9,600,952.45. This amount was programmed for various projects and activities by the Local Disaster Risk Reduction and Management Council.

In compliance with COA Circular No. 2012-002, a total amount of ₱6,629,848.65 representing the unexpended/unobligated balance of the Quick Respond Fund and 70% Pre-Disaster Preparedness Program was transferred to the Trust Fund books on December 31, 2024 bringing the total Trust Liabilities-LDRRMF to ₱12,101,630.46.

CY 2024 5% Local Disaster Risk Reduction and Management Fund

Annual Budget	₱ 9,600,952.45
Supplemental Budget	0.00
Total	₱ 9,600,952.45
A. 30% Quick Response Fund	₱ 2,880,285.73
B. 70% Pre-Disaster Preparedness Program	₱ 6,720,666.72
Less: Amount Utilized	2,940,603.80
Balance of the CY 2024 DRRMF	₱ 6,660,348.65
Less: Balance of the Capital Outlay	30,500.00
Amount Transferred to the Special Trust Fund (STF)	₱ 6,629,848.65

For continuing appropriations in the Special Trust Fund at the end of their respective calendar years, the amount available and amount utilized for CY 2024 are broken down as follows:

Particulars	Amount Available		
	70%	30%	Total
CY 2021	₱ 161,859.00	₱ 0.00	₱ 161,859.00
CY 2022	770,011.00	0.00	770,011.00
CY 2023	4,644,139.81	0.00	4,644,139.81
TOTAL	₱ 5,576,009.81	₱ 0.00	₱ 5,576,009.81

Particulars	Amount Utilized		
	70%	30%	Total
CY 2021	₱ 0.00	₱ 0.00	₱ 0.00
CY 2022	0.00	0.00	0.00
CY 2023	304,228.00	0.00	304,228.00
TOTAL	₱ 304,228.00	₱ 0.00	₱ 304,228.00

Note 24

Reconciliation between actual amounts on the comparable basis as presented in this statement and in the Statement of Financial Performance for the Year Ended December 31, 2024.

	Income	Personal	MOOE	Financial	Capital
		Services		Expenses	Outlay
Comparison Statement of Budget and Actual	200,176,208.40	62,048,577.50	82,321,506.08	17,650,627.34	39,400,421.52
Entity Differences	-	-	-	-	-
Basis Differences:					
Income not considered budgetary items					
Non-cash income	-	-	-	-	-
Gain on Sale of Assets					
Receipts not considered as income					
Sale of capital assets	-	-	-	-	-
Borrowings	-	-	-	-	-
Prior year's surplus/reserve	-	-	-	-	-
Debt Service (Loan Amortization, Retirement of Debt Instruments)	-	-	-	(4,308,899.48)	-
Interest Expenses capitalized	-	-	-	-	-
Capital Expenditures	-	-		-	(39,400,421.52)
Transfers, Assistance and Subsidy to NGAs/ Other LGUs/ Other Funds			(6,629,848.65)		-
Items Classified as MOOE in the SCBAA Actual Amount					
Timing Differences:					
Prepayments charged to current appropriations	-	-	48,671.24	-	-
Unconsumed Inventories charged to current appropriations	-	-	(5,438,485.19)	-	-
Consumed Inventories and deferred charges charged to prior period appropriations	-	-	6,579,567.92	-	-
Maintenance and other operating expenditures not covered by Appropriations (TF)	-	-	-	-	
Per Statement of Financial Performance	200,176,208.40	62,048,577.50	76,881,411.40	13,341,727.86	0.00

PART II
AUDIT OBSERVATIONS AND
RECOMMENDATIONS

AUDIT OBSERVATIONS AND RECOMMENDATIONS

A. FINANCIAL AND COMPLIANCE AUDIT

Completed Projects remain in the CIP Account

- 1. At least six completed projects under the General Fund, totaling ₱15,620,256.97, were incorrectly recorded in the Construction in Progress account instead of being transferred to the appropriate asset account, due to insufficient monitoring and improper documentation, contrary to Section 50 of the NGAS Manual for Local Government Units (LGUs), Volume I and IPSAS No. 17, resulting in an overstatement of the Construction in Progress account and an understatement of related PPE and depreciation expense accounts.**

1.1 Section 50 of the NGAS Manual for LGUs, Volume I, requires that during the construction period, Property, Plant, and Equipment (PPE) shall be classified as “Construction in Progress” (CIP) with the appropriate asset classification. Once these are completed, the CIP accounts shall then be transferred to their appropriate asset accounts. The CIP account is used to record the value of work performed in accordance with the terms of the applicable construction contracts.

1.2 Moreover, with the adoption of the International Public Sector Accounting Standards (IPSAS), infrastructure assets shall be taken up as PPE, and the annual consumption of their service potential, along with any loss of value due to depreciation and impairment, shall also be recognized.

1.3 Depreciation is defined under IPSAS 17 as the systematic allocation of the depreciable amount of an asset over its useful life. Paragraph 71 of IPSAS No. 17 provides that “*depreciation of an asset begins when it is available for use i.e., when it is in the location and condition necessary for it to be capable of operating in the manner intended by management.*”

1.4 Item 4.1 of the Philippine Application Guideline (PAG) for IPSAS 17 states that “*xxx for simplicity and to avoid proportionate computation, depreciation shall be for one month if the PPE is available for use on or before the 15th of the month. However, if the PPE is available for use after the 15th of the month, depreciation shall be for the succeeding month.*”

1.5 As of December 31, 2024, accounts CIP-Infrastructure Assets and CIP-Buildings and Other Structures had a balance of ₱124,012,318.4 and ₱220,074,563.58, respectively. However, our verification of these accounts revealed that at least six projects totaling ₱15,620,256.97 were incorrectly recorded in the Construction in Progress account instead of being transferred to the appropriate asset account despite their completion. The details are as follows:

Name of Project	Date of Completion	Amount
CIP-Infrastructure Assets (1-07-10-020)		
1. Concreting of Masaplod Norte Road	December 28, 2023	₱ 719,458.69
2. Improvement/Rehabilitation of Motorpool with Perimeter Fence, Stockroom and Equipment	April 08, 2024	3,194,880.47
3. Construction of Drainage System in Poblacion Area	April 01, 2024	4,008,335.43
4. Construction of Drainage System at El Filibusterismo, Districts 2 & 3	April 01, 2024	4,999,450.94
Sub-total		₱ 12,922,125.53
CIP-Buildings and Other Structures (1-07-10-030)		
1. Additional Works for the completion of the Sanitary Land Fill	December 28, 2023	₱ 1,055,169.44
2. Additional Works and Procurement of Various Fixtures and Equipment for the Dauin Mega Market	July 18, 2024	1,642,962.00
Sub-total		₱ 2,698,131.44
Grand Total		₱ 15,620,256.97

- 1.6 The Municipal Accountant indicated that in addition to the aforementioned completed projects, there were other projects that were finished in CY 2018, more than six years as of the end of CY 2024. These completed projects are still classified as CIP-Infrastructure Assets or CIP-Buildings and Other Structures in the Municipality's books of accounts. She attributed this issue to inadequate monitoring. Although the Municipal Engineering Office generates quarterly reports on the status of project implementation, there has been a lack of coordination and reconciliation with the Accounting Office to accurately identify completed projects.
- 1.7 Our review of the accounting records revealed that subsidiary ledgers for the CIP projects were not maintained. Instead, all projects were grouped together in one CIP account per asset classification, making it difficult to ascertain the status of individual projects. As a result, depreciation expenses for these completed projects have not been recorded in the books, leading to potential inaccuracies in the Municipality's accounting records.
- 1.8 Due to the aforementioned deficiencies, the CIP-Infrastructure Assets and CIP-Buildings and Other Structures accounts in the General Fund books were overstated by at least ₱12,922,125.53 and ₱2,698,131.44, respectively, while depreciation expenses were understated.
- 1.9 Management is reminded that adherence to timely capitalization of CIP is an imperative accounting procedure as the capitalization of the completed projects shall correspond to the depreciation expenses, in compliance with the matching principle of accounting.

1.10 The non-recording of the appropriate asset accounts resulted in the non-recognition of the related depreciation expenses. Thus, the corresponding Accumulated Depreciation accounts were understated, while the surplus account was overstated by the same amount for the period. Collectively, these deficiencies have adversely affected the accuracy and fair presentation of these account balances in the financial statements.

1.11 We recommended and Management agreed that:

1.11.1 The Municipal Accountant coordinate with the Municipal Engineer in identifying the projects that have long been completed but are still recorded in the CIP accounts;

1.11.2 The Municipal Accountant record the transfer of the cost of the completed projects from CIP accounts to the respective PPE accounts once these are identified;

1.11.3 The Municipal Accountant record the corresponding depreciation expenses for the current and prior years;

1.11.4 The Municipal Accountant prepare individual subsidiary ledgers for each project to ensure proper recording and monitoring; and

1.11.5 The Municipal Accountant and the Municipal Engineer regularly monitor the Municipality's CIP accounts to ensure the timely transfer of completed projects to the appropriate PPE accounts.

RPT and SET Receivables established based on an erroneous assessment roll

2. Inconsistent with Section 248 of Republic Act (RA) No. 7160, the Real Property Tax (RPT) Receivable and Special Education Tax (SET) Receivable, both established at the beginning of CY 2024 at ₱9,822,743.90 each, were based on an erroneous assessment roll due to an outdated tax system, rendering the balances of both receivable accounts as of December 31, 2024, unreliable.

2.1 Section 248 of RA No. 7160 provides that “The provincial, city or municipal assessor shall prepare and submit to the treasurer of the local government unit, on or before the thirty-first (31st) day of December each year, an assessment roll containing a list of all persons whose real properties have been newly assessed or reassessed and the values of such properties.”

2.2 At the beginning of CY 2024, the Municipal Accountant established the receivables for RPT and SET at ₱9,822,743.90 each, covered by Journal Entry Voucher Nos. 100-2024-01-007 and 200-2024-01-02, respectively. According to her, the amount was computed at 1% of the assessed value of real properties totaling ₱982,274,390.00 as of December 31, 2023.

- 2.3 The Municipal Accountant further stated that the assessment roll, which served as her basis for the computation of the RPT Receivable and SET Receivable, was provided to her by the Municipal Assessor at the end of the previous year. It was generated through the iTax System, software for taxation that the Municipality availed of from a private service provider.
- 2.4 Telephone inquiries with the Municipal Accountant and Municipal Treasurer revealed that the total assessed value of real properties reflected in the assessment roll as of December 31, 2023, which was generated through the iTax System, was overstated due to the duplication of real properties.
- 2.5 They explained that some real properties that had already been transferred through sale were listed in the system under both the previous and the new owners, treating them as separate properties. As a result, these were counted twice in the assessment roll.
- 2.6 In addition, properties that were originally under a mother title but later subdivided and sold to multiple vendees were still recorded in the iTax System under both the original mother title and the newly created subdivided lots, again resulting in duplication.
- 2.7 The Municipal Treasurer further stated that there is a possibility that real properties subjected to sale multiple times have been listed in the assessment roll under various owners. She mentioned that since the implementation of the iTax System in CY 2010, it has not been updated regarding the duplication of entries for real properties.
- 2.8 Both the Municipal Accountant and the Municipal Treasurer acknowledged that the Municipality's outdated iTax System resulted in an overstatement of the total assessed value of real properties, which served as the basis for calculating the RPT Receivable and SET Receivable. However, they were unable to readily determine the extent of the overstatement.
- 2.9 In view of the foregoing, the balance of RPT Receivable and SET Receivable accounts amounting to ₱10,401,020.48 and ₱10,889,513.31, respectively, as of December 31, 2024, is unreliable.
- 2.10 We recommended and Management agreed to identify all duplicate real property entries in the assessment roll and require the service provider of the iTax System to update and cleanse the database accordingly to ensure the accuracy of the assessed values used for tax receivable recognition.**
- 2.11 We further recommended and the Municipal Accountant agreed to prepare the necessary adjusting entries to reflect the accurate balances of the RPT and SET Receivable accounts in the financial statements once the amount of overstatement of the RPT Receivable and SET Receivable is determined.**

2.12 The Municipal Assessor stated that the Municipality had arranged for the iTax System provider to update the system in March 2025. He further mentioned that since his appointment in CY 2021, he has been actively addressing the issue of duplicated entries within the system and continues to do so.

Erroneous recording of RPT and SET penalties

3. Penalties from Real Property Tax (RPT) and Special Education Tax (SET) collections totaling ₱1,048,459.20 in CY 2024 was not recognized as income but recorded as credits to the RPT Receivable and SET Receivable accounts, contrary to Section 23, Volume I of the NGAS Manual, resulting in the understatement of both Receivable and Income Accounts.

3.1 COA Circular No. 2002-003, dated June 20, 2002, prescribes the Manual on the New Government Accounting System (NGAS) for Local Government Units (LGUs) to ensure proper accounting of all financial transactions of the LGUs.

3.2 Section 23, Volume I of the Manual provides that “Fines and Penalties, either from tax revenue or other specific income, **shall be recognized as income of the year it was collected.**” (Emphasis ours)

3.3 As of December 31, 2024, the accounts Real Property Tax (RPT) Receivable and Special Education Tax (SET) Receivable had balances of ₱10,401,020.48 and ₱10,889,513.31, respectively. The General Ledger (GL) for each account showed monthly credits, which the Municipal Accountant confirmed as entries to recognize collections for RPT and SET.

