MUNICIPALITY OF BACONG
Province of Negros Oriental

AGENCY ACTION PLAN AND STATUS OF IMPLEMENTATION

Audit Observations and Recommendations
For the Calendar Year 2024
As of August 22, 2025

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			
AAR 2024 001	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 expective timelines 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.	We recommend 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. We further recommend that the Municipal Accountant, in coordination with the LSB, ensure timely 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 and posting in at least three (3) conspicuous public places as mandated by the same Circular. Lastly, we recommend that the LSB establish a monitoring system to ensure the timely posting and submission of required reports to avoid future delays.	To ensure the proper documentation and timely dissemination of the approved SEF Budget to the Municipal Budget Officer, Municipal Accountant, and Municipal Treasurer, copies of the SEF received by the authorities mentioned shall be stamped "RECEIVED," and the name of the person who received and the date of receipt shall be indicated. Further, submission of the SEF Utilization Reports to the appropriate supervising agencies shall be made within the indicative timeline.	LSB Municipal Accountant	Sept. 1, 2025	January 31, 2026	Partially Implemented	The proposed CY 2026 SEF budget is yet to be reviewed and approved.	SEF utilization reports are posted in three conspicuous places and in the FDP portal to keep the constituents informed on how the SEF budget is managed, disbursed, and used.
002	The Accounts Payable balances of ₱14,059,061.35 was not fairly presented due to the inclusion of unpaid obligations amounting to ₱2,465,908.11, of which ₱2,232,423.11 remained outstanding for	We recommend that the Municipal Accountant coordinate with the Municipal Budget Officer and the Municipal Treasurer to determine whether the	Details of the transactions recorded as accounts payable in the amount of ₱2,465,908.11 will be	Municipal Accountant	Sept. 1, 2025	March 31, 2026	ONGOING	Examination of the payables especially those that are outstanding for	Coordination with the supplier on the validity and existence of the claims shall be made.

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	more than two years and were neither reverted to the unappropriated surplus, contrary to Section 98 of Presidential Decree No. 1445 and Section 9, Volume I, of the New Government Accounting System (NGAS) Manual, thus, may no longer represent valid claims.	Accounts Payable totaling ₱2,465,908.11, aged from over one year to more than 10 years, were recorded based on obligation requests duly supported by supplier bills/invoices and accomplished Inspection and Acceptance Reports, to ensure the validity and accuracy of the liability account presented in the financial statements. We further recommend that, henceforth, the Municipal Accountant recognize liabilities only at the time goods and services are accepted or rendered and supplier or creditor bills are received, based on valid claims that are adequately supported by sufficient and appropriate evidence.	examined to determine the validity of the claims. Reversion to the unappropriated surplus shall be made for those that have no actual claims or are not covered by perfected contracts on record.	Municipal Treasurer Municipal Budget Officer				more than two years is still underway.	
003	Delinquent Real Property Taxes (RPT) and Special Education Taxes (SET) including penalties accruing thereon which accumulated to ₱23,751,277.85 remained uncollected as of December 31, 2024, 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).	We recommend that the Municipal Treasurer strengthen the efforts to collect delinquent real property taxes by conducting intensive tax campaigns in each barangay and issuing updated Notices of Delinquency to all delinquent taxpayers, ensuring that these notices include the information mandated under Section 254(b) of RA No. 7160. We also recommend that Management consider applying the remedies for the collection of real property taxes, in accordance with the pertinent provisions of RA No. 7160.	The Office of the Municipal Treasurer has exerted all efforts to collect delinquent taxes; however, if the taxpayer refuses to settle and pay by a certain time, the MTO cannot take any further action but to wait. Anyhow, the MTO is regularly submitting the list of delinquent taxpayers to the Provincial Government for them to act accordingly. This is a Provincial imposition. The collection of real property tax is integrated in the issuance of permits and clearances. The management would like to emphasize that	Municipal Treasurer			FULLY IMPLEMENTED		

