



Republic of the Philippines
COMMISSION ON AUDIT
REGIONAL OFFICE NO. VII
M.J. Cuenco Avenue, Corner V. Sotto Street
Barangay Tinago, 6000 Cebu City

ANNUAL AUDIT REPORT

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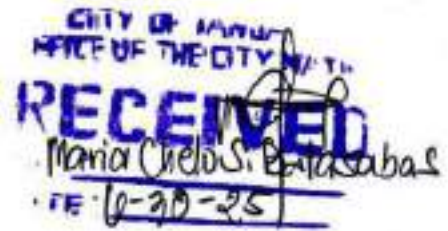
CITY OF TANJAY
PROVINCE OF NEGROS ORIENTAL

For the Year Ended December 31, 2024



REPUBLIC OF THE PHILIPPINES
COMMISSION ON AUDIT
REGIONAL OFFICE NO. VII

M.J. Cuenco Avenue, Corner V. Sotto Street, Barangay Tinago, 6000 Cebu City



June 25, 2025

HONORABLE JOSE T. ORLINO

City Mayor
City of Tanjay
Province of Negros Oriental



Dear Mayor Orllino:

We are pleased to transmit the Annual Audit Report of the City Government of Tanjay for the calendar year 2024 pursuant to 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.

The audit was conducted to (a) ascertain the fairness of 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 our audit in accordance with applicable International Standards of Supreme Audit Institutions, and we believe that it provides a reasonable basis for our opinion.

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

The audit observations, together with the recommended courses of action, which were discussed by the Audit Team with you and your staff in an exit conference on April 23, 2025, are discussed in detail in Part II of the Report. 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 will appreciate being informed of the action(s) taken thereon by submitting the attached duly accomplished Agency Action Plan and Status of Implementation 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 City Government of Tanjay.

Very truly yours,



VISITACION Q. MENDOZA
Director IV

Copy furnished:

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

TANJAY CITY
Province of Negros Oriental

AGENCY ACTION PLAN AND STATUS OF IMPLEMENTATION
Audit Observations and Recommendations For the Calendar Year 2024 and Prior Years
As of _____

Ref	Audit Observations	Audit Recommendation/s	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			

Agency Sign-Off:

Name and Position of Agency Officer

Date

Note: Status of Implementation may either be (a) Implemented, or (b) Not Implemented.

EXECUTIVE SUMMARY

Introduction

The City of Tanjay was created in 2001 under Republic Act (R.A.) No. 9026, otherwise known as “An Act Converting the Municipality of Tanjay, Province of Negros Oriental into a Component City to be known as the City of Tanjay.” It is classified as a 4th class city. As of December 31, 2024, it had a personnel complement of 3,072, detailed as follows:

<i>Nature of Appointment to Office</i>	<i>Number</i>
Elective Officials	14
Permanent Positions	567
Co-terminous Positions	34
Job Orders (Office-Based)	925
Job Orders (Field-Based)	1,532
Total	3,072

The City derives its mandates from R.A. No. 7160, known as the Local Government Code of 1991. The Code empowers local government units to exercise efficient and effective governance essential to the promotion of the welfare of, and the provision of basic services and facilities to its constituents. It is committed to discharging its mandated functions and responsibilities with the highest degree of integrity, dedication, and nationalism, and delivering prompt, responsive, and quality service to its constituents.

Improving the standard of living of all the constituents has been the main thrust of the City. To attain this noble goal, the City uses its resources to the maximum level by implementing programs and projects for the benefit of its constituents.

Audit Objective

The objective of the audit is to (a) ascertain the fairness of 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.

Audit Methodology

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

Scope of Audit

The audit covered the operations of the City of Tanjay for the calendar year 2024. The audit consisted of review of operating procedures, evaluation of the City’s programs and projects,

interview of concerned government officials and employees, verification, reconciliation, confirmation, inspection and analysis of accounts, and such other procedures considered necessary.

In compliance with the General Audit Instructions dated 30 October 2024 of the Office of the Assistant Commissioner, Local Government Sector and in the Specific Audit Instructions dated 11 November 2024 of the Office of the Regional Director, Local Government Audit Sector, the following were the significant thrust areas that were looked into:

1. Cash in Bank
2. Cash, Local Treasury
3. PPE
4. Inventories
5. Accounts Payable
6. Taxes withheld from employees and suppliers and remittances to the Bureau of Internal Revenue in accordance with RA No. 8424 and its IRR under BIR RR No. 02798
7. Premium contributions and loan amortization to the Government Service Insurance System and Home Development Mutual Fund in accordance with RA No. 8291 and RA No. 9679, respectively
8. Premium contributions and remittance to PhilHealth in accordance with RA No. 7875, as amended