3.4 However, further verification of the credit entries revealed that they include collections for penalties from the RPT and SET. For CY 2024, the penalties collected amounted to ₱524,229.60 each, totaling ₱1,048,459.20, broken down as follows:

Month	Amount of Penalties Collected	
	RPT	SET
January	₱ 116,045.87	₱ 116,045.87
February	43,938.75	43,938.75
March	₱ 18,216.19	₱ 18,216.19
April	67,583.70	67,583.70
May	25,467.29	25,467.29
June	28,857.70	28,857.70
July	80,672.82	80,672.82
August	29,155.81	29,155.81
September	32,787.16	32,787.16
October	44,206.82	44,206.82
November	9,115.42	9,115.42
December	28,182.07	28,182.07
Sub-total	₱ 524,229.60	₱ 524,229.60
Total	₱1,048,459.20	

- 3.5 The Municipal Accountant mentioned that the same practice has been followed since she assumed office more than 10 years ago.
- 3.6 It should be noted that COA Circular No. 2015-009 dated December 1, 2015, prescribes the Revised Chart of Accounts for Local Government Units to record and report the financial transactions of LGUs. Annex B thereof contains the account descriptions and instructions, which partly provides:

<i>Account Title</i>	<i>Tax Revenue - Fines and Penalties - Property Taxes</i>
<i>Account Number</i>	<i>4-01-05-020</i>
<i>Normal Balance</i>	<i>Credit</i>
<i>Description</i>	<i>This account is used to record all fines and penalties charged in relation to the collection of property taxes.</i>
	<i>Subsidiary Ledgers:</i>
	<i>01 - Real Property Tax Basic Land – Penalty</i>
	<i>02 - Real Property Tax Basic Building – Penalty</i>
	<i>03 - Real Property Tax Basic Machinery – Penalty</i>
	<i>04 - Special Education Tax – Penalty</i>

- 3.7 The Municipal Accountant is reminded that it is important to always refer to the abovementioned circular to ensure proper recognition of income and expenses in the Municipality's books of accounts.
- 3.8 Pursuant to the provisions of the NGAS Manual, Volume I, the penalties collected from the RPT and SET amounting to ₱1,048,459.20 for CY 2024 should have been recognized as income in the same year.
- 3.9 Failure to properly classify the collected penalties as income resulted in the understatement of RPT and SET Receivable accounts as well as the Tax Revenue – Fines and Penalties – Property Taxes account by at least ₱1,048,459.20, thereby misstating the financial position and results of operations of the Municipality as of year-end.

3.10 We recommended and the Municipal Accountant agreed to:

- 3.10.1 Determine the total amount of penalties collected from RPT and SET that were incorrectly credited to the respective receivable accounts instead of being recognized as income, covering CY 2024 and prior periods;**
- 3.10.2 Prepare the necessary adjusting entries to effect the corrections in the financial statements to ensure accurate financial reporting; and**

3.10.3 Henceforth, ensure that all penalties collected from RPT and SET are properly recognized as income at the time of collection, in compliance with Section 23 of the NGAS Manual and COA Circular No. 2015-009.

Erroneous Recording of Public Information Equipment or Device

- 4. The cost of an outdoor LED wall display, amounting to ₱3,997,000.00, was erroneously recorded in the books of accounts as Office Equipment (1-07-05-020) instead of Information and Communication Technology Equipment (1-07-05-030), hence, both asset accounts and the related depreciation expense accounts were overstated and understated, respectively, as of December 31, 2024.**

4.1 COA Circular No. 2015-009 dated December 1, 2015, prescribes the Revised Chart of Accounts for Local Government Units to record and report the financial transactions of LGUs. Annex B thereof contains the description of accounts and the instructions, which partly provides:

<i>Account Title</i>	<i>Information and Communication Technology Equipment</i>
<i>Account Number</i>	<i>1-07-05-030</i>
<i>Normal Balance</i>	<i>Debit</i>
<i>Description</i>	<i>This account is used to record the cost incurred in the purchase of information and communication technology equipment, which includes hardware (computers, printers, scanners, and the like) and pre-loaded software such as but not limited to operating systems which are included in the cost of the computer hardware. This also includes data communications equipment and such other peripherals and auxiliary equipment necessary to put the system into operational mode. Credit this account for derecognition of the carrying amount of the replaced parts in major repairs, or disposal.</i>

<i>Account Title</i>	<i>Office Equipment</i>
<i>Account Number</i>	<i>1-07-05-020</i>
<i>Normal Balance</i>	<i>Debit</i>
<i>Description</i>	<i>This account is used to record the cost incurred in the purchase or assembly or fair value, if acquired through donation or transfers without cost, of office equipment for use in government operations. It includes duplicating/photocopying machines, air conditioning units and the like. Credit this account for derecognition of the carrying amount of the replaced parts in major repairs, or disposal.</i>

- 4.2 In CY 2024, the Municipality purchased a P4.8 outdoor LED wall display, wall mounted, with a size of 4m x 5m = 40sqm (H x W) and panel size of 1m x 0.5m (H x W), amounting to ₱3,997,000.00. The disbursement was covered by Disbursement Voucher No. 100-2024-08-5280 dated August 21, 2024. The related Purchase Request indicates that the purpose of the equipment is to serve as public information equipment for the Municipality's mega market.
- 4.3 However, the related Journal Entry Voucher covering the recording of the purchased equipment in the books of accounts of the Municipality showed that it was improperly recognized as Office Equipment (1-07-05-020).
- 4.4 As provided in the description of the account Information and Communication Technology Equipment (1-07-05-030), it is used to record the cost incurred in the purchase of information and communication technology equipment, which includes hardware (computers, printers, scanners, and the like) and pre-loaded software such as but not limited to operating systems which are included in the cost of the computer hardware. This also includes data communications equipment and such other peripherals and auxiliary equipment necessary to put the system into operational mode.
- 4.5 Hence, recording the above equipment as Office Equipment (1-07-05-020) instead of Information and Communication Technology Equipment (1-07-05-030) is inconsistent with the abovementioned Circular.
- 4.6 Consequently, both asset accounts, including the related depreciation expense accounts, were overstated and understated, respectively, as of December 31, 2024.
- 4.7 We recommended and the Municipal Accountant agreed to:**
- 4.7.1 Prepare the necessary accounting entries to rectify the recording of a P4.8 outdoor LED wall display costing ₱3,997,000.00, which was recognized as Office Equipment (1-07-05-020) instead of Information and Communication Technology Equipment (1-07-05-030), and to adjust the corresponding depreciation expense accounts; and**
- 4.7.2 Henceforth, refer to the description of accounts as a guide in recording expenses in the books of accounts in adherence to COA Circular No. 2015-009 dated December 1, 2015, to avoid making erroneous accounting entries in the books of accounts.**
- 4.8 The Municipal Accountant submitted JEV No. 100-2025-04-024 dated April 25, 2025, reclassifying the outdoor LED wall display and correcting the depreciation expense for the affected asset accounts.

LDRRM Erroneous Accounting Entries

5. Payments for various LDRRM supplies and equipment were incorrectly recorded, resulting in the overstatement of Other Supplies and Materials Inventory (₱168,334.00), Other Property, Plant and Equipment (₱99,500.00), and Other MOOE (₱40,250.00), and the understatement of Semi-Expendable Disaster Response and Rescue Equipment (₱109,595.00) and Disaster Response and Rescue Equipment (₱198,489.00), thereby affecting the accuracy of the financial statements as of December 31, 2024.

5.1 COA Circular No. 2012-002 dated September 12, 2012, provides for the accounting and reporting guidelines for the Local Disaster Risk Reduction and Management Fund (LDRRMF) of LGUs, National DRRM Fund given to LGUs, and receipts from other sources. Section 5.1.7 thereof states, “Equipment purchased for disaster response and rescue operations or activities shall be recorded in the General Fund books of accounts using the account Disaster Response and Rescue Equipment.”

5.2 COA Circular No. 2015-009 dated December 1, 2015, prescribes the Revised Chart of Accounts for Local Government Units to record and report the financial transactions of LGUs. Annex B thereof contains the description of accounts and the instructions, which partly provides:

<i>Account Title</i>	<i>Disaster Response and Rescue Equipment</i>
<i>Account Number</i>	<i>1-07-05-090</i>
<i>Normal Balance</i>	<i>Debit</i>
<i>Description</i>	<i>This account is used to record the cost incurred in the purchase or assembly or fair value, if acquired through donation or transfers without cost, of equipment used solely for disaster response and rescue activities. Credit this account for derecognition of the carrying amount of the replaced parts in major repairs, or disposal.</i>
	<i>Subsidiary Ledgers:</i>
	<i>01 – Firefighting Equipment and Accessories</i>
	<i>02 – Flood Rescue Equipment</i>
	<i>03 – Earthquake Rescue Equipment</i>
	<i>04 – Volcanic Eruption Rescue Equipment</i>
	<i>05 – Landslide Rescue Equipment</i>

5.3 On the other hand, COA Circular No. 2022-004 dated May 31, 2022, provides the guidelines on the implementation relative to the increase in the capitalization threshold from ₱15,000.00 to ₱50,000.00. Specifically, Section 4 thereof requires that tangible items that meet the definition and recognition criteria of Property, Plant, and Equipment (PPE) but cost is below ₱50,000.00 shall be accounted in the books of

accounts of the agencies as semi-expendable property. The Circular further states that the threshold shall be applied on an individual asset or per item basis. Each item within the bulk acquisition, such as library books, small equipment, computer peripherals, work animals, and the like, will need to meet the amount of below ₱50,000.00 to be recognized as semi-expendable property.

5.4 Relative thereto, in CY 2024, the Commission issued COA Circular No. 2024-006 dated March 14, 2024, which serves as a supplemental guideline on the implementation of COA Circular No. 2022-004. Annex B thereof provides the new accounts that shall be used in the implementation of the said Circular, which includes the following:

<i>Account Title</i>	<i>Semi-Expendable Disaster Response and Rescue Equipment</i>
<i>Account Number</i>	<i>1-04-05-080</i>
<i>Normal Balance</i>	<i>Debit</i>
<i>Description</i>	<i>This account is debited to recognize the cost of the purchased/acquired disaster response and rescue equipment costing less than the prescribed capitalization threshold for PPE, for use in disaster response and rescue activities. This account is credited upon issuance to end-users, impairment, transfer, loss, or other disposal, among others.</i>

5.5 In CY 2024, the Municipality procured various supplies and equipment, all charged against the LDRRMF. However, a review of the related Journal Entry Vouchers (JEV) showed that the payments of these procurements were erroneously recorded in the books of accounts. The reference documents, item descriptions, amounts, and the accounts used, versus the correct accounts, are shown in the following table:

Date	DV No.	Item Description	Amount	Account Debited	Correct Account
05-24-24	100-2024-05-4241	3 pcs. camping tent (capacity of 4)	₱11,400.00	Other Supplies & Materials Inventory	Semi-Expendable DRRE
08-08-24	100-2024-08-5213	Chainsaw	99,500.00	Other PPE	DRR Equipment
09-30-24	100-2024-09-5645	Supplies and materials	97,134.00	Other Supplies & Materials Inventory	Semi-Expendable DRRE
11-04-24	100-2024-11-6100	1 pc. CPR mannequin (Family pack)	98,989.00	Semi-Expendable DRRM	DRR Equipment
11-28-24	100-2024-12-6270	Installation of DRRM signage and information board to be used in the LDRRM operations center	59,800.00	Other Supplies & Materials Inventory	Semi-Expendable DRRE

Date	DV No.	Item Description	Amount	Account Debited	Correct Account
12-11-24	100-2024-10-5875	Label of DRRM temporary shelter facility	40,250.00	Other MOOE	Semi-Expendable DRRE
Total			₱407,073.00		

5.6 The summary of misstatement is presented below:

Incorrect Account Debited	Correct Account	Amount
Other Supplies & Materials Inventory	Semi-Expendable DRRE	₱ 168,334.00
Other MOOE	Semi-Expendable DRRE	40,250.00
Sub-total		₱ 208,584.00
Other PPE	DRR Equipment	99,500.00
Semi-Expendable DRRM	DRR Equipment	98,989.00
Sub-total		₱ 198,489.00
Total		₱ 407,073.00

5.7 Since these items were procured for LDRRM operations and activities, those with a unit cost of ₱50,000.00 and above should have been recorded under the account Disaster Response and Rescue Equipment (1-07-05-090), while those below the capitalization threshold should have been recorded under the account Semi-Expendable Disaster Response and Rescue Equipment (1-04-05-080).

5.8 As shown, the accounts Other Supplies and Materials Inventory (₱168,334.00), Other MOOE (₱40,250.00), and Other Property, Plant and Equipment (₱99,500.00) were overstated. Meanwhile, Semi-Expendable DRRE was understated by ₱109,595.00 and DRR Equipment by ₱198,489.00.

5.9 Furthermore, depreciation expense for Other PPE was overstated, while no depreciation expense was recognized for Disaster Response and Rescue Equipment.

5.10 These accounting errors resulted in the misstatement of affected accounts in the financial statements as of December 31, 2024.

5.11 We recommended that the Municipal Accountant reclassify the costs of various supplies and equipment recorded in the accounts Other Supplies & Materials Inventory, Other MOOE, and Other PPE to the proper accounts by making the following adjusting entries:

Semi-Expendable Disaster Response and Rescue Equipment	₱109,595.00
Disaster Response and Rescue Equipment	₱198,489.00
Other Supplies & Materials Inventory	₱168,334.00
Other MOOE	40,250.00
Other PPE	99,500.00

5.12 We further recommended that the corresponding depreciation expense computed for the account Other PPE be rectified, while the depreciation expense for the account Disaster Response and Rescue Equipment be properly recognized.