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			remittances from the Provincial Treasurer's Office to the Municipal Treasurer's Office are not made timely and regularly.						
004	Entries for the Special Education Tax (SET) totaling ₱9,589,520.80 were recorded in the General Fund's books instead of the Special Education Fund's books, which is inconsistent with Section 235 of R.A. No. 7160 and Section 88 of the NGAs Manual for LGUs, Volume 1, thus affecting the fair presentation of the SET Receivable and Deferred SET Income accounts in the financial statements at year-end.	We recommend that the Municipal Accountant reclassify the SET Receivable and Deferred SET accounts recorded in the books of the General Fund to the books of the Special Education Fund (SEF). We also recommend that the Municipal Accountant, henceforth, accrue and record the SET exclusively in the books of the SEF, in accordance with Section 235 of RA No. 7160 and Section 88 of the NGAS Manual for LGUs, Volume I.	To conform with Section 235 of R.A. 7160 and Section 88 of the NGAS Manual for LGUs, Volume 1, reclassification of the SET receivable and Deferred SET accounts recorded in the books of the General Fund to the books of the Special Education Fund shall be made.	Municipal Accountant			FULLY IMPLEMENTED		
005	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 with the Province's priorities and for the 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.	We recommend that Management ensure the timely submission of the Municipality's GPB and AR to the PPDO and the DILG Provincial Office, as required under Section 4.0 of PCW-DBM-DILG-NEDA and Joint Memorandum Circular No. 2016-01, and obtain official "Received" stamps from the receiving agencies as proof of compliance with submission requirements. We further recommend that Management promptly submit copies of the approved GPB within five working days of receipt, and the GAD AR within five working days after the end of January of the following year, to the COA Audit Team in	The management will timely submit its GAD Plan and Budget as well as its GAD Accomplishment Report within the indicative timeline.	GAD Focal Person	January 1, 2026	March 31, 2026	NOT YET IMPLEMENTED	The annual GPB and GADAR are yet to be prepared.	The consolidated GPBs, together with the GAD ARs, shall be submitted to the Provincial Planning Development Office (PPDO) to ensure the alignment of the GAD PPAs to the priorities of the LGU. Afterwards, the GPBs shall be submitted not later than March 31 to the DILG Provincial Office review and endorsement.

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		compliance with Item V of COA Circular No. 2014-001. Lastly, we recommend 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.							
006	Because programs, projects, and activities in the CY 2024 GAD Plan and Budget were either not implemented or only partially implemented by year-end, the amount appropriated was not fully utilized, leaving an unexpended balance of ₱4,880,659.51, representing 47.62 percent of the total annual GAD appropriations of ₱10,250,000.00, defeating the intent of the program to advance women's empowerment and gender equality.	We recommend that the GAD Focal Point ensure the effective implementation of GAD programs, projects, and activities as planned, in order to achieve the GAD objectives. We further recommend that Management maximize the utilization of GAD funds to ensure that the intended outcomes are fully realized and that beneficiaries receive the appropriate support and services.	The GAD Focal Point System has ensured the effective implementation of GAD Programs, Projects, and Activities as planned. The same programs, projects, and activities as appropriated were also funded by the National Government. Thus, the PPAs were met, but with the aid of the National Government funds.	GAD Focal Person			FULLY IMPLEMENTED		
007	At least 186 completed infrastructure projects, comprising 33 projects under the Trust Fund (₱207,195,565.98) and 153 under the General Fund (₱42,292,425.04), were not properly reclassified from Construction in Progress (CIP) to the appropriate Property, Plant and Equipment (PPE) accounts upon completion, contrary to Sections 50 and 104(1.i) of the NGAS Manual for LGUs and IPSAS No. 17, resulting in significant overstatement in CIP balances and understatements in PPE and depreciation expense accounts in the financial statements.	We recommend that the Municipal Accountant: a. Coordinate with the Municipal Engineer in identifying the projects that have been completed but remained recorded under the CIP accounts; b. Record the transfer of the costs of the completed projects from the CIP accounts to the respective PPE accounts once these are identified; c. Record the transfer of the PPE accounts from the Trust Fund to	For the projects booked under the Construction in Progress account, coordination between the Accounting Office and Engineering Office will be conducted to identify projects that have been completed but are still recorded under the CIP accounts. The booking of the costs of these projects will be transferred from the CIP accounts to the appropriate PPE accounts. For the projects under the	Municipal Accountant Municipal Engineer	Sept. 1, 2025	Dec. 31, 2025	ONGOING	Coordination is still made between the Accounting Office and Engineering Office for the projects completed in 2021 and beyond.	Completed projects from the year 2022 and onwards were timely transferred to the appropriate PPE accounts.