Financial Highlights

The financial condition and results of operation of the City as at December 31, 2024, with comparative figures for 2023, are summarized as follows:

Account/Particulars	Amount (₱)		
	2024	2023	Increase/(Decrease)
Assets	3,408,701,365.28	3,056,294,157.65	352,407,207.63
Liabilities	804,258,002.90	516,615,997.85	287,642,005.05
Equity	2,604,443,362.38	2,539,678,159.80	64,765,202.58
Revenue	940,802,925.44	889,821,021.60	50,981,903.84
Personal Services	331,959,944.75	296,166,640.57	35,793,304.18
Maintenance and Other Operating Expenses	414,323,004.15	406,812,832.23	7,510,171.92
Financial Expenses	1,920,795.80	2,039,975.96	(119,180.16)
Non-cash Expenses	105,736,786.69	170,823,097.70	(65,086,311.01)
Net Subsidy	(29,510,707.66)	(3,791,029.63)	(25,719,678.03)
Surplus/(Deficit)	57,351,686.39	10,187,445.51	47,164,240.88

Independent Auditor's Report on the Financial Statements

The Auditor rendered a qualified opinion on the financial statements of the City of Tanjay for the year ended December 31, 2024, due to the following exceptions:

1. The validity, existence, and accuracy of the Property, Plant and Equipment (PPE) accounts totaling ₱753,170,785.01 could not be ascertained due to the unreconciled difference of ₱9,530,828.25 between the PPE balances in the Report on the Physical Count of PPE (RPCPPE) and the books of accounts, thus affecting the fair presentation thereof in the Financial Statements. These unreconciled differences could have been properly and adequately addressed had Management implemented the one-time cleansing of PPE.
2. The accuracy and reliability of the Local Road Network (LRN) account balance totaling ₱545,659,882.49 could not be ascertained due to the: (a) non-conduct of inventory of local roads and non-preparation of a separate Report on the Physical Count of LRN; (b) non-maintenance of the LRN Ledger Card and LRN Property Card showing a complete description and cost segregation of LRN components; (c) non-provision of depreciation for LRN items; and (d) lack of full disclosure of the total road networks in the Notes to the Financial Statements, thereby affecting the fair presentation of the account in the financial statements.
3. Various inventory accounts totaling ₱151,601,129.37 were still recorded in the books despite their non-existence because the Summary of Supplies and Materials Issued was not completely prepared or recorded in the books, thereby affecting the fair presentation of the inventory accounts in the financial statements.
4. Fourteen completed projects under the Trust Fund (TF) totaling ₱87,392,781.11 were not transferred to the General Fund (GF) due to insufficient monitoring and improper recording, thus, overstating the Construction in Progress account in the TF while understating the related PPE accounts in the GF by the same amount, as well as the depreciation expense by ₱29,358,125.96, which affected the fair presentation of these accounts in the financial statements.
5. The presence of accounts totaling ₱32,174,051.07 that have remained outstanding for more than two years and which may no longer represent valid claims but were not reverted to the unappropriated surplus casts doubt on the reliability and validity of the Accounts Payable balance of ₱141,031,284.69 in the Financial Statements and precludes any beneficial use of said funds. Moreover, payables totaling ₱798,241.42 were merely estimated obligations which overstated both the liability and related expense accounts and understated the City's actual results of operations.
6. The Fuel, Oil, and Lubricants Inventory balance of ₱25,390,434.14 was overstated while the related expense account was understated because the utilization thereof was not appropriately recognized in the books, thereby affecting the fair presentation of the account in the financial statements.

7. Inventory procedures for the procurement of supplies and materials totaling ₱20,835,818.81 were not in accordance with Sections 114, 120, 121, and 122, Chapter 7 of the Manual on New Government Accounting System for LGUs, Volume I, resulting in an understatement of the inventory and an overstatement of the expense accounts, a breakdown of internal controls in property and supply management, and an increased risk of exposing unissued supplies to loss or misuse.
8. Communication expenses were erroneously charged against the appropriation for Office Supplies Expenses instead of Telephone Expenses, thus, affecting the fair presentation of the aforementioned accounts in the financial statements as at December 31, 2024.

Significant Audit Observations and Recommendations

In addition to the above-noted deficiencies, below are the significant observations and recommendations in the audit and/or evaluation of the operations of the City of Tanjay for the year 2024:

1. **Communication expenses amounting to ₱301,229.28 was incurred in excess of the available appropriations for Telephone Expenses, thus, resulting in illegal expenditures considered as the personal liability of the approving officers per Section 87 of Presidential Decree (P.D.) No. 1445.**

We recommended that the City Budget Officer, together with the approving officers, refund the overdraft totaling ₱301,229.28 upon issuance of the Notice of Disallowance, and henceforth ensure that funds are available for the planned expenditures in accordance with P.D. No. 1445.