5.13 The Municipal Accountant submitted JEV No. 100-2025-04-023 dated April 25, 2025, reclassifying the payment of the above various LDRRM supplies and equipment to their appropriate accounts, rectifying the depreciation expense computed for the account Other PPE, and recognizing the depreciation expense for the account Disaster Response and Rescue Equipment.

Delinquent RPT and SET

6. Delinquent Real Property Taxes (RPT) and Special Education Taxes (SET), including penalties accruing thereon which accumulated to ₱21,847,664.76, remained uncollected as of December 31, 2024, thus, depriving the Municipality of substantial amount of income that could have been utilized to finance the implementation of various development projects or other major programs/projects/activities (PPAs).

6.1 Section 254 of Republic Act (RA) 7160 provides that:

“(a) When the real property tax or any other tax imposed under this Title becomes delinquent, the xxx municipal treasurer shall immediately cause a notice of the delinquency to be posted at the main entrance of the xxx municipal hall and in a publicly accessible and conspicuous place in each barangay of the local government unit concerned. The notice of delinquency shall also be published once a week for two (2) consecutive weeks, in a newspaper of general circulation in the xxx municipality.

(b) Such notice shall specify the date upon which the tax became delinquent and shall state that personal property may be distrained to effect payment. It shall likewise state that at any time before the distraint of personal property, payment of the tax with surcharges, interests and penalties may be made xxx, and unless the tax, surcharges and penalties are paid before the expiration of the year for which the tax is due except when the notice of assessment or special levy is contested administratively or judicially pursuant to the provisions of Chapter 3, Title II, Book II of this Code, the delinquent real property will be sold at public auction, and the title to the property will be vested in the purchaser, subject, however, to the right of the delinquent owner of the property or any person having legal interest therein to redeem the property within one (1) year from the date of sale.”

- 6.2 The balances of delinquent Real Property Tax (RPT) and Special Education Tax (SET) showed in the summary of delinquencies per barangay as of December 31, 2024, are summarized as follows (see details in *Appendix I*):

	Tax	Penalty	Total
Real Property Tax	₱ 10,727,244.08	₱ 196,588.30	₱ 10,923,832.38
Special Education Tax	10,727,244.08	196,588.30	10,923,832.38
Total	₱ 21,454,488.16	₱ 393,176.60	₱ 21,847,664.76

- 6.3 Inquiry with the Municipal Treasurer (MT) revealed that in CY 2024, Notices of Real Property Tax Delinquency were sent to delinquent taxpayers. However, not all delinquent taxpayers were notified because only those with at least ₱5,000.00 of unpaid taxes were selected. She further stated that the service of the Notices of Real Property Tax Delinquency was coursed through the barangay officials.
- 6.4 The MT mentioned that they usually reach out to delinquent taxpayers after the first quarter of the year. She added that they even offered a compromise agreement for settling tax dues. However, many delinquent taxpayers, especially those who are no longer residing in the Municipality, still failed to settle their tax obligations.
- 6.5 The MT also revealed that the notice of delinquency was neither posted at the main entrance of the municipal hall nor in publicly accessible and conspicuous places within each barangay of the Municipality. Additionally, the notice of delinquency was not published weekly for two consecutive weeks in a newspaper of general circulation in the municipality. This is contrary to the provisions of RA 7160 mentioned above.
- 6.6 The non-collection of the delinquent RPT and SET deprived the Municipality of substantial revenues, which could have been used to finance the implementation of various development projects or other major PPAs.
- 6.7 We recommended, and the Municipal Treasurer agreed to enforce the collection of delinquent real property taxes by conducting intensive tax campaigns in every barangay and by sending Notices of Delinquency to all delinquent taxpayers.**
- 6.8 We also recommended that Management consider applying the remedies for the collection of real property tax in accordance with the relevant provisions of RA No. 7160.**
- 6.9 The Municipal Treasurer explained that the Municipality is currently implementing the Real Property Valuation and Assessment Reform Act, which authorizes the grant of Tax Amnesty on Delinquent Real Properties for a period of 2 years. She added that they are in the process of sending notices regarding the Tax Amnesty Program. Additionally, they disseminate information through online platforms and by posting tarpaulins in various accessible locations within the Municipality, such as the Public Market, Municipal Plaza, Schools, and Municipal Hall.

LDRRM purchases through Small Value Procurement

7. Purchases totaling at least ₱548,234.00 were charged to the LDRRMF through Negotiated Procurement–Small Value Procurement, bypassing competitive bidding, without justifying the need for this alternative procurement method and without meeting the required posting, contrary to the relevant provisions of the Revised IRR of RA No. 9184, thus, failing to ensure economy, efficiency, and the most advantageous prices.

7.1 Section 10, Rule IV of the Revised Implementing Rules and Regulations (IRR) of Republic Act (RA) No. 9184 states that, “All procurement shall be done through competitive bidding, except as provided in Rule XVI of this IRR.” (*Underscoring ours.*)

7.2 Further, Section 48.1 of the same IRR provides, “Subject to the prior approval of the HoPE, and whenever justified by the conditions provided in this Act, the Procuring Entity may, in order to promote economy and efficiency, resort to any of the alternative methods of procurement provided in this Rule. In all instances, the Procuring Entity shall ensure that the most advantageous price for the Government is obtained.”

7.3 Furthermore, Section 48.2 of the IRR provides that “In accordance with Section 10 of this IRR, as a general rule, the Procuring Entities shall adopt competitive bidding as the general method of procurement and shall see to it that the procurement program allows sufficient lead time for such competitive bidding. **Alternative methods of procurement shall be resorted to only in highly exceptional cases provided for in this Rule.**” (*Emphasis supplied.*)

7.4 Among the alternative modes of procurement is negotiated procurement. Under Section 53 of the IRR, “Negotiated Procurement is a method of procurement of Goods, Infrastructure Projects and Consulting services, whereby the Procuring Entity directly negotiates a contract with a technically, legally and financially capable supplier, contractor or consultant in any of the following cases:

53.9 Small Value Procurement. Procurement of Goods, Infrastructure Projects and Consulting Services, where the amount involved does not exceed the threshold prescribed in Annex “H” of this IRR: Provided, That in case of Goods, the procurement does not fall under shopping in Section 52 of this IRR.”

7.5 The threshold for small value procurement in the case of a fourth-class Municipality is ₱100,000.00, as prescribed in Annex “H” of the IRR.

7.6 In CY 2024, the Municipality conducted at least nine procurement activities totaling ₱548,234.00 through Negotiated Procurement–Small Value Procurement, charged to their Local Disaster Risk Reduction and Management Fund (LDRRMF). These are covered by the following reference documents and particulars:

Date	DV No.	Item Description	Amount
05-24-24	100-2024-05-4241	Various supplies to be used for the 3-day Basic Ropemanship, High and Low Angle Rescue, and First Aid Training	₱ 11,400.00
06-03-24	100-2024-05-4258	Meals and snacks for the 3-day Basic Ropemanship, High and Low Angle Rescue, and First Aid Training	42,000.00
08-08-24	100-2024-08-5213	Chainsaw	99,500.00
08-09-24	100-2024-08-5214	Rubber boat trailer	94,500.00
09-30-24	100-2024-09-5645	Supplies and materials	97,134.00
11-28-24	100-2024-11-6100	DRRM signage and information board to be used in the LDRRM operations center	59,800.00
12-11-24	100-2024-12-6270	DRRM label for the temporary shelter facility	40,250.00
1-13-25	100-2024-12-6487	Meals and snacks during the conduct of 5-day Water Rescue and Basic First Aid Training on Dec. 2-6, 2024	87,500.00
1-15-25	100-2024-12-6536	Snacks for the participants during the conduct of the 4th Quarter National Simultaneous Earthquake Drill on Nov. 14, 2024	16,150.00
Total			₱ 548,234.00

7.7 Our review of the related Disbursement Vouchers (DVs) and their supporting documents revealed that, contrary to the aforementioned regulations, Management’s decision to utilize Negotiated Procurement–Small Value Procurement for procuring the items listed in the table above was not based on the conditions provided in RA 9184 and its revised IRR. In fact, the Bids and Awards Committee (BAC) resolution recommending this alternative procurement modality did not specify the conditions or reasons why Management chose this approach.

7.8 We wish to emphasize that Negotiated Procurement–Small Value Procurement, as an alternative method of procurement, can only be used by the Procuring Entity upon determination of the existence of the conditions set forth in Sections 48 and 53.9, along with the Guidelines provided in Annex “H” of the 2016 IRR of RA 9184.

7.9 Further examination of the DVs and their supporting documents revealed that there was no documentary proof or evidence that the posting requirements were complied with. Section 54.2 of the revised IRR of RA 9184 mandates that for Small Value

Procurement (For ABC above Fifty Thousand Pesos (₱50,000.00)), “the BAC, through its Secretariat, shall post the invitation or request for submission of price quotations/proposals in the PhilGEPS website, the website of the Procuring Entity concerned, if available, and at any conspicuous place reserved for this purpose in the premises of the Procuring Entity for a period of at least three (3) calendar days.”

- 7.10 Additionally, Section 54.3 of the same IRR states that for all alternative modes of procurement, the BAC, through the Secretariat, must also post, for information purposes, the notice of award, contract or purchase order, and notice to proceed (if applicable) in the same locations, except for contracts with an ABC of ₱50,000.00 and below.
- 7.11 Management is reminded to carefully plan their procurement activities to allow the BAC to conduct a wide dissemination of bid opportunities by posting the Invitation to Bid (ITB), giving qualified suppliers an equal chance to participate in public bidding.
- 7.12 Given the above, promoting economy and efficiency, as well as securing the most advantageous prices, was not ensured.
- 7.13 We recommended and Management agreed that henceforth, the BAC undertake procurements through competitive bidding in accordance with Section 10, Rule IV of the IRR of RA 9184, except as provided in Rule XVI of the IRR.**
- 7.14 We further recommended and Management agreed to use Negotiated Procurement–Small Value Procurement only if they can establish compliance with the requirements specified in Annex “H,” Sections 48 and 53.9 of the 2016 IRR of RA 9184.**
- 7.15 We furthermore recommended and the BAC agreed to strictly comply with the posting requirements mandated by RA 9184 and its 2016 IRR.**
- 7.16 The Municipal Budget Officer mentioned that it has been their practice as a 4th-class Municipality to use SVP for the procurement of items not exceeding the ₱100,000.00 threshold, but they resolved to properly plan the Municipality’s procurement activities to avoid similar errors in the future.

Dauin Public Market and its dormitory furniture, bedding, and accessories

8. The completion of the Dauin Public Market and its dormitory furniture, bedding, and accessories, which was reported as 100% complete in CY 2023, was determined to be only 99.62% complete upon inspection by a COA Technical Audit Specialist, resulting in an overpayment of ₱107,227.00.

8.1 On February 24, 2023, the Municipality entered into a contract for the completion of the Dauin Public Market and the supply of dormitory furniture, bedding, and accessories for the Dauin Public Market, with a contract amount of ₱27,996,286.04.

8.2 The project was reported to be 100% complete as of July 3, 2023, based on the Statement of Work Accomplished (SWA) attached to the payment of final billing under Check No. 1627316 and Disbursement Voucher (DV) No. 100-2023-09-2554 dated October 16, 2023.

8.3 Furthermore, as indicated on the Certificate of Completion dated September 12, 2023, issued by the Municipal Engineer, the project was deemed to have been satisfactorily completed in accordance with the contract's plans and specifications.

8.4 However, an ocular inspection conducted by the Technical Audit Specialist (TAS) on October 10, 2024, revealed that the project was only 99.62 percent complete instead of 100 percent, as stated in their Inspection Report dated November 12, 2024. The discrepancy between the reported accomplishment and the verified accomplishment is detailed in the table below.

Work Items Involved		Agency's Reported Accomplishment			COA Verified Accomplishment		
No.	Description	Amount	% Completed	Wt%	% Completed	Wt. %	Amount
I	Microphone outlet	₱ 7,088.00	100	0.025	50%	0.013	₱3,544.00
II	DBX EQ215	17,902.00	100	0.064	0%	0.000	-
III	Amplifier ITC-TI-350TB	68,998.00	100	0.246	0%	0.000	-
IV	Mixer	16,783.00	100	0.060	0%	0.000	-
	Total	₱110,771.00		0.395		0.013	₱3,544.00

8.5 As shown above, several audio system components, including a microphone outlet, a DBX EQ215, an amplifier, and a mixer were either missing or not installed at the time of the inspection. These items, valued at ₱107,227.00, were included in the final billing and were paid for despite their absence or incomplete installation.

8.6 The difference of 0.38 percent between the reported accomplishment and the verified accomplishment, corresponding to an amount of ₱107,227.00, is shown below:

	Difference	
	Wt%	Amount
Agency's Reported Accomplishment	0.395	₱ 110,771.00
COA Verified Accomplishment	0.013	₱ 3,544.00
Difference	0.382	₱ 107,227.00

8.7 The premature certification of project completion and the subsequent full payment, despite the noted deficiencies, resulted in the overpayment of ₱107,227.00. This impairs the reliability of the completion reports submitted by the implementing office and raises concerns about the effectiveness of project monitoring and validation prior to payment. It also reflects lapses in internal control, particularly in the verification and inspection processes, which may expose public funds to the risk of loss or misuse.

8.8 We recommended and the Municipal Mayor and the Municipal Engineer agreed to inform the contractor of the deficiencies noted and require them to either complete the remaining work items or refund the amount corresponding to the uninstalled components, totaling ₱107,227.00.

8.9 We further recommended and Management agreed to enhance its monitoring and validation procedures by ensuring that all work items are physically verified and accounted for prior to certifying project completion and processing the final payment.