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		the General Fund and subsequently record the receipt thereof; d. Record the corresponding depreciation expenses for the current and prior years; We further recommend that the Municipal Accountant and the Municipal Engineer establish a regular monitoring process of the Municipality's CIP accounts to ensure the timely transfer of completed projects to the appropriate PPE accounts.	Trust Fund, PPE accounts will be transferred to the General Fund. Corresponding depreciation expenses will be recorded for the current and prior years.						
008	Penalties from Real Property Tax (RPT) and Special Education Tax (SET) collections totaling ₱1,934,234.14 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 1 of the NGAs Manual, resulting in the understatement of both Receivable and Income accounts.	We recommend that the Municipal Accountant: a. 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. b. Prepare the necessary adjusting entries to effect the corrections in the financial statements to ensure accurate financial reporting; and c. 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.	Penalties from Real Property Tax and Special Education Tax were recorded as part of income during the year. Credits made on the RPT receivable and SET receivable were not only for the penalties collected, but for the collections of the RPT & SET as a whole to revert the estimated total amount of taxes due and collectible, which was set up for the current year. Although recorded as income, penalties were included and booked as part of the Real Property Tax-Basic account instead of the Tax Revenue – Fines and Penalties – Property Taxes account. For CY 2025, reclassification to the appropriate income account shall be made on the	Municipal Accountant			FULLY IMPLEMENTED		Penalties from RPT and SET were already recorded to the appropriate income account for the current year.

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			recording of penalties from RPT & SET collections.						
009	Out of the total available LDRRMF for the 70% Mitigation Fund, Continuing Appropriations, and unexpended funds from previous years amounting to ₱50,978,434.04 for CY 2024, only ₱7,143,860.00 or 14.01% was utilized for rice purchase while the province was under a state of calamity due to the adverse effects of the El Niño Phenomenon. Thus, the use of the funds was not maximized to strengthen the capacity of the Municipality to reduce and manage the adverse effects during disasters or calamities.	We recommend that Management maximize the utilization of the LDRRMF by promptly implementing the planned programs, projects, and activities aimed at eliminating flood risks, reducing the adverse impacts of hazards and calamities, and enhancing the capacity of the LGU, communities, and individuals to effectively anticipate and manage all types of emergencies, thereby ensuring and orderly transitions from response to sustained recovery.	LDRRMF will be utilized for the projects concentrated mostly on mitigating the risks of hazards and calamities.	MDRRM Officer			ONGOING	Projects concentrated on mitigating the risks and hazards of calamities and disasters funded and implemented by the National Government were given priority.	PPAs aimed at eliminating flood risks, reducing the adverse impacts of hazards and calamities, and enhancing the capacity of the LGU, communities and individuals to anticipate and manage all types of emergencies effectively.
010	The cost of 12,644 bags of 10-kilogram rice, amounting to ₱7,143,860.00, procured using the prior years' unexpended LDRRMF, was incorrectly recorded as a direct debit to the Trust Liabilities – DRRMF account instead of the Welfare Goods Expenses account, contrary to the accounting treatment prescribed under COA Circular Nos. 2012-002 and 2015-009, thus affecting the reliability of financial reporting and accurate presentation of expenses related to disaster response.	We recommend that the Municipal Accountant strictly adhere to the illustrative accounting entries prescribed under COA Circular Nos. 2012-002 and 2015-009 in recording the utilization of the unspent LDRRMF to ensure proper accounting and accurate financial reporting of trust fund transactions.	Prescribed accounting entries under COA Circular Nos. 2012-002 and 2015-009 will be followed in the next utilization of the unspent LDRRMF to ensure the reliability of financial reporting and accuracy of the presentation of costs related to disaster response charged in the trust fund.	Municipal Accountant			FULLY IMPLEMENTED		
011	Procurement of various medicines and medical supplies totaling ₱2,235,426.25 charged against the GAD fund were split into several acquisitions and procured through either Shopping or Small Value Procurement (SVP), contrary to Sections 10 and 54.1 of the 2016 Revised Implementing Rules and Regulations (IRR) of R.A. No. 9184, thereby bypassing the requirement for competitive bidding and casting doubt on whether the prices obtained were the most reasonable and advantageous to the Municipal Government.	We recommend that the BAC conduct proper procurement planning by consolidating similar or related requirements from various departments to avoid splitting of contracts, and to ensure compliance with Sections 10 and 54.1 of the 2016 Revised IRR of R.A. No. 9184, which mandated competitive bidding as the default method of procurement.	The Bids and Awards Committee made proper procurement planning for procurements done during CY 2025.	BAC Chairperson and Members			FULLY IMPLEMENTED		