2. **Transportation allowances totaling ₱334,156.25 were paid to four Office Heads (OH) despite being assigned with government vehicle(s), contrary to Department of Budget and Management (DBM) Local Budget Circular (LBC) No. 103 and COA Circular No. 2012-003, thus, rendering the payments illegal. Moreover, several vehicles were assigned to the same employee which is considered excessive and detrimental to the economical use of government funds and property.**

We recommended that the four OHs refund the illegal disbursements totaling ₱334,156.25 upon issuance of the Notice of Disallowance because they were not entitled to receive the Transportation Allowance.

We further recommended that the concerned OHs justify why several vehicles were assigned to the same accountable officer.

Henceforth, we recommended that the City desist from paying Transportation Allowances to city officials or employees with assigned vehicle(s) in compliance with DBM LBC No. 103, dated May 15, 2013 and COA Circular No. 2012-003.

The foregoing and other audit observations and recommendations are fully discussed in Part II of this Report.

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

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

	Beginning Balance (As of 31 December 2023)	This Period January 1 to December 31, 2024		Ending Balance (As of 31 December 2024)
		NS/ND/NC	NSSDC	
Notice of Suspension	₱ 37,493,914.54			₱ 37,493,914.54
Notice of Disallowance	44,603,865.00			44,603,865.00

Status of Implementation of Prior Years’ Audit Recommendations

Of the 123 prior years' audit recommendations, 4 were merged due to similarity of issues raised and 1 was issued with a Notice of Disallowance. Of the remaining 118 audit recommendations, 12 were implemented and 106 were unimplemented.

TABLE OF CONTENTS

<u>Part</u>	<u>Subject</u>	<u>Page No.</u>
I.	Audited Financial Statements	
	Independent Auditor's Report	1
	Statement of Management Responsibility for Financial Statements	4
	Comparative Financial Statements	
	Statement of Financial Position	5
	Statement of Financial Performance	6
	Statement of Changes in Net Assets/Equity	7
	Statement of Cash Flows	8
	Statement of Comparison of Budget and Actual Amounts	9
	Notes to the Financial Statements	12
II.	Audit Observations and Recommendations	
	Financial and Compliance Audit	38
	Other Financial Related Issues	72
	Status of Suspensions, Disallowances, and Charges	73
III.	Status of Implementation of Prior Years' Audit Recommendations	75
IV.	Appendices	

PART I - AUDITED FINANCIAL STATEMENTS



REPUBLIC OF THE PHILIPPINES
COMMISSION ON AUDIT
REGIONAL OFFICE NO. VII

M.J. Cuenco Avenue, Corner V. Sotto Street, Barangay Tinago, 6000 Cebu City

INDEPENDENT AUDITOR'S REPORT

HONORABLE JOSE T. ORLINO

City Mayor
City of Tanjay
Province of Negros Oriental

Qualified Opinion

We have audited the financial statements of the City of Tanjay, 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 matters 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 City of Tanjay 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

1. The validity, existence, and accuracy of the Property, Plant and Equipment (PPE) accounts totaling ₱753,170,785.01 could not be ascertained due to the unreconciled difference of ₱9,530,828.25 between the PPE balances in the Report on the Physical Count of PPE (RPCPPE) and the books of accounts, thus affecting the fair presentation thereof in the Financial Statements. These unreconciled differences could have been properly and adequately addressed had Management implemented the one-time cleansing of PPE.
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5. The presence of accounts totaling ₱32,174,051.07 that have remained outstanding for more than two years and which may no longer represent valid claims but were not reverted to the unappropriated surplus casts doubt on the reliability and validity of the Accounts Payable balance of ₱141,031,284.69 in the Financial Statements and precludes any beneficial use of said funds. Moreover, payables totaling ₱798,241.42 were merely estimated obligations which overstated both the liability and related expense accounts and understated the City's actual results of operations.
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7. Inventory procedures for the procurement of supplies and materials totaling ₱20,835,818.81 were not in accordance with Sections 114, 120, 121, and 122, Chapter 7 of the Manual on New Government Accounting System for LGUs, Volume I, resulting in an understatement of the inventory and an overstatement of the expense accounts, a breakdown of internal controls in property and supply management, and an increased risk of exposing unissued supplies to loss or misuse.
8. Communication expenses were erroneously charged against the appropriation for Office Supplies Expenses instead of Telephone Expenses, thus, affecting the fair presentation of the aforementioned accounts in the financial statements as at December 31, 2024.