8.10 Management sent a letter dated April 28, 2025, addressed to the contractor, requesting that they resolve the identified deficiencies and complete the remaining items in accordance with the specifications outlined in the POW.

Toiletries and other supplies for the Dauin Mega Market (DMM) Hotel

9. Toiletries and other supplies for the Dauin Mega Market (DMM) Hotel, totaling ₱4,500.00, could not be fully accounted for because their utilization was not documented with duly accomplished Requisition and Issue Slips while the Summary of Supplies and Materials Issued was not prepared, inconsistent with the relevant provisions of the NGAS Manual for LGUs, Volume I, thus, proper monitoring and accounting of these toiletries and supplies could not be ensured.

9.1 Section 116 of the New Government Accounting System (NGAS) Manual for Local Government Units (LGUs), Volume I, provides the requisition procedures for supplies, while Section 121 details the reporting on the issuance of supplies/materials, viz:

“Sec. 116. Requisition Procedures. – (a) Requirement of Requisition - Any order for supplies shall be filled by the provincial general services officer, the city general services officer, or the municipal treasurer, as the case maybe, for any office or department of the LGU concerned only upon written requisition.

(b) Forms to be used - Requisitions shall be accomplished using the following forms:

- (1) Requisition Issue Slip (RIS) - for supplies carried in stock; and
- (2) Purchase Request (PR) - for supplies not carried in stock.

(c) Preparation of Requisition - At the beginning of the year, the Office of the General Services Officer (GSO) or the Municipal Treasurer, as the case maybe, shall prepare a PR for supplies and materials needed for the quarter based on the approved Annual Procurement Program. Subsequent requisition from stock shall be made by the head of office or department needing the supplies. A Supplies Availability Inquiry (SAI) shall be used to inquire as to availability of supplies needed from the Office of the Chief Accountant. If supplies are available, the RIS shall be prepared and submitted to the GSO/Local Treasurer for the issuance of supplies. If the supplies needed are not available from stock, a PR shall be prepared.

The head of office or department needing the supplies shall certify as to their necessity for official use and shall specify the project or activity where the supplies or property are to be used.

Sec. 121. Reporting on Issuance of Supplies/materials. – The General Services Officer or the Local Treasurer, as the case maybe, 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 cost of supplies issued 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.”

9.2 In CY 2023, the Municipality completed the Dauin Public Market Project and the furnishing of the Dormitory, including bedding and accessories for a total contract amount of ₱27,996,286.04. The final billing was covered by Check No. 1627316 and Disbursement Voucher No. 100-2023-09-2554 dated October 16, 2023. The contract also included various toiletries and other supplies, totaling ₱4,500.00:

Item No.	Item Description	Unit	Quantity	Unit Price	Amount
1	Tissue	Pcs.	50	18.00	₱ 900.00
2	Trash Bag	Pcs.	50	3.00	150.00
3	Dental Kit	Pcs.	50	19.00	950.00
4	Soap	Pcs.	50	10.00	500.00
5	Shampoo	Pcs.	50	15.00	750.00
6	Coffee, Creamer, Sugar	Pcs.	50	10.00	500.00
7	Complimentary Water	Pcs.	50	15.00	750.00
Total					₱ 4,500.00

9.3 In the Statement of Work Accomplishment (SWA) dated July 3, 2023, the Municipal Engineer certified that the work was completed according to the plans, specifications, and requirements, and that it had been duly inspected, verified, and previously accepted.

9.4 On February 20, 2025, the Audit Team Member conducted an inventory of the items mentioned above, following the Technical Inspection Report, in which the Technical Audit Specialist noted that the toiletries could no longer be verified during his inspection and were, therefore, subject to further inventory by the Audit Team. However, there were no remaining toiletries or other supplies because, according to the DMM Hotel staff, these had already been consumed. When asked for the consumption report or any related document, the DMM Hotel staff could not provide any.

9.5 On February 26, 2025, Management submitted a consumption report for the abovementioned toiletries and other supplies, detailing their withdrawals on various dates. A summary of these withdrawals is presented in the table below:

Date	Toiletries and Other Supplies							Total
	Tissue	Trash Bag	Dental Kit	Soap	Shampoo	Coffee, Creamer, & Sugar	Water	
09-18-23	21	7	11	11	11	11	11	83
10-09-23	1	1	1	1	1	1	1	7
10-27-23	4	4	8	8	8	8	8	48
11-06-23	1	1	6	6	6	6	6	32
11-17-23	2	2	3	3	3	3	3	19
11-24-23	5	10	13	13	13	13	13	80
12-15-23	6	5	8	8	8	8	8	51
01-03-24	4	4	-	-	-	-	-	8
02-01-24	6	10	-	-	-	-	-	16
03-11-24	-	6	-	-	-	-	-	6
Total	50	50	50	50	50	50	50	350

9.6 The consumption report submitted by Management was not supported by duly prepared and approved RIS and SSMI. Only a photocopy of the logbook for the consumption of DMM Hotel supplies and a summary were provided. Management is reminded that this is contrary to the aforementioned regulations. The issuance of toiletries and other supplies for DMM Hotel should have been supported by an RIS, followed by the preparation of the related SSMI.

9.7 As a result, the proper monitoring and accounting of DMM Hotel toiletries and other supplies were not ensured, leaving a total of ₱4,500.00 not properly accounted for.

9.8 We recommended and Management agreed to ensure strict compliance with the provisions of Sections 116 and 121 of the NGAS Manual for LGUs, Volume I, regarding the requisition procedures for supplies and the reporting of their issuance, respectively.

Gender and Development

10. The GAD Plan and Budget (GPB) and GAD Accomplishment Report (AR) were not submitted to the PPDO, DILG Provincial Office, and the concerned Audit Team within the prescribed period, for the alignment of the Municipality's GAD PPAs to the priorities of the Province and for review and endorsement, respectively, contrary to Section 4.0 of the PCW, DILG, DBM and NEDA JMC No. 2016-01 dated January 12, 2016 and COA Circular No. 2014-001 dated March 18, 2014, thus, gender responsiveness of the programs and activities was not assured.

10.1 The Philippine Commission on Women (PCW), Department of the Interior and Local Government (DILG), Department of Budget and Management (DBM) and National Economic and Development Authority (NEDA) Joint Memorandum Circular (JMC) No. 2016-01 dated January 12, 2016 was issued to amend parts of PCW-DILG-DBM-NEDA JMC No. 2013-01 to clarify the process of costing, allocation and attribution of the GAD budget, as well as the duties and functions of the DILG as the lead agency in the review, endorsement and monitoring of submission of GPB and GAD AR of Local Government Units (LGUs).

Section 4.0 of the JMC partly states, thus:

“Section 4.1.C.5 (Schedule to be observed in GAD Planning and Budgeting) are hereby amended to read as follows:

C.5 Schedule to be Observed in GAD Planning and Budgeting

- 1) January (a year before budget year) - The Local chief Executive (LCE) shall issue directive (i.e., memo or executive order) to all LGU department/offices for the preparation of their annual GPB and annual GAD AR (eg., LGU FY 2017 GPB and FY 2015 GAD AR).

- 2) January-February - All LGU departments/offices including barangays shall formulate their GAD AR of the preceding year. Based on its accomplishments in the preceding year and the results of the conduct of gender analysis to determine the existing gender issues of the locality, the LGU departments/offices shall prepare its GPB proposal for the succeeding year for submission to the LGU GAD Focal Point System (GFPS). The LGU GFPS Technical working Group (TWG) shall review and consolidate the inputs submitted by the LGU departments/offices for the preparation of the LGU GPB and GAD AR.
- 3) March - The consolidated GPBs, together with the GAD ARs, shall be submitted to the City/Municipal Planning Development office (C/MPDO) in the case of barangays; and to the Provincial Planning Development office (PPDO) in the case of component cities and municipalities to ensure the alignment of the GAD PPAs of the concerned LGU to the priorities of the LGU exercising jurisdiction over it. Afterwards, the GPBs shall be submitted not later than March 31 to the DILG City/Municipal Local Government Operations Officer (C/MLGOOI) in the case of barangays, and the DILG Provincial Office in the case of component cities and municipalities for review and endorsement.”

10.2 However, in the audit of its GAD Programs, we noted that the Municipality submitted its FY 2024 GPB to the Provincial Planning and Development Office (PPDO) only on November 14, 2023, contrary to the aforesaid regulations that requires the GFPS TWG to submit the consolidated GPBs, along with the GAD ARs, in March to the PPDO and not later than March 31 to the DILG Provincial Office.

10.3 Since the Municipality did not submit the GPB to the PPDO within the prescribed period, the PPDO was unable to conduct a timely review of its FY 2024 GPB to ensure alignment of its GAD PPAs to the priorities of the Provincial Government. The Municipality’s failure to submit the GPB to the DILG Provincial Office likewise did not allow a timely review and endorsement, thus, gender-responsiveness of the PPAs in the GPB was not assured.

10.4 On the other hand, Section C.8 (5) of the PCW-DILG-DBM-NEDA JMC No. 2013-01 states that the annual GAD AR shall be accompanied by the following: (1) brief summary of the reported program or project; (2) copies of reported policy issuances; (3) results of HGDG tests; and (4) actions taken by the LGU on the COA audit findings and recommendations.

- 10.5 It is worth mentioning that Item V of COA Circular No. 2014-001 dated March 18, 2014, provides that the audited agency shall submit a copy of the Annual GPB to the COA Audit Team assigned to the agency within five (5) working days from the receipt of the approved plan from the PCW or their mother or central offices, as the case maybe. Likewise, a copy of the corresponding Accomplishment Report shall be furnished to the Audit Team within five (5) working days from the end of January of the preceding year.
- 10.6 Inconsistent with the above requirements, Management was unable to submit a copy of their Annual GPB and the corresponding AR to the Audit Team within the specified timeframe. Additionally, we noted that the AR was not accompanied by the required reports.
- 10.7 We recommended that Management submit the GPB and AR to the PPDO and DILG Provincial Office within the prescribed period in accordance with Section 4.0 of PCW-DBM-DILG-NEDA JMC No. 2016-01 dated February 12, 2016.**
- 10.8 We also recommended and Management agreed to strictly adhere to Item V of COA Circular No. 2014-001 dated March 18, 2014, for the timely submission of the said reports to the COA Audit Team.**
- 10.9 We further recommended that Management ensure that the GAD AR is accompanied by the required reports listed under Section C.8 (5) of the PCW-DILG-DBM-NEDA JMC No. 2013-01.**
- 10.10 The current GAD Focal Person stated that she cannot find the GAD-related documents from her predecessor regarding the above observation. However, she promised that she will adhere to the timelines moving forward. She also mentioned that she will secure the required supporting documents and process the CY 2024 GAD Accomplishment Report as soon as possible.

Special Education Fund

- 11. The Local School Board (LSB) was unable to provide copies of the CY 2024 SEF Annual Budget to the Municipal Accountant, Budget Officer, and Treasurer within the expected timeline and has not fully complied with the required posting of the Quarterly SEF Utilization Reports or with its submission to DepEd and other authorities as stipulated in Item 6.1 of the DepEd-DBM-DILG JC No. 1, s. 2017 dated January 19, 2017, which undermines the effective monitoring, transparency, and accountability in SEF allocation and utilization.**

- 11.1 The Department of Education, Department of Budget and Management, and the Department of the Interior and Local Government (DepEd-DBM-DILG) issued Joint Circular (JC) No. 1 dated January 19, 2017 to provide the revised guidelines on the use of the Special Education Fund (SEF.) Specifically, Item 6.1 of the JC states that:

6.1 To promote and enhance transparency and accountability in the allocation and utilization of the SEF, the parties concerned shall comply with the following:

Activities and Documents	Person/s Responsible	Indicative Timelines
Furnish the Local Budget Officer, the Local Accountant, and the Local Treasurer a copy of the SEF Budget as basis for disbursement or certification of availability of funds and for recording purposes	LSB	Not later than seven (7) days after the approval of the SEF Budget
Submit quarterly and annual reports using the SEF Budget Accountability Form No. 1 (Annex B) on SEF Utilization, as prepared by the Local Accountant, to the DepEd CO, through appropriate channels, copy furnished the local sanggunian concerned and Regional Offices of the DBM and DILG The appropriate DepEd offices shall prepare the consolidated provincial and regional reports	LSB DepEd representative in the LSB	For quarterly reports, not later than the 20th day after the end of the quarter, and for annual reports, not later than the 15th day of February of the following year
Post the utilization report of the SEF Budget in the website of the LGU and/or in at least three (3) conspicuous public places for transparency and accountability in compliance with the Full Disclosure Policy of the DILG	LSB	Pertinent deadline consistent with the Full Disclosure Policy of the DILG

11.2 The audit team's assessment of the Municipality's compliance with the above provision yielded the following results:

11.3 No monitoring to determine whether the SEF Annual Budget for CY 2024 was furnished to the Municipal Treasurer, Municipal Budget Officer, and Municipal Accountant within the indicative timeline of not later than seven days after approval.

11.3.1 A phone inquiry with the District Supervisor revealed that they had provided a copy of the SEF Annual Budget for CY 2024 to the required recipients, but no transmittal letter was included. Also, an inquiry with the Municipal Accountant revealed that her office, along with the offices of the Municipal Budget Officer and the Municipal Treasurer, had been furnished a copy of the SEF Budget for CY 2024, however, they did not indicate the date of receipt on their copies. Although the required offices were given a copy of the SEF Budget for CY 2024, there was no indication or any proof that these were provided within the indicative timeline.