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		We further recommend that the BAC issue a resolution justifying the use of any alternative mode of procurement, ensuring that such justification is well-documented, legally valid, and supported by the conditions set forth under Rule XVI of the IRR to promote transparency, efficiency, and economy in government spending.							
012	The Municipality's recording of various medicines and medical supplies worth ₱2,235,426.25 used for GAD programs and projects, without the proper documentation of actual issuance, specifically the Requisition and Issue Slip (RIS) and Summary of Supplies and Materials Issued (SSMI), was not in accordance with the NGAS Manual for LGUs, Volume 1, thereby compromising the accuracy of expense recognition and rendering the balances of the Drugs and Medicines Inventory and Medical, Dental and Laboratory Supplies Inventory accounts unreliable as of December 31, 2024.	We recommend that Management observe the requisition procedures for materials and the reporting of their issuance, as prescribed in the NGAS Manual for LGUs, Volume I. This will help ensure proper monitoring and accounting, as well as establish reliable inventory account balances in the financial statements at year-end.	The requisition of supplies and materials and the reporting of issuance were done by end-users through logbooks. Thus, the inventory balances can still be ascertained.	Municipal Accountant Municipal Treasurer			FULLY IMPLEMENTED		
013	The Notes to Financial Statements (FS) of the Municipality for the year ended December 31, 2024, did not provide sufficient disclosures on several key accounts, including advances, other receivables, accounts payable, due to officers and employees, trust liabilities, other deferred credits, and other payables, contrary to Sections 127 and 129 of IPSAS No. 1, thereby diminishing the transparency and usefulness of the FS for users and stakeholders.	We recommend that the Municipal Accountant ensure full compliance with the disclosure requirements of Sections 127 and 129 of PPSAS No. 1 by providing comprehensive and relevant explanatory notes for all significant account balances in the financial statements.	Details and breakdowns of several key accounts, including advances, other receivables, accounts payable, due to officers and employees, trust liabilities, other deferred credits, and other payables, were presented through schedules and subsidiary ledgers. However, to ensure full compliance with the disclosure requirements of Sections 127 and 129 of PPSAS No. 1, relevant and	Municipal Accountant	January 1, 2026	February 14, 2026	NOT YET IMPLEMENTED	Compliance on the disclosure requirements will be made for CY 2025 Financial Statements	

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			comprehensive information will be provided in the Notes to the Financial Statements for all significant account balances in the next submission of financial statements.						

Prepared by:

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