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

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 IPSASs, and for such internal control as management determines is 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 LGU’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 guaranteed 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



ENRIQUITO A. BULOS
Director III

April 28, 2025




Republic of the Philippines
Province of Oriental Negros
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CITY OF TANJAY

Statement of Management Responsibility for Financial Statements

The Management of the *CITY OF TANJAY* is responsible for all information and representation contained in the Statement of Financial Position as of *December 31, 2024* and the related Statement of Financial Performance, Statement of Cash Flows, Statement of Changes in Net Assets/Equity and Statement of Comparison of Budget and Actual Amounts for the year then ended. The financial statements have been prepared in conformity with the International 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.



JOSE FILMER R. TORRES
City Accountant
Head of the Finance Department

3/29/25
Date Signed



JOSE T. ORLLINO
City Mayor
Chief Executive

3-29-25
Date Signed



Republic of the Philippines
Province of Negros Oriental
CITY OF TANJAY

NOTES TO THE FINANCIAL STATEMENTS
As of December 31, 2024

Note 1 – Profile

- 1.1 The City of Tanjay was created on April 01, 2001 under Republic Act 9026.
- 1.2 The Local Government Unit of the City of Tanjay is a non-profit and a public service oriented organization. Section 3 of Republic Act 9026 provides that the City constitutes a political body corporate and as such is endowed with the attributes of perpetual succession and possessed of the powers, which pertains to a corporation to be exercised in conformity with the provision of this Charter. The City shall have the following corporate powers:
 - a. To have a continuous succession in its corporate name;
 - b. To sue and be sued;
 - c. To have and use a corporate seal;
 - d. To require, hold and convey real or personal property;
 - e. To enter into any contracts and/or agreements; and
 - f. To exercise such other powers, prerogatives or authority subject to the limitations provided in this Act or laws.

Furthermore, Section 4 of the same Republic Act provides that the City shall have a common seal and may alter the same at pleasure. It shall exercise the powers to levy taxes; to close and open roads, streets, alleys, parks or squares; to take, purchase, receive, hold, lease, convey and dispose of real and personal property for the general interests of the City; to expropriate or condemn private property for public use; to contract and be contracted with, to sue and be sued; to prosecute and defend to final judgment and execution suits wherein the City is involved or interested in and to exercise all the powers as are granted to corporations or as hereinafter granted.

Note 2 – Financial Statement

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

Note 3 – Summary of significant accounting policies

3.1 Basis of accounting

The agency's [consolidated] financial statements are prepared on an accrual basis in accordance with the International Public Sector Accounting Standards (IPSAS).

3.2 Consolidation

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

- Market Operations
- Slaughterhouse Operations

3.3 Revenue recognition

Revenue from non-exchange transactions

Taxes, fees and fines

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

Transfers from other government entities

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

The LGU availed of the 5 – year transitional provision for the recognition of Tax Revenue- Real Property and Special Education Tax. For the first year, there will be no change in policy for the recognition of the aforementioned tax revenue.

Revenue from exchange transactions

Rendering of services

The LGU recognizes revenue from rendering of services by reference to the stage of completion when the outcome of the transaction can be estimated reliably. The stage of completion is measured by reference to labor hours incurred to date as a percentage of total estimated labor hours.

Where the contract outcome cannot be measured reliably, revenue is recognized only to the extent that the expenses are incurred.

Sale of goods

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

Interest income

Interest income is accrued using the effective yield method. The effective yield discounts estimated future cash receipts through the expected life of the financial asset to that asset's net carrying amount. The method applies this yield to the principal outstanding to determine interest income each period.

Rental income

Rental income arising from operating leases on investment properties is accounted for on a straight-line basis over the lease terms and included in revenue.

3.4 Property, plant and equipment

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

The Straight Line Method of depreciation is used in depreciating the Property, Plant and Equipment with estimated useful lives ranging from five to fifty years. A residual value, which is computed at ten percent of the cost of asset, is set and depreciation starts on the second month after purchase.

Public Infrastructures were not previously recognized in the books. The LGU availed of the 5-year transitional provision for the recognition of the Public Infrastructure. For the first year of implementation of the IPSAS, the LGU will not recognize the Public Infrastructure in the books of accounts.

3.5 Leases

LGU as a Lessor

Leases in which the LGU does not transfer substantially all the risks and benefits of ownership of an asset are classified as operating leases. Initial direct costs incurred in negotiating an operating lease are added to the carrying amount of the leased asset and recognized over the lease term.

3.6 Financial instruments

Financial assets

Initial recognition and measurement

Financial assets are classified as financial assets at fair value through surplus or deficit, loans and receivables, held-to-maturity investments or available-for-sale financial assets, as appropriate. The LGU determines the classification of its financial assets at initial recognition.

Purchases or sales of financial assets that require delivery of assets within a time frame established by regulation or convention in the marketplace (regular way trades) are recognized on the trade date, i.e., the date that the LGU commits to purchase or sell the asset.