11.4 Non-submission of quarterly and annual reports using the SEF Budget Accountability Form No. 1 on SEF Utilization

11.4.1 A phone inquiry with the Municipal Accountant revealed that the SEF Utilization Reports prepared by their office had not been submitted quarterly and annually to the DepEd Central Office, with copies furnished to the Sangguniang Bayan, as well as to the Regional Offices of the DBM and DILG. Also, an inquiry with the District Supervisor revealed that they would submit the SEF Utilization Report to the Division Office but were unaware if it had been forwarded to the required offices.

11.5 Absence of full compliance with the posting requirement of the SEF Utilization Report

11.5.1 The Municipality had already prepared a position for the SEF Utilization Reports on the Full Disclosure Policy Bulletin Boards located at the Municipal Hall, Municipal Conference Hall, and Municipal Plaza. The Municipal DILG representative mentioned that the bulletin board at the Municipal Plaza is broken, so only two of the three bulletin boards are in use. However, they have already requested its repair. Upon verification, the reports were prepared and uploaded to the DILG's Full Disclosure Policy Portal but were not posted on the bulletin boards until the day of the physical inspection.

11.6 Overall, the LSB was unable to fully comply with all the required activities under Item 6.1 of DepEd-DBM-DILG JC No. 1, series of 2017, thereby hindering the attainment of the national objective of promoting and enhancing transparency and accountability in the allocation and utilization of the SEF.

11.7 We recommended that the LSB ensure the proper documentation and timely dissemination of the approved SEF Budget to the Municipal Budget Officer, Municipal Accountant, and Municipal Treasurer, in accordance with the requirements of Item 6.1 of DepEd, DBM, and DILG Joint Circular No. 1, s. 2017.

11.8 We further recommended that the Municipal Accountant, in coordination with the LSB, ensure the prompt and regular submission of the quarterly and annual SEF Utilization Reports to the DepEd Central Office, the Sangguniang Bayan, and the DBM and DILG Regional Offices as mandated by the same Circular.

11.9 Lastly, we recommended that the LSB establish a monitoring system to ensure the timely submission of required reports to avoid future delays.

11.10 The District Supervisor responded that they had provided a copy of the SEF Work and Financial Plan for CY 2024, but did not include a transmittal. They submitted a transmittal for the SEF Work and Financial Plan for CY 2025, which was received by the required persons on April 29, 2025.

B. OTHER MANDATORY AREAS

Compliance with Mandatory Deductions and Tax Laws

12.1 The Municipality of Dauin complied with tax laws on the withholding of taxes from salaries and wages, and other services, as well as Value-Added-Tax from purchases of goods and services. Taxes withheld were remitted to the Bureau of Internal Revenue within the reglementary period, which is every 10th of the following month.

12.2 Taxes withheld during the year from salaries, wages, and other services, including Value-Added Taxes withheld from suppliers and contractors and documentary stamps collected, were remitted to the Bureau of Internal Revenue (BIR) pursuant to existing Revenue Regulations. As of December 31, 2024, the remaining balance in the Due to BIR account was ₱3,105,007.08. Of this amount, ₱2,938,143.70 was remitted on January 3, 2025, and ₱12,392.62 on February 5, 2025. The unremitted balance of ₱154,470.76 has been adjusted in the books.

12.3 The current outstanding balance of the Due to PAG-IBIG account as of December 31, 2024, totaling ₱63,946.50, was remitted on January 3, 2025. Conversely, the Due to PhilHealth account balance as of December 31, 2024, totaling ₱382,673.71, had amounts of ₱149,124.20 and ₱1,240.40 remitted on January 3, 2025, and February 10, 2025, respectively. The remaining unremitted amount of ₱232,309.11 is still pending further verification.

12.4 Lastly, regarding the Due to GSIS account balance of ₱1,232,158.74 as of December 31, 2024, ₱988,429.08 and ₱20,258.81 were remitted on January 3, 2025 and February 21, 2025, respectively. The remaining amount of ₱223,470.85 pertains to unidentified accounts. To date, the GSIS has a partial computation of unpaid premiums and loan deficiencies, which are still subject to further verification.

C. SUMMARY OF SUSPENSIONS, DISALLOWANCES AND CHARGES

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

Particulars	Ending Balance (As of 12/31/2023)	NS/ND/NC Issued from 01/01/2024 to 12/31/2024	NS/ND/NC Settled from 01/01/2024 to 12/31/2024	Ending Balance (As of 12/31/2024)
Suspensions	₱ 2,370,417.00	₱ 0.00	₱ 0.00	₱ 2,370,417.00
Disallowances	3,445,935.78	0.00	0.00	3,445,935.78
Charges	0.00	0.00	0.00	0.00

13.2 Further, the table below shows the respective balances of suspensions and disallowances of ₱2,370,417.00 and ₱3,445,935.78, respectively, with breakdown as to timing and age as follows:

Timing	Age	NS	ND
07/01/2022 to 12/31/2024 (Current Administration)	Less than 1 year to 2.5 years	₱ 0.00	₱ 0.00
07/01/2019 to 06/30/2022	More than 2.5 to 5.5 years	0.00	0.00
07/01/2016 to 06/30/2019	More than 5.5 to 8.5 years	0.00	0.00
07/01/2013 to 06/30/2016	More than 8.5 to 11.5 years	0.00	0.00
07/01/2010 to 06/30/2013	More than 11.5 to 14.5 years	2,343,417.00	711,200.00
10/06/2009 to 06/30/2010	More than 14.5 to 15.25 years	27,000.00	0.00
For verification		0.00	2,734,735.78
Total		₱ 2,370,417.00	₱3,445,935.78

13.3 Of the total balance of disallowances of ₱3,445,935.78, 18.67% has already attained finality and issued with Notice of Finality of Decision (NFD). Of the disallowances that had become final, 100% were issued with COA Order of Execution (COE).

13.4 Of the total suspensions of ₱2,370,417.00, 0% is pending evaluation by the Audit Team while 100% is still for settlement by persons determined responsible. Under the RRSA, a suspension should be settled within ninety (90) calendar days from receipt of the NS; otherwise, the transaction covered by it shall be disallowed/charged after the Auditor is fully satisfied that such action is appropriate. Consequently, the Auditor shall issue the corresponding ND/NC.

D. OTHER MATTERS

14. We have audited the other audit areas specified under the 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 RECOMMENDATION

STATUS OF IMPLEMENTATION OF PRIOR YEARS' AUDIT RECOMMENDATIONS

Of the 99 prior years' recommendations, 25 were implemented and 74 were unimplemented, as shown in the results of validations presented below:

Ref.	Audit Observations	Audit Recommendations	Status of Implementation
AAR 2023 p.30	1. The Municipality did not take advantage of the one-time cleansing of Property, Plant, and Equipment (PPE) due to non-compliance with the guidelines and procedures of COA Circular No. 2020-006 dated January 31, 2020, thus adversely affecting the fairness of the presentation of the PPE accounts with a net book value of ₱450,657,062.98 as of December 31, 2023, and may deprive Management of reliable and useful information in decision-making and accountability for these assets.	1. We recommended that Management prioritize the implementation of the one-time cleansing of PPE accounts by strictly following the guidelines and procedures provided in COA Circular No. 2020-006 dated January 31, 2020, to have reliable PPE balances that are verifiable as to existence, condition, and accountability.	Unimplemented The Municipality had yet to conduct a physical inventory count.
AAR 2023 p.32	2. Due to the absence of a specific project description in the appropriation ordinance, lack of proper coordination, and miscommunication between the MBO, MPDC, and ME, two infrastructure projects with appropriations amounting to ₱700,000.00 and ₱869,820.78 were implemented under various Program	2. We recommended that the ME, MPDC, and MBO properly coordinate in preparing the project plans and program of works of projects before the approval of the Annual Investment Plan and the Annual Budget.	Unimplemented Management had yet to submit the relevant documents for validation.

Ref.	Audit Observations	Audit Recommendations	Status of Implementation
	of Works, creating confusion in the budget monitoring and the implementation thereof. Hence, the desired output of Management may not have been fully achieved.	<p>3. We also recommended that the project plan and POW become the basis for setting definite and realistic timelines of programs, projects, and activities (PPA) in the AIP.</p> <p>4. We further recommended that the APP contain all the vital information about the projects to be implemented.</p>	<p>Unimplemented Management still had not properly planned the timelines of the PPAs in the AIP.</p> <p>Unimplemented Management still had not properly planned the details of the PPAs in the APP.</p>
<p>AAR 2023 p.35</p> <p>AAR 2020 p.55</p>	<p>3. The Municipality continued to grant hazard pay to its 14 Public Health Workers (PHWs) amounting to ₱891,954.30 from January 2023 to November 2023 without adhering to the conditions set forth under R.A. No. 7305, and likewise without fulfilling the documentary requirements listed in COA Circular No. 2012-001 dated June 14, 2012, thus rendering the propriety and validity of the payments questionable.</p>	<p>5. We recommended that Management strictly observe the provisions of R.A. No. 7305 and its revised IRR for the grant of hazard pay to its PHWs.</p> <p>6. We further recommended that Management secure the documentary requirements for the payment of hazard pay to the PHWs as listed under COA Circular No. 2012-001 dated June 14, 2012.</p>	<p>Implemented</p> <p>Implemented</p>
<p>AAR 2023 p.39</p>	<p>4. The Municipality did not close its checking account with the Philippine Veterans Bank (PVB) with a bank balance amounting to ₱111,021.18 even if it has already become dormant as of December 31, 2023, thus affecting the efficiency of utilizing</p>	<p>7. We recommended that Management immediately close their checking account with the PVB and appropriate the money for the implementation of programs and projects that are beneficial to the constituents of the Municipality, subject to the usual</p>	<p>Implemented</p>

Ref.	Audit Observations	Audit Recommendations	Status of Implementation
		interest of the Municipal government.	
AAR 2023 p.44	7. The propriety and legality of the hiring of a consultant to provide technical assistance, conduct research and detailed study of the existing water system, and develop a comprehensive master plan and design of the waterworks system are questionable because it was not done through competitive bidding nor any of the alternative modes of procurement, which is inconsistent with the relevant provisions of RA No. 9184 and its revised IRR, thereby failing to achieve transparency in the procurement thereof.	12. We recommended that Management strictly follow the appropriate procurement procedures provided under R.A. No. 9184 and its revised IRR when hiring a technical consultant to ensure transparency, economy, and efficiency.	Unimplemented Management still had transactions during the year which were not compliant with the procurement procedures outlined in R.A. No. 9184 and its revised IRR.
AAR 2023 p.47	8. The two units of ambulances owned by the Municipality were not covered by DOH-License to Operate as required under DOH Administrative Order (AO) No. 2018-0001 dated January 26, 2018. Thus, the assurance that the ambulances operate with competent personnel and appropriate equipment to respond to medical emergencies, provide quality care, and ensure patient safety may not be fully attained.	13. We recommended that Management take immediate action to comply with the requirements stated in DOH AO No. 2018-0001 dated January 26, 2018, to obtain the required license for the two units of ambulance. This will enable the Municipality to rectify the existing non-compliance and ensure that the ambulances operate in accordance with the necessary standards and regulations established by the DOH.	Unimplemented Management had not yet registered one of their ambulances as a Patient Transport Vehicle since the personnel of the Health Facilities and Services Regulatory Bureau (HFSRB) had yet to conduct their inspection.

Ref.	Audit Observations	Audit Recommendations	Status of Implementation
AAR 2023 p.49	9. Because of the need to immediately address the ASF virus outbreak, the Municipality granted financial assistance amounting to ₱9,913,900.00 to hog growers severely affected by the situation despite the absence of clear-cut policies or an ordinance setting the guidelines for the grant thereof, which is not in accordance with Section 447 R.A. No. 7160 thus, efficient and effective implementation of the program might not have been ensured.	14. We recommended that Management formulate and establish clear-cut policies and guidelines for providing financial assistance to hog growers affected by the African Swine Fever virus. These guidelines should encompass, but not be limited to, clearly defined eligibility criteria for affected hog growers, amount allocation for each classification of hog, specified documentation and reporting requirements, a defined process flow for detection, reporting, diagnostic requirements, culling, and compensation of affected hog growers, an application process and approval mechanism, and monitoring, and evaluation criteria.	Implemented
AAR 2023 p.51	10. Disbursement vouchers covering the payment of financial assistance amounting to ₱9,913,900.00 related to the ASF outbreak that was charged against the LDRRMF were not fully substantiated by relevant documents, which is not in consonance with Section 4(6) of Presidential Decree (P.D.) No. 1445 thus, the transactions lacked evidence to prove their propriety and validity.	15. We recommended that Management submit the relevant supporting documents to the DVs covering the payment of financial assistance amounting to ₱9,913,900.00 related to the African Swine Fever outbreak, which should be based on the clear-cut policies and guidelines that they have yet to formulate and establish.	Implemented

Ref.	Audit Observations	Audit Recommendations	Status of Implementation
		outstanding checks so that written notices can be sent to the payees a month before these become stale.	
AAR 2022 p.39	13. A net difference amounting to ₱48,989.73 of the account Cash-Local Treasury (1-01-01-010) in the General Fund (GF), Special Education Fund (SEF), and Trust Fund (TF) between the Treasury and Accounting records were not detected and corrected promptly because the required periodic reconciliation between the cashbooks and ledger balances was not done by the Municipal Treasurer and the Municipal Accountant, contrary to the pertinent provisions of the Local Treasury Operations Manual (LTOM), 2nd Edition and COA Circular No. 97-002 dated February 10, 1997, thus, the balance of the account Cash-Local Treasury (1-01-01-010) in the GF, SEF, and TF was not presented correctly and accurately in the financial statements as of December 31, 2022, affecting the reliability thereof.	21. We recommended that the Municipal Treasurer and the Municipal Accountant conduct the required periodic reconciliation between the cashbooks and the subsidiary accounting records so that differences between the two records can be determined and corrected/adjusted right away to ensure the fairness of the presentation of the cash account in the financial statements.	Unimplemented The Municipal Treasurer still had unreconciled items in the cash accounts of the Municipality due to unavailability of relevant documents for items dated before CY 2001.

Ref.	Audit Observations	Audit Recommendations	Status of Implementation
AAR 2022 p.45	14. The disbursements of the 20% Development Fund (DF) for advance payments, progress payments, final payments, and release of retention money amounting to ₱20,151,630.24 of various infrastructure projects procured through public bidding were not fully substantiated by the basic and additional documentary requirements prescribed under Sections 9.1 to 9.1.1.5 of COA Circular No. 2012-001 dated June 14, 2012, thus, the transactions' accuracy and validity could not be ascertained.	22. We recommended that the Municipal Accountant submit the lacking supporting documents as required under Sections 9.1 to 9.1.1.5 of COA Circular No. 2012-001 dated June 14, 2012, to enable the audit team to properly evaluate the accuracy and validity of the subject disbursements. 23. We further recommended that, henceforth, the Municipal Accountant ensure the completeness of the supporting documents for every transaction of the Municipality before payment is made in compliance with Section 4(6) of PD No. 1445.	Unimplemented The Municipal Accountant had only partially submitted the lacking as-built plans: Unimplemented Some transactions still had incomplete supporting documents in CY 2024.
AAR 2022 p.47	15. The Municipality failed to provide sufficient and vital information such as specific boundaries, stationing, landmarks, and symbols in the plans and drawings for various projects of road concreting implemented under the 20% Development Fund (DF), an indication that the detailed engineering activities provided under Annex A of the Revised Implementing Rules and Regulations (IRR) of Republic Act (RA) No. 9184 were not strictly complied with, thus, overlapping	24. We recommended that the Municipal Engineer ensure that sufficient and vital information, such as specific boundaries, stationing, landmarks, and symbols, are provided in the plans and drawings for road concreting projects. 25. We further recommended that, henceforth, Management unfailingly ensure strict compliance with the required detailed engineering activities in accordance with the	Unimplemented Some POWs still had incomplete details. Unimplemented Some POWs still had incomplete details.

Ref.	Audit Observations	Audit Recommendations	Status of Implementation
	stations, double listed road sections, and any gaps or duplications that might exist may go undetected or unidentified, while effective and efficient monitoring of the completed projects may not be established or strengthened.	provisions under Annex A of the Revised IRR of RA No. 9184, giving utmost consideration to the deficiencies discussed above.	
AAR 2022 p. 53	16. Local Disaster Risk Reduction and Management (LDRRM) motor vehicles and heavy equipment were used for purposes other than for disaster/calamity response and rescue/relief operations, contrary to Section 5.2.1.1.1 of the Department of the Interior and Local Government (DILG) Memorandum Circular (MC) No. 2021-004 dated January 18, 2021, subjecting the motor vehicles and heavy equipment to wear and tear which could result in their unavailability when actual calamity/disaster strikes, thereby negating the purpose for which the vehicles and heavy equipment were purchased.	26. We recommended that Management ensure that the LDRRM motor vehicles and heavy equipment be exclusively used for disaster/calamity response and rescue/relief operations in conformity with DILG MC No. 2021-004 dated January 18, 2021. Otherwise, refund/replenish the LDRRMF for the cost of the subject motor vehicles and heavy equipment, the appropriations for which shall be taken from the General Fund.	Unimplemented The vehicles still had been used for purposes other than disaster rescue and relief operations.

Ref.	Audit Observations	Audit Recommendations	Status of Implementation
	<p>from NTC prior to the said acquisition, contrary to the pertinent provisions of NTC Memorandum Circular No. 2-05-88, NTC Memorandum Circular No. 11-21-88, and COA Circular 2012-003 dated October 29, 2012, thus, creating doubt on the propriety and legality of the procurement.</p>		
<p>AAR 2021 p.53</p>	<p>19. Honoraria amounting to ₱45,000.00 and ₱55,000.00 were paid to the members of the KALAHI-CIDSS Municipal Coordinating Team (MCT) and Municipal Inter-Agency Committee (MIAC), respectively, without strictly complying with the guidelines set forth under the Department of Budget and Management (DBM) Budget Circular No. 2007-2 dated October 1, 2007, hence, the regularity of the claims could not be established.</p>	<p>We recommended that Management submit the following documents to support the payment of honoraria to the members of the MCT and MIAC:</p> <p>30. An explanation of why the MIAC was created despite the absence of any stipulation in the MOA for the creation thereof;</p> <p>31. Justification that the works rendered by the members of the MCT and MIAC were in addition to or over and above their regular workload; and</p> <p>32. Computation of the honoraria paid to the payees.</p>	<p style="text-align: center;">Unimplemented</p> <p>An explanation for why the MIAC was not referred to in the MOA still had to be given.</p> <p style="text-align: center;">Unimplemented</p> <p>A justification had yet to be given.</p> <p style="text-align: center;">Unimplemented</p> <p>The computation submitted for the honoraria still lacked the items stated in the guidelines cited.</p>

Ref.	Audit Observations	Audit Recommendations	Status of Implementation
		33. We further recommended that, henceforth, Management strictly comply all the conditions stipulated under the DBM Budget Circular No. 2007-2 dated October 1, 2007 before honoraria of personnel are granted due to assignment in special government projects.	Implemented
AAR 2021 p.61	20. Only six of the 17 programs, projects and activities (PPAs) with total appropriations of ₱4,625,594.33 under the 70% Mitigation Fund of the Local Disaster Risk Reduction and Management Fund (LDRRMF) for CY 2021 were implemented contrary to Sections 2(e), 2(k) and 2(l) of Republic Act (R.A.) No. 10121, neglecting the implementation of other PPAs for disaster preparedness, prevention and mitigation, hence, there was no assurance that the capability of the Municipality to cope with adverse effects of disasters was strengthened or enhanced.	34. We recommended that the Municipal Disaster Risk Reduction Management Council (MDRRMC), through the MDRRM Officer, review the MDRRMFIP and include all aspects such as, proper fund utilization and identification of programs, projects and activities (PPAs), time table, people, workload and others, in its preparation in order to accelerate the implementation of PPAs within the year so that the 70% Mitigation Fund of the LDRRMF will be fully utilized in accordance with its purpose.	Unimplemented The LDRRMF had not been fully utilized in CY 2024.
AAR 2021 p.65	21. Expenses totaling ₱41,100.00 were improperly charged to the 70% Local Disaster Risk Reduction and Management Fund (LDRRMF)	35. We recommended that Management refrain from charging the expenses mentioned above to the LDRRMF and, henceforth, observe strictly the	Implemented

Ref.	Audit Observations	Audit Recommendations	Status of Implementation
AAR 2018	contrary to Section 5.0 of NDRRMC, DBM and DILG Joint Memorandum Circular (JMC) No. 2013-1 dated March 25, 2013, and Sections A and B of DILG Memorandum Circular No. 2012-73 dated April 17, 2012, hence, reducing the funds available for disaster risk reduction and management activities.	provisions of NDRRMC, DBM and DILG Joint Memorandum Circular No. 2013-01 dated March 25, 2013, and DILG Memorandum Circular No. 2012-73 dated April 17, 2012, on the proper utilization of the LDRRMF.	
AAR 2020 p.32	22. The receipt of Bayanihan Grant to Cities and Municipalities (BGCM) amounting to ₱9,109,550.00 was not recorded in a Special Account in the General Fund (SAGF) contrary to Section 3.7 of DBM Local Budget Circular (LBC) No. 125 dated April 7, 2020, thus monitoring/tracking of the utilization thereof could not be easily done.	36. We recommended that the Municipal Accountant set up a SAGF to facilitate monitoring/tracking of the utilization of the Bayanihan grant pursuant to DBM LBC No. 125 dated April 7, 2020.	Unimplemented The BGCM had been fully utilized and liquidated so the monitoring/ tracking through a Special Account can no longer be done.
AAR 2020 p.33	23. The Municipality spent ₱9,109,546.00 for the purchase of relief goods out of the Bayanihan Grant to Cities and Municipalities (BGCM) despite the absence of an approved appropriation ordinance in violation of Section 3.7 of DBM Local Budget Circular (LBC) No. 125 dated April 7, 2020.	37. We recommended that Management refrain from disbursing funds without appropriations in accordance with Section 305(a) of RA No. 7160.	Unimplemented Management had not taken any action.

Ref.	Audit Observations	Audit Recommendations	Status of Implementation
		DSWD Memorandum Circular No. 09 series of 2020 in the implementation of SAP.	
AAR 2020 p.45	26. The reasonableness of the prices of medical supplies and welfare goods purchased by the Municipality in response to the declaration of State of Public Health Emergency throughout the country due to the Coronavirus Disease 2019 (COVID-19) amounting to ₱8,204,000.00 and ₱15,781,845.00, or a total of ₱23,985,845.00 charged against the Bayanihan Grant to Cities and Municipalities (BGCM) and Local Disaster Risk Reduction and Management Fund (LDRRMF), respectively, 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, making it difficult to compare the prices of these supplies and goods with the prevailing market price and establish compliance with Section 5 of the Government Procurement Policy Board (GPPB) Circular No. 01-2020 dated April 6, 2020.	41. We recommended that Management require the personnel concerned 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.	Unimplemented Some POs still had some incomplete information.

Ref.	Audit Observations	Audit Recommendations	Status of Implementation
	National Disaster Risk Reduction and Management Council's (NDRRMC's) ability to respond to disaster scenarios.	beneficiaries; and (c) Inventory of remaining undistributed items, if any, in accordance with the provisions of COA Circular No. 2020-009 dated April 21, 2020.	
AAR 2020 p.64	29. The distribution of welfare goods totaling ₱23,975,127.00 charged against the Bayanihan Grant to Cities and Municipalities (BGCM) and Local Disaster Risk Reduction and Management Fund (LDRRMF) to the households and individuals affected by COVID-19 pandemic was not adequately documented, contrary to Sections 142 and 146 of COA Circular No. 92-386 dated October 20, 1992 and other existing regulations, making it difficult to fully account for the relief goods procured.	45. We recommended that in the distribution of relief goods, Management prepare the Relief Distribution Sheets which should contain the name and signature of recipients as well as the date of receipt, and such other necessary information, including the kind and quantity of items received to establish accountability.	Unimplemented Management had difficulty completing the RDS since the Distribution was done during ECQ and there was no direct contact with the beneficiaries.
AAR 2020 p.66	30. The Municipality spent ₱3,289,500.00 out of the Local Disaster Risk Reduction and Management Fund (LDRRMF) for the purchase of one unit ambulance and payment of catering services for meals provided to frontliners assigned in checkpoints due to COVID-19 emergency, contrary to Section 5.0 of NDRRMC-DBM-DILG	46. We recommended that Management adhere strictly to the provisions of DILG Memorandum Circular No. 2012-73 dated April 17, 2012, NDRRMC-DBM-DILG Joint Memorandum Circular No. 2013-1 dated March 25, 2013 and DBM LBC No. 124 dated March 26, 2020 on the use of the LDRRMF.	Implemented

Ref.	Audit Observations	Audit Recommendations	Status of Implementation
	<p>Joint Memorandum Circular (JMC) No. 2013-1 dated March 25, 2013, DILG Memorandum Circular No. 2012-73 dated April 17, 2012 and pertinent provisions of DBM Local Budget Circular (LBC) No. 124 dated March 26, 2020, thus, reducing the funds available for disaster risk management, relief, rehabilitation and recovery programs.</p>		
<p>AAR 2020 p.69</p>	<p>31. The prices of procured medical supplies charged against the Local Disaster Risk Reduction and Management Fund (LDRRMF) were above the highest suggested retail price (SRP) of the Department of Health (DOH) under Circular No. 2020-0157 dated March 24, 2020 and Memoranda Nos. 2020-0250-A and 2020-0413 dated June 2, 2020 and September 9, 2020, respectively, contrary to GPPB Circular No. 01-2020 dated April 6, 2020, resulting to a price variance of ₱229,470.00 which could have been made available for other COVID-19 related expenses.</p>	<p>47. We further recommended that Management procure medical supplies based on the SRP set by appropriate government agencies to ensure that the Municipality get the most advantageous prices.</p>	<p>Unimplemented As of CY 2024, there had been items procured that were above the highest possible SRP based on the latest issuances.</p>