The LGU's financial assets include: cash and short-term deposits only.

Subsequent measurement

The subsequent measurement of financial assets depends on their classification.

Financial assets at fair value through surplus or deficit

Financial assets at fair value through surplus or deficit include financial assets held for trading and financial assets designated upon initial recognition at fair value through surplus and deficit. Financial assets are classified as held for

trading if they are acquired for the purpose of selling or repurchasing in the near term. Financial assets at fair value through surplus or deficit are carried in the statement of financial position at fair value with changes in fair value recognized in surplus or deficit.

Financial liabilities

Initial recognition and measurement

Financial liabilities within the scope of IPSAS 29 are classified as financial liabilities at fair value through surplus or deficit or loans and borrowings, as appropriate. The LGU determines the classification of its financial liabilities at initial recognition.

All financial liabilities are recognized initially at fair value and, in the case of loans and borrowings.

The LGU Group's financial liabilities include loans and borrowings.

Subsequent measurement

The measurement of financial liabilities depends on their classification.

Financial liabilities at fair value through surplus or deficit

Financial liabilities at fair value through surplus or deficit include financial liabilities held for trading and financial liabilities designated upon initial recognition as at fair value through surplus or deficit.

Loans and borrowings

After initial recognition, interest bearing loans and borrowings are subsequently measured at amortized cost using the effective interest method. Gains and losses are recognized in surplus or deficit when the liabilities are derecognized as well as through the effective interest method amortization process.

Amortized cost is calculated by taking into account any discount or premium on acquisition and fees or costs that are an integral part of the effective interest rate.

Derecognition

A financial liability is derecognized when the obligation under the liability is discharged or cancelled or expires.

When an existing financial liability is replaced by another from the same lender on substantially different terms, or the terms of an existing liability are substantially modified, such an exchange or modification is treated as a derecognition of the original liability and the recognition of a new liability.

Offsetting of financial instruments

Financial assets and financial liabilities are offset and the net amount reported in the consolidated statement of financial position if, there is a currently enforceable legal right to offset the recognized amounts and there is an intention to settle on a net basis, or to realize the assets and settle the liabilities simultaneously.

Fair value of financial instruments

The fair value of financial instruments that are traded in active markets at each reporting date is determined by reference to quoted market prices or dealer price quotations (bid price for long positions and ask price for short positions), without any deduction for transaction costs.

3.7 Cash and cash equivalents

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

3.8 Changes in accounting policies and estimates

The LGU recognizes the effects of changes in accounting policy retrospectively.

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

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

3.9 Borrowing costs

Borrowing costs are capitalized against qualifying assets as part of property, plant and equipment. Such borrowing costs are capitalized over the period during which the asset is being acquired or constructed and borrowings have

been incurred. Capitalization ceases when construction of the asset is complete. Further, borrowing costs are charged to the statement of financial performance.

3.10 Related parties

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

3.11 Budget information

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

3.12 Significant judgments and sources of estimation uncertainty

Judgments

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

Operating lease commitments – LGU as lessor

The LGU has entered into property leases of certain of its properties. The LGU has determined, based on an evaluation of the terms and conditions of the arrangements, (such as the lease term not constituting a substantial portion of the economic life of the commercial property) that it retains all the significant risks and rewards of ownership of the properties and accounts for the contracts as operating leases.

Estimates and assumptions

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

Useful lives and residual values

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

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

Impairment of non-financial assets – non- cash generating assets

The LGU reviews and tests the carrying value of non-cash-generating assets when events or changes in circumstances suggest that there may be a reduction in the future service potential that can reasonably be expected to be derived from the asset. Where indicators of possible impairment are present, the LGU undertakes impairment tests, which require the determination of the fair value of the asset and its recoverable service amount. The estimation of these inputs into the calculation relies on the use estimates and assumptions.

Any subsequent changes to the factors supporting these estimates and assumptions may have an impact on the reported carrying amount of the related asset.

Note 4 – Cash and Cash Equivalents

	<u>2024</u>	<u>2023</u>
Cash on Hand		
Cash- Local Treasury	₱ 3,385,087.15	₱ 11,393,394.41
Cash in Bank – Local Currency		
Cash in Bank-Local Currency- Current Account	584,721,118.80	722,068,511.94
Cash in Bank – Local Currency- Savings Account	16,562,803.65	16,440,212.52
Total Cash and Cash Equivalent	<u>₱604,669,009.60</u>	<u>₱749,902,118.87</u>

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

The Cash- Local Treasury amounting to ₱3,385,087.15 was deposited to the following depository banks.