Ref.	Audit Observations	Audit Recommendations	Status of Implementation
	<p>liquidate.</p> <p><i>As of December 31, 2024, the following advances remained unliquidated:</i></p> <p><i>Advances to Special Disbursing Officer - ₱237,000.00</i></p> <p><i>Advances to Officers and Employees - ₱13,030.84</i></p> <p><i>Also, cash advances of ₱27,885.00, aged over 10 years remained unsettled.</i></p>	<p>persons who had already retired from the government service or transferred to other government agency.</p> <p>52. Lastly, we recommended that the Municipal Mayor file the request for authority to write-off dormant unliquidated cash advance of the late Mr. Nelson Bucol, to the COA Audit Team Leader (ATL) and/or Supervising Auditor (SA) in accordance with COA Circular No. 2016-005 dated December 19, 2016.</p>	<p>Unimplemented</p> <p>The request for authority to write off dormant receivable accounts was returned by the Auditor through a letter dated November 6, 2020, because Management failed to strictly comply with the conditions and requirements under paragraphs 7.4 and 8.3 of COA Circular No. 2016-005.</p>
AAR 2019 p.33	<p>34. Copies of perfected contracts together with the supporting documents of at least 17 infrastructure projects started in CY 2019 with a total contract cost of ₱18,797,736.76 were not submitted to the Auditor for review, as required under Section 3.1.1 of COA Circular No. 2009-001 dated February 12, 2009, hence, the reasonableness of contract prices and whether or not the contractual covenants were advantageous to the Municipality could not be determined.</p>	<p>53. We recommended that, henceforth, Management furnish the Auditor with a copy of contracts together with the supporting documents within the reglementary period of five working days from perfection, in accordance with Section 3.1.1 of COA Circular No. 2009-001 dated February 12, 2009.</p>	<p>Unimplemented</p> <p>Records showed that not all submissions of contracts had been made within the reglementary period.</p>

Ref.	Audit Observations	Audit Recommendations	Status of Implementation
AAR 2019 p.38	35. The Municipality paid registration and term membership fees/dues to the Vice Mayors' League of the Philippines (VMLP), Inc. and Philippine Councilors League (PCL), Inc.-Negros Oriental Federation totaling ₱56,000.00 but were issued only customized printed receipts instead of official receipts (Accountable Form No. 51) as required under Section 42, Chapter 7, Title I (B), Book V of the Administrative Code of 1987, hence, the propriety and accuracy of the transactions made could not be ascertained.	<p>54. We recommended that the Municipal Treasurer require the issuance of ORs (AF No. 51) from the VMLP, Inc. and PCL, Inc. - Negros Oriental Federation for the payments made for membership dues/fees in CY 2019.</p> <p>55. We further recommended that the Municipality withhold future payments until the leagues comply with this requirement.</p>	<p>Unimplemented</p> <p>AF No.51 still had not been used since the National Printing Office had yet to provide the form.</p> <p>Unimplemented</p> <p>Payments were still made during the year.</p>
AAR 2019 p.39	36. Management failed to prepare and submit fully accomplished Agency Action Plan and Status of Implementation (AAPSI) of the audit recommendations contained in the 2018 Annual Audit Report (AAR) within 60 days from the date of receipt thereof, contrary to Section 93 of the General Provisions of Republic Act (RA) No. 10964 dated December 29, 2017 for Fiscal Year (FY) 2018, precluding the Auditor from monitoring and validating the actions	56. We recommended that, henceforth, the Local Chief Executive direct all department heads concerned to submit their respective duly accomplished AAPSI and assign a personnel to consolidate the same for submission to the Auditor within 60 days upon receipt of the AARs for the succeeding years.	Implemented

Ref.	Audit Observations	Audit Recommendations	Status of Implementation
	<p>taken to implement audit recommendations. Hence, the risk that deficiencies may continue to exist and, thus, 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 2019 Performance-Based Bonus (PBB).</p>		
<p>AAR 2019 p.41</p>	<p>37. The Annual GAD Plan and Budget (GPB) FY 2019 was not submitted to the Provincial Planning Development Office (PPDO) and DILG Provincial Office within the prescribed period, for the alignment of the Municipality's GAD PPAs with the priorities of the Province and for review and endorsement, respectively, contrary to Section 4.0 of the Philippine Commission on Women (PCW), Department of the Interior and Local Government (DILG), Department of Budget and Management (DBM) and National Economic and Development Authority (NEDA) Joint Memorandum Circular (JMC) No. 2016-01 dated January 12, 2016, thus, gender responsiveness of the programs</p>	<p>57. We recommended that Management submit the GAD Plan and Budget to the PPDO and DILG Provincial Office within the prescribed period in accordance with Section 4.0 of PCW-DBM-DILG-NEDA JMC No. 2016-01 dated February 12, 2016.</p>	<p>Unimplemented Management still had not complied with the prescribed timelines in CY 2024.</p>

Ref.	Audit Observations	Audit Recommendations	Status of Implementation
	<p>and activities was not assured.</p> <p><i>(Reiterated under Finding No. 10, Part II of this Report.)</i></p>		
<p>AAR 2018 p.29</p> <p>AAR 2005</p>	<p>38. The balances of accounts Real Property Tax (RPT) Receivable and Special Education Tax (SET) Receivable as of December 31, 2018 per records of the Municipal Accounting Office (MAO) and Municipal Treasurer's Office (MTO) showed a difference of ₱5,327,042.29, which could not be reconciled because the MAO and MTO did not maintain subsidiary ledgers and RPT Account Registers/Taxpayer's index cards, contrary to Section 20 of the Manual on the New Government Accounting System (NGAS), Volume I, and Section 10, Volume II of the same Manual, thus, RPT/SET Receivable and Deferred RPT/SET Income accounts as presented in the financial statements could not be relied upon.</p>	<p>We recommended that:</p> <p>58. The Municipal Accountant and Municipal Treasurer reconcile the difference between the RPT and SET Receivables account balances totaling ₱5,327,042.29 and henceforth, conduct periodic reconciliation, together with the Municipal Assessor, of the total collectibles from the Basic and Special Education Tax with the balances of the RPT Receivables and SET Receivables accounts to avoid accumulation of unreconciled differences;</p> <p>59. The Municipal Assessor prepare and submit to the Municipal Treasurer an assessment roll containing a list of all persons whose real properties have been newly assessed or reassessed and the values of such properties on or before the thirty-first (31st) day of December each year;</p>	<p>Unimplemented</p> <p>The reconciliation of records between the Municipal Assessor, Treasurer, and Accountant had yet to be completed.</p> <p>Unimplemented</p> <p>The Municipal Assessor had submitted the assessment roll of all barangays but not before December 31, 2024.</p>

Ref.	Audit Observations	Audit Recommendations	Status of Implementation
		<p>60. The Municipal Treasurer maintain Real Property Tax Account Register/Taxpayer's index card and 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 Receivable and SET Receivable accounts in compliance with Section 20 of the NGAS Manual for LGUs, Volume I; and</p> <p>61. The Municipal Accountant maintain subsidiary ledgers for accounts RPT Receivable and SET Receivable in accordance with Section 10 of the NGAS Manual for LGUs, Volume II.</p>	<p>Unimplemented Management still had not maintained the RPT Register due to the large number of taxpayers. The Municipal Accountant had already been furnished a duly certified list of taxpayers with the amount due and collectible for the current year as basis for recording the RPT Receivable and SET Receivable accounts although the amount was erroneous.</p> <p>Unimplemented Management still had not maintained the subsidiary ledgers due to the large number of taxpayers but rely on the iTax System which can generate the details of the taxpayers and be updated.</p>
AAR 2018 p.31	39. Delinquent Real Property Taxes (RPT) and Special Education Taxes (SET) including penalties accruing thereon which accumulated to ₱19,485,958.13 remained uncollected as of December 31, 2018, thus, depriving the Municipality of substantial amount of income which could have been utilized to finance the implementation of various development projects or other major programs/projects/activities (PPAs).	<p>62. We recommended that the Municipal Treasurer enforce collection of delinquent real property taxes by conducting intensive tax campaign in every barangay and by sending Notices of Delinquencies to all delinquent taxpayers.</p> <p>63. We further recommended that the Municipality avail of the remedies in collecting delinquent real property taxes provided in Sections 256 to 260</p>	<p>Unimplemented Management had difficulty locating the delinquent taxpayers even after asking for help from the barangays.</p> <p>Unimplemented Management had only sent demand letters to the delinquent taxpayers and not the other remedies.</p>

Ref.	Audit Observations	Audit Recommendations	Status of Implementation
	<i>(Reiterated under Finding No. 6, Part II of this Report.)</i>	of RA No. 7160.	
AAR 2018 p.35	40. Out of the 25 current and continuing projects/programs/ activities (PPAs) with appropriations totaling ₱43,627,286.35 under the 20% Development Fund (DF), only 10 with total expenditures amounting to ₱9,945,939.24 were completed in CY 2018, clearly indicating that the utilization of the fund was not maximized while jeopardizing the attainment of the socio-economic development and environmental outcomes of the Municipality.	64. We recommended that Management take appropriate action to address the causes of delay in the implementation of projects under the 20% DF and to fast track the completion of the development projects in accordance with its targeted schedule.	Unimplemented Records showed that of 5 PPAs in CY 2024, only 4 were implemented during the year.
AAR 2018 p.43 AAR 2017	41. The amount of ₱2,865,614.79 representing 52.61% of the total appropriations for Gender and Development (GAD) in CY 2018 was utilized for programs/ projects/ activities (PPAs) which were not properly chargeable to the Fund contrary to the provisions of Philippine Commission on Women (PCW), Department of the Interior and Local Government (DILG), Department of Budget and	65. We recommended that, henceforth, the Municipality properly identify the GAD issues and concerns and use the Fund to implement programs, projects and activities that are aligned with PCW, DILG, DBM, and NEDA Joint Memorandum Circular No. 2013-01 dated July 18, 2013.	Unimplemented Due to the lack of a GAD Database, gender gaps and/or differences within the locality could not be fully identified and analyzed, defeating the purpose of having GAD-responsive Programs/Projects/ Activities (PPAs).

Ref.	Audit Observations	Audit Recommendations	Status of Implementation
	<p>Management (DBM) and National Economic and Development Authority (NEDA) Joint Memorandum Circular (JMC) No. 2013-01 dated July 18, 2013, thus, the funds intended for the attainment of GAD goals was significantly reduced while the effectiveness of the program might have been adversely affected.</p>		
<p>AAR 2018 p.45</p>	<p>42. The Municipality did not develop and maintain a Gender and Development (GAD) Database, contrary to Section 37(D), Rule VI of the Implementing Rules and Regulations (IRR) of Republic Act (RA) No. 9710 and Section 4.1.B(1) of PCW-DILG-DBM-NEDA Joint Memorandum Circular No. 2013-1, thus, gender gaps and/or differences within the locality could not be fully identified and analyzed, defeating the purpose of having GAD-responsive Programs/ Projects/ Activities (PPAs).</p>	<p>66. We recommended that Management, through the Municipal Planning and Development Officer fast track the establishment of the GAD database storage of necessary information in aid of effective gender-responsive planning, programming and policy formulation in accordance with PCW-DILG-DBM-NEDA Joint Memorandum Circular No. 2013-1 to ensure that the PPAs are aligned with GAD-related undertakings.</p>	<p>Unimplemented Management has yet to create a GAD Database due to budgetary constraints. They had already conducted consultations with concerned persons and obtained basic data on the women from the Municipality's barangays.</p>
<p>AAR 2018 p.46</p>	<p>43. The Sangguniang Bayan did not formulate and pass a GAD Code, contrary to Section 37(B), Rule VI of the Implementing Rules and Regulations (IRR) of Republic Act</p>	<p>67. We recommended that Management request the Sangguniang Bayan to formulate and pass a GAD Code as soon as possible as a guide in the identification, implementation,</p>	<p>Implemented</p>

Ref.	Audit Observations	Audit Recommendations	Status of Implementation
	<p>Municipal Accountant and Treasurer did not maintain appropriate property records, contrary to the pertinent sections of the Manual on the New Government Accounting System, Volumes I and II, resulting in the variance of ₱358,000.00, thus rendering the account doubtful.</p>	<p>of births offspring, deaths and transfers; (ii) submit to the Municipal Treasurer and Municipal Accountant a monthly report of births of animals; (iii) facilitate the request for relief of accountability in case of death or disposal, or require payment of the value of the animal; and (iv) exert more effort in determining the current recipient and the status of the 22 heads of cattle.</p> <p>71. We further recommended that the Municipal Treasurer post the monthly report of births of animals to the property records and the Municipal Accountant to the books of accounts.</p> <p>72. We also recommended that the MAO, Municipal Treasurer and Municipal Accountant reconcile their records taking into consideration the physical inventory as of December 31, 2017, and make necessary adjustments.</p>	<p>incumbent Municipal Agriculturist.</p> <p>Unimplemented No adjustment had been made to the Biological Assets balance even though there had been births and disposals as per Ledger Card.</p> <p>Unimplemented No physical inventory had been conducted to reconcile records.</p>
AAR 2017 p.40	<p>46. The Municipality continued to practice indiscriminate disposal of solid waste in an open dump site in violation of Republic Act 9003, thereby posing major public health threat and</p>	<p>We recommended that Management:</p> <p>73. Prioritize the allocation of funds for the establishment and operation of a sanitary landfill in accordance with</p>	<p>Unimplemented The safe closure and rehabilitation of the dump site had yet to be implemented in</p>

Ref.	Audit Observations	Audit Recommendations	Status of Implementation
	environmental risks.	<p>Sections 40 and 41 of RA No. 9003. In the meantime, take action to convert the existing open dump site into a controlled dump and hasten its closure within a specific time frame; and,</p> <p>74. Enforce strictly the Municipality's Ordinances relative to solid waste management and ensure 100 percent compliance thereof</p>	<p>CY 2025 as the Municipality had appropriated the funds but was unable to implement it.</p> <p>Unimplemented Full compliance with the solid waste ordinances had not been achieved.</p>
AAR 2015	47. The Municipality of Dauin failed to post the Notice of Awards, Notice to Proceed and Approved Contract in the PhilGEPS website contrary to Sections 37.1.2, 37.1.6 and 37.4.2 of the Revised Implementing Rules and Regulations of RA No. 9184, thus, hindering the government's effort in promoting transparency, accountability, equity, efficiency and economy in its procurement process.	75. We recommended that the BAC post in the PhilGEPS and agency website, if any the Notice of Award, Notice to Proceed and Approved Contract as well as notify the losing bidders the result of the bidding pursuant to Sections 37.1.2, 37.1.6 and 37.4.2 of the Revised Implementing Rules and Regulations of RA No. 9184. Conduct survey, site, construction materials, soils and foundation investigations on the road concreting projects, to ascertain the soundness and adequacy of materials/goods to be procured and invite only associations from a duly recognized group in a sector or discipline relevant to the procurement at hand.	<p>Unimplemented Management had been encountering technical problems when posting on the PHILGEPS website.</p>

Ref.	Audit Observations	Audit Recommendations	Status of Implementation
<p>AAR 2014</p> <p>AAR 2013</p> <p>AAR 2012</p>	<p>48. The Municipality did not conduct a physical count of its movable property plant and equipment account as required in Section 124 of the NGAS Manual, Volume I, nor maintained the required property cards thus the existence as well as the reliability of the account balances in the financial statements as of December 31, 2014 which amounted to ₱15,405,659.30 or 17.00% of the total asset accounts could not be ascertained.</p> <p><i>(As of December 31, 2024, movable property, plant and equipment amounted to ₱61,186,340.34, or 11.39% of the total PPE and 8.39% of the total assets.)</i></p>	<p>76. The Inventory Committee was required to conduct the physical count of properties and reconcile the same with related property and accounting records and the municipal treasurer to maintain property cards in accordance with existing regulations and to locate the missing movable assets listed under Annex 1 of this report.</p> <p>77. The Accountant to reclassify the fully depreciated and unserviceable assets from the Property Plant and Equipment to Other Asset accounts and to locate the disbursement vouchers of the unbooked motor vehicles, IT Equipment and furniture and fixtures so these can be recorded in the books.</p>	<p>Unimplemented</p> <p>The Inventory Committee had yet to conduct the physical inventory count.</p> <p>Unimplemented</p> <p>Management had yet to finish reclassification of the needed properties.</p>
<p>AAR 2014</p>	<p>49. Balances of cash received from national government agencies totalling ₱396,552.41 and unexpended balances of Priority Development Assistance Fund (PDAF)/Countryside Development Fund (CDF) of ₱957,407.02 were not remitted/returned to the source agency/National Treasury contrary to the provisions of Section 6.7 of COA</p>	<p>78. The Municipal Accountant and the Treasurer be required to return the unexpended balances of cash received for completed projects to the source national government agencies and/or remit the unexpended PDAF/CDF to the National Treasury pursuant to Section 6.7 of COA Circular 94-013 and the Supreme Court decision dated November 19, 2013 under General</p>	<p>Unimplemented</p> <p>Management had already returned the identified balances but some sources have yet to be identified.</p>

Ref.	Audit Observations	Audit Recommendations	Status of Implementation
	Circular 94-013 and to the ruling of the Supreme Court on November 19, 2013 under General Ruling Numbers 208566, 208493 and 209251.	Ruling Numbers 208566, 208493 and 209251.	
AAR 2014	50. Overdue cash advances of former officers and employees of the Municipality of Dauin amounting to ₱61,876.68 remained recorded in the books as Advances to Officers and Employees instead of Other Receivables account contrary to Sections 27 and 34 of the Manual on the New Government Accounting System (MNGAS) for LGUs.	79. Proper coordination with the Department of Education (DepEd) be made to require the DepEd officials who are also members of the Local School Board to secure clearances from money and property accountabilities from the concerned local government agency, where they are assigned, to ensure that all outstanding cash advances and other property accountabilities are settled and/or returned first before they retire or transfer.	Unimplemented Due to a lack of coordination between the LGU and DepEd personnel, the outstanding cash advances had not been fully settled.
AAR 2013	51. The Municipality's real properties, numbering 22, were not covered by certificates of title in its name, except for one, thus putting at risk its ownership thereto, while no subsidiary records thereon were maintained by the Municipal Treasurer and Accountant, thus the reliability of the balance of the land account as of December 31, 2013, amounting to ₱3,869,119.97, could not be	We recommended that: 80. The Mayor instruct the Municipal Treasurer and the Municipal Accountant to maintain their respective property records for all real property. 81. The Mayor creates a committee to process the transfer of title of all acquired real properties to the	Unimplemented The records still had not included all existing real properties of the Municipality. Unimplemented The Mayor had hired someone to focus on processing the transfer of title, however,

Ref.	Audit Observations	Audit Recommendations	Status of Implementation
	ascertained.	municipal government. 82. The Mayor request the Sangguniang Bayan for appropriations to cover the cost of titling of all real properties.	the individual did not continue. Unimplemented Although the Municipality was capable of providing the necessary funds for titling all real properties, it lacked dedicated personnel to carry out the work.
AAR 2013 AAR 2012 AAR 2011	52. A difference of ₱2,091,168.02 between the bank and book balances of Cash in Bank, which has been in existence prior to CY 2005, remained unreconciled as of December 31, 2015, thus adversely affecting the fair presentation of the Cash account in the financial statements.	83. We recommended that the Accountant and Treasurer exert all efforts to locate the missing disbursement vouchers amounting to ₱117,360.76 and the unidentified reconciling items/disbursements of ₱1,973,457.26 in order that these can be taken up in the books accordingly.	Unimplemented Management had yet to adjust the unidentified reconciling items amounting to ₱1,973,457.26, which existed before CY 2000 due to unavailability of documents and lack of personnel. The amount of ₱117,360.76 had already been paid by the former Municipal Treasurer, Mr. Delfino.
AAR 2012	53. Contributions from GSIS members amounting to ₱472,178.86 were unremitted as of December 31, 2013, contrary to Sections 6(b) and 7 of RA No. 8291 thus, Account Due to GSIS remained doubtful and unreliable.	It was recommended that: 84. The accountant should locate and trace/identify the remitting members from the supporting documents; reconcile and remit the same as soon as possible. 85. Management should give priority to this deficiency with the end in view of eliminating the same from the account balances to ensure reliable financial reports.	Unimplemented Management had already started remitting the amounts but there were still unidentified accounts. Unimplemented The GSIS has a partial computation of unpaid premiums and loan deficiencies, but still had yet to be fully verified.

Ref.	Audit Observations	Audit Recommendations	Status of Implementation
AAR 2012	<p>54. The shares of the province and 23 barangays of the Municipality of Dauin from the collections of Real Property Tax (RPT) and Coastal Resource Management (CRM) collected in CY 2013 and prior years in the total amount ₱1,900,123.06 were not remitted by the Municipality to the concerned LGUs contrary to Section 271 (d) of RA No. 7160, Section 36 of COA Circular No. 92-382 and Article F of the Amended Municipal Ordinance No. 10-02, thus depriving the recipient barangays from implementing development projects that may be sourced from the RPT and CRMP shares.</p>	<p>We recommended that Management should:</p> <p>86. Require the municipal treasurer to immediately remit all taxes withheld for the accounts of the province and its barangays from various sources within the reglementary period on the 5th day after the end of the quarter.</p> <p>87. Likewise, remit the CRMP shares after the end of each month pursuant to Article F of the Amended Municipal Ordinance No. 10-02 dated August 16, 2010.</p> <p>88. Require the OIC-Municipal Accountant to look into the source documents of the ₱154,353.66 and prepare adjusting entries, if necessary.</p>	<p>Unimplemented The taxes were remitted had not been totally remitted within the reglementary period.</p> <p>Unimplemented Management has not yet released the CRMP shares to the concerned parties because of the non-submission of supporting documents.</p> <p>Unimplemented The documents pertaining to the ₱154,353.66 had yet to be verified by the Municipal Accountant.</p>
AAR 2012	<p>55. The Municipality of Dauin unnecessarily spent Coastal Resource Management (CRM) funds for meals and snacks in connection with the entertainment of guests and meetings/gatherings with the members of the different fishermen's associations contrary to CRM policies and Section 343 of the Local</p>	<p>89. We recommended for the immediate refund of the total amount of ₱185,764.50. Consequently, those spent for the various Fishermen Associations may be recovered from them.</p>	<p>Implemented</p>

Ref.	Audit Observations	Audit Recommendations	Status of Implementation
	Government Code, resulting to waste of government funds totaling ₱185,764.50.		
AAR 2012	56. Payments totaling ₱64,107.40 for the benefit of the fishermen associations were inappropriately charged to the CRM Fund, thus, resulting in the disallowance thereof.	<p>90. We recommended for the immediate recovery of the total amount of ₱64,107.40 from the various Fishermen Associations as indicated in Annex 8.</p> <p>91. We further recommended that the LGU shall endeavor to outline programs and projects with long-term benefits which have a direct impact for the sustainable development of its coastal resources.</p>	<p>Implemented</p> <p>Unimplemented The Municipality's PPAs did not include those with long-term benefits on the development of their coastal resources.</p>
AAR 2011	57. Travelling expenses amounting to ₱261,417.00 were unnecessarily spent in allowing officials to attend a training seminar organized by a non-accredited private training institution, in violation of CSC Res. No. 051858, Section 33 of P.D. 1445 and DBM NBC No. 486, thus, rendering questionable the validity and propriety of the disbursements made.	<p>We recommended the following:</p> <p>92. Require concerned officials to refund immediately in full the disallowed payment amounting to ₱68,000.00. Be it a reminder that disallowance in audit is a joint and solidary liability of all officials involved in the processing and approval of such transactions;</p> <p>93. Submit the lacking documentary requirements to prevent the suspension of ₱193,417.00 from</p>	<p>Unimplemented Management had yet to issue demand letters to the remaining officials who have not yet made their refunds.</p> <p>Unimplemented The lacking documentary requirements had yet to be submitted.</p>

Ref.	Audit Observations	Audit Recommendations	Status of Implementation
		<p>turning into a disallowance; and</p> <p>94. Desist from attending training seminars organized and/or with the aid of private organizations, otherwise, this AOM shall serve as a stringent caution that we shall disallow the entire amount should there be any similar occurrences in the future. Take cognizance of DILG MC 2011-59 dated April 25, 2011 strongly discouraging conventions and the like from being held outside of the geographical island where the LGU is located.</p>	<p>Unimplemented</p> <p>Management had yet to fully discourage attendance to seminars organized by non-accredited private institutions and outside the Province.</p>
AAR 2010	<p>58. The financial assistance received by the LGU from the Priority Development Assistance Fund (PDAF) were diverted also as financial assistance to four other government agencies totaling ₱3,400,000.00, thereby depriving the constituents of the Municipality from the benefits had priority programs and projects been implemented in their own locality. The said disbursements were made without the appropriate authority and in violation of the pertinent laws, rules and regulations</p>	<p>95. We recommended that Management provide the auditor the revised and approved SARO specifying in detail the recipients of the PDAF so disbursed and the corresponding Memorandum of Agreement, if so warranted, for proper monitoring and evaluation of the fund transfers, otherwise, we shall be constrained to disallow said payments. Pending compliance, the subject transactions totaling ₱3,400,000.00 are hereby suspended in audit.</p>	<p>Unimplemented</p> <p>Management had yet to request a revised SARO from DBM.</p>

Ref.	Audit Observations	Audit Recommendations	Status of Implementation
	governing the release of PDAF funds, hence, their validity, legality and propriety are in question.		
AAR 2010	59. Municipal officials granted excessive Productivity Enhancement Incentive (PEI) to its officers and employees at ₱18,000.00 each or a total of ₱1,447,200.00, in excess of the maximum allowable amount of ₱10,000.00 per employee as stipulated under DBM Budget Circular No. 2010-3 dated November 30, 2010, thus, resulting to irregular and excessive disbursements of ₱643,200.00.	96. We recommended the immediate refund in full of the amounts received in excess of what is authorized in DBM Budget Circular No. 2010-3 totaling ₱643,200.00. 97. Direct also the Municipal Accountant and the Municipal Budget Officer to be vigilant and not to certify disbursements which go beyond the provisions of the law.	Unimplemented An unrefunded balance amounting to ₱8,000.00 remained from a deceased employee. Unimplemented Certain procurements conducted in CY 2024 were found to be non-compliant with existing laws.
AAR 2007	60. The Municipality granted additional cash gift for CY 2007 to its officials and employees at ₱18,000.00 each in the total amount of ₱1,332,000.00 in violation of Items No. 1 and 2 of the Local Budget Memorandum No. 54 dated December 19, 2007 and Section 325 of the Local Government Code of 1991, thus resulting to unlawful use and overspending of government funds.	98. Required the municipal officials and employees to immediately refund in full the extra cash gift amounting to ₱1,332,000.00 for CY 2007. Henceforth, the local chief executive should ensure that the grant of similar benefits complies with prescribed guidelines especially insofar as observance of the PS limitation is concerned so that the disbursements will not be disallowed in audit.	Unimplemented Management had yet to refund the balance amounting to ₱18,000.00 pertaining to a deceased employee.

Ref.	Audit Observations	Audit Recommendations	Status of Implementation
AAR 2000	61. The Municipal Accountant – Designate failed to submit to the auditor concerned the trial balances on time in violation of Section 450 of the Government Accounting and Auditing Manual (GAAM), Volume II, thus precluding the auditor from conducting a timely evaluation of the soundness of its financial condition.	99. Directed the Municipal Accountant to strictly comply with the reglementary period prescribed under Section 450 of the GAAM in the matter of the submission of monthly, quarterly and year-end trial balances.	Implemented

PART IV
APPENDICES

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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
General Fund Reconciliation	E.1.1
Special Education Fund	E.2
Special Education Fund Reconciliation	E.2.1
II. Other Appendices	
Balances of delinquent Real Property Tax (RPT) and Special Education Tax (SET)	1