General Fund:		
1/2/25 LBP-Bais (2582-1009-70)		₱ 3,314,020.57
1/6/25 LBP-Bais (2582-1009-70)		10,552.29
Trust Fund:		
1/2/25 DBP-Dumaguete (0740-012628-030)		22,804.00
Special Education Fund:		
1/2/25 LBP-Dumaguete (2582-1038-47)		37,710.29
Total		<u><u>₱ 3,385,087.15</u></u>

Note 5 – Receivables

	<u>2024</u>	<u>2023</u>
Loans and Receivable Accounts		
Accounts Receivable	₱ 180.02	₱ 180.00
Real Property Tax Receivable	0.00	6,276,133.53
Special Education Tax Receivable	15,446,041.20	15,044,606.63
Loans Receivable - Others	19,000.00	19,000.00
Total	<u>₱15,465,221.22</u>	<u>₱21,339,920.16</u>
Inter-Agency Receivables		
Due from National Government Agencies	₱ 3,546,672.75	₱ 3,576,672.75
Due from Government Owned and Controlled Corporation	100.00	100.00
Due from Local Government Units	5,644,647.14	5,644,647.14
Total	<u>₱9,191,419.89</u>	<u>₱ 9,221,419.89</u>

The Due from NGAs account represents the LGU Counterpart for the Third Elementary Education Program, which will be liquidated and reclassified to the appropriate fixed asset account upon completion of the project. As of December 31, 2014, ₱1,529,700.07 or 76.16% represents, respectively, the amount or percentage of work accomplishment.

	<u>2024</u>	<u>2023</u>
Intra-Agency Receivables		
Due from Other Funds	₱ 14,605.92	₱ 2,220,497.01
Total	₱ 14,605.92	₱ 2,220,497.01

Receivables/Payables between funds in the amount of ₱10,602,399.60 has been eliminated. Please also see Note 11.

Advances

Advances for Payroll	₱ 0.00	₱ 6,450.00
Advances to Special Disbursing Officer	1,534,772.28	1,512,000.00
Advances to Officers and Employees	4,170,111.78	4,493,241.78
Total	₱ 5,704,884.06	₱ 6,011,691.78

Other Receivables

Due from Officers and Employees	₱ 25,412.95	₱ 25,412.95
Due from Non-Government Organizations/People's Organizations	2,000,000.00	2,000,000.00
Other Receivables	2,519,150.39	2,558,300.65
Total	₱ 4,544,563.34	₱ 4,583,713.60

Total - Receivables	₱34,920,694.43	₱43,377,242.44
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- a. Payroll deductions which started last March 2005 has been made on the Due from Officers and Employees account. Demand letters were sent and acknowledged by the concerned officers and employees.
- b. The amount of ₱44,748.00 under Other Receivables represents KKK receivables in the Trust Fund. Confirmation and demand letters were mailed to the persons concerned whose names appeared in the Schedule of Receivables. As of this writing, no response has been received yet.
- c. Based on the aging schedule, the following is the classification of current and non-current receivable accounts:

	<u>2024</u>		<u>2023</u>	
	Current	Non-Current	Current	Non-Current
Accounts Receivable	₱ 180.02	0.00	₱ 180.00	0.00
Real Property Tax Receivable	0.00	0.00	6,276,133.53	0.00
Special Education Tax Receivable	15,446,041.20	0.00	15,044,606.63	0.00
Loans Receivable - Others	19,000.00	0.00	19,000.00	0.00

	<u>2024</u>		<u>2023</u>	
	Current	Non-Current	Current	Non-Current
Due from NGAs	3,546,672.75	0.00	3,576,672.75	0.00
Due from GOCCs	100.00	0.00	100.00	0.00
Due from LGUs	5,644,647.14	0.00	5,644,647.14	0.00
Due from Other Funds	14,605.92	0.00	2,220,497.01	0.00
Advances to Payroll	0.00	0.00	6,450.00	0.00
Advances to Special Disbursing Officer	1,534,772.28	0.00	1,512,000.00	0.00
Advances for Officers and Employees	4,170,111.78	0.00	4,493,241.78	0.00
Due from Officers and Employees	25,412.95	0.00	25,412.95	0.00
Due from NGOs/Pos	2,000,000.00	0.00	2,000,000.00	0.00
Other Receivables	2,519,150.39	0.00	2,558,300.65	0.00
Total	₱34,920,694.43	₱ 0.00	₱43,377,242.44	₱ 0.00
Total Receivables	₱34,920,694.43		₱43,377,242.44	

Note 6 – Inventories

This account consists of:

	<u>2024</u>	<u>2023</u>
Inventory Held for Distribution		
Food Supplies for Distribution	₱ 500,000.00	₱ 500,000.00
Welfare Goods for Distribution	33,920,126.02	33,920,126.02
Drugs and Medicines for Distribution	16,404,796.06	16,404,796.06
Medical, Dental and Laboratory Supplies for Distribution	7,052,147.24	7,052,147.24
Agricultural and Marine Supplies for Distribution	4,987,500.00	4,987,500.00
Textbooks and Instructional Materials for Distribution	999,600.00	999,600.00
Construction Materials for Distribution	346,698.88	
Property and Equipment for Distribution	249,475.00	249,475.00
Other Supplies and Materials for Distribution	11,385,599.00	11,385,599.00
Inventory Held for Consumption		
Office Supplies Inventory	13,737,307.65	13,737,307.65
Accountable Forms, Plates and Stickers	340,262.58	340,262.58
Animal/Zoological Supplies Inventory	599,100.00	599,100.00
Drugs and Medicines Inventory	7,308,660.20	7,308,660.20
Medical, Dental and Laboratory Supplies Inventory	13,344,144.00	13,344,144.00
Fuel, Oil and Lubricants Inventory	25,390,434.14	26,119,797.64
Textbooks and Instructional Materials Inventory	499,000.00	499,000.00
Other Supplies and Materials Inventory	14,536,278.60	17,974,391.60
Total	₱151,601,129.37	₱155,421,906.99

Semi-Expendables

Semi-Expendable Office Equipment	₱ 808,152.00	₱ 0.00
Semi-Expendable Information and Communications	2,139,350.00	0.00
Semi-Expendable Agricultural and Forestry Equipment	35,675.00	0.00
Semi-Expendable Military, Police and Security Equipment	448,944.00	0.00
Semi-Expendable Medical Equipment	382,520.00	0.00
Semi-Expendable Technical and Scientific Equipment	365,060.00	0.00
Semi-Expendable Other Machinery and Equipment	62,475.00	0.00
Semi-Expendable Furniture and Fixtures	751,335.15	0.00
Semi-Expendable Books	2,036,123.00	0.00
Total	₱ 7,029,634.15	₱ 0.00
Total - Inventories	₱158,630,763.52	₱155,421,906.99

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

Note 7 – Property, Plant and Equipment

	2023	Additions	Deductions	2024
Land	₱93,073,979.56	0.00	0.00	₱93,073,979.56
Land Improvements	29,971,807.96	0.00	0.00	29,971,807.96
Infrastructure Assets	1,170,403,978.72	₱184,565,404.88	0.00	1,354,969,383.60
Buildings and Other Structures	487,048,491.98	22,752,533.51	0.00	509,801,025.49
Machinery and Equipment	490,028,421.52	52,423,248.00	₱2,551.60	542,449,117.92
Transportation Equipment	134,810,410.71	44,985,678.00	0.00	179,796,088.71
Furniture, Fixtures and Books	14,267,222.02	0.00	0.00	14,267,222.02
Construction in Progress	220,453,281.57	450,799,786.86	108,046,080.45	563,206,987.98
Other Property, Plant and Equipment	16,658,356.36	0.00	0.00	16,658,356.36
TOTAL	2,656,715,950.40	755,526,651.25	108,048,632.05	3,04,193,969.60
Accumulated Depreciation	662,870,806.28	105,729,742.94	218,239.43	768,382,309.79
Net Amount	₱1,993,845,144.12	₱649,796,908.31	₱107,830,392.62	₱2,535,811,659.81

The amount of ₱5,450,665.64 represents unserviceable equipment which was returned to the City General Services Office from the different departments of this city. The said amount was reclassified from Other Assets to Other Property, Plant and Equipment to conform with IPSAS.

Note 8 – Biological Assets

	<u>2024</u>	<u>2023</u>
Breeding Stocks	₱ 12,701,420.00	₱ 6,627,820.00
Plants and Trees	7,512,200.95	6,520,971.05
Total	<u>₱ 20,213,620.95</u>	<u>₱ 13,148,791.05</u>

Note 9 – Liabilities - Financial Liabilities

Financial Liabilities

Accounts Payables	₱141,031,284.69	₱114,651,898.86
Due to Officers and Employees	9,544,071.52	9,625,876.68
Loans Payable - Domestic	415,137,992.71	219,382,335.03
Total	<u>₱565,713,348.92</u>	<u>₱343,660,110.57</u>

The account is further broken down into current and non-current liabilities, as follows:

	<u>2024</u>		<u>2023</u>	
	Current	Non-Current	Current	Non-Current
Accounts Payable	141,031,284.69		114,651,898.86	
Due to Officers and Employees	9,544,071.52		9,625,876.68	
Loans Payable – Domestic		415,137,992.71	16,391,198.53	202,991,136.50
Total	<u>₱150,575,356.21</u>	<u>₱415,137,992.71</u>	<u>₱140,668,974.07</u>	<u>₱202,991,136.50</u>
Total Financial Liabilities	<u>₱565,713,348.92</u>		<u>₱343,660,110.57</u>	

Loans Payable - Domestic represents loans with the Land Bank of the Philippines (Dumaguete City Branch) in the amount of ₱415,137,992.71. This amount was used to finance the following:

a.	Construction of Tanjay City Government Center	₱ 346,421,253.50
b.	Purchase of Lot (New Motor pool Site)	23,720,020.00
c.	Construction of Drainage System	44,996,719.21
	TOTAL – Loans Payable- Domestic	₱ 415,137,992.71

For the Construction of Tanjay City Government Center, the Loan Terms are as follows, per Notice of Loan Approval, dated March 22, 2023:

Amount	₱600.00 million or contract price whichever is lower but not to exceed the Net Borrowing Capacity (NBC) of the LGU
Purpose	To finance the construction of the Tanjay City Government Center under design and build scheme
Interest Rate	Landbank’s prevailing rate at the time of availment, subject to quarterly re-pricing
Availability	One (1) year from date of loan signing. If no availment is made within one (1) year, the Bank has the option to terminate the loan.

Term	Up to Fifteen (15) years from date of initial release/drawdown, with three (3) years grace period on principal.
Repayment	Principal – Payable in 48 equal quarterly amortization to start at the end of the 13 th quarter from date of initial drawdown. Interest – Payable quarterly in arrears to start upon initial drawdown.
Mode of Release	<p>Loan release shall be in tranches to be credited to the Borrower’s deposit account maintained at Land Bank Bais Branch, as follows:</p> <p>First tranche: 15% of the approved amount or contract price, whichever is lower, upon complete documentation, presentation of duly signed contract agreement between the Borrower and the contractor and other documentary requirements as defined under the pre-release requirements of the LGU</p> <p>Succeeding Releases between 16%-90% Project Completion: Subsequent release up to six (6) tranches shall be via progress billing based on the project completion duly supported by the LGU’s accomplishment report approved by the Local Chief Executive.</p> <p>Final Tranche: 10% of the contract price/amount of loan upon 100% project completion subject to inspection/validation by Property Valuation and Credit Investigation Department (PV-CID) and submission of a certified of acceptance.</p>

For the Purchase of Lot – New Motor Pool Site, the Loan Terms are as follows, per Notice of Loan Approval, dated March 22, 2023:

Amount	₱50.00 million or contract price whichever is lower but not to exceed the NBC of the LGU
Purpose	To finance the purchase of lot for the new motor pool site
Interest Rate	Land Bank’s prevailing rate at the time of availment, subject to quarterly re-pricing
Availability	One (1) year from date of loan signing. If no availment is made within one (1) year, the Bank has the option to terminate the loan.
Term	Up to Fifteen (15) years from date of initial release/drawdown, with three (3) years grace period on principal.
Repayment	Principal – Payable in 48 equal quarterly amortization to start at the end of the 13 th quarter from date of initial drawdown. Interest – Payable quarterly in arrears to start upon initial drawdown.
Mode of Release	<p>The loan shall be released in tranches on a per lot basis to be credited to the Borrower’s deposit account maintained at Land Bank, as follows:</p> <p>First tranche: 50% of contract price upon complete documentation, presentation of duly signed Deed of Absolute Sale in favour of the borrower.</p> <p>Final Tranche: 50% of the contract price upon transfer of title in the name of the Borrower.</p>

For the Construction of Drainage System, the Loan Terms are as follows, per Notice of Loan Approval, dated March 22, 2023:

Amount	₱50.00 million or contract price whichever is lower but not to exceed the NBC of the LGU
Purpose	To finance the Construction of Drainage System
Interest Rate	Land Bank's prevailing rate at the time of availment, subject to quarterly re-pricing
Availability	One (1) year from date of loan signing. If no availment is made within one (1) year, the Bank has the option to terminate the loan.
Term	Up to Fifteen (15) years from date of initial release/drawdown, with three (3) years grace period on principal.
Repayment	Principal – Payable in 48 equal quarterly amortization to start at the end of the 13 th quarter from date of initial drawdown. Interest – Payable quarterly in arrears to start upon initial drawdown.
Mode of Release	The loan shall be released in tranches on a per lot basis to be credited to the Borrower's deposit account maintained at Landbank, as follows: First tranche: 50% of contract price upon complete documentation, presentation of duly signed Deed of Absolute Sale in favour of the borrower. Final Tranche: 50% of the contract price upon transfer of title in the name of the Borrower.

Note 10 – Liabilities - Inter-Agency Payables

	<u>2024</u>	<u>2023</u>
Inter-Agency Payables		
Due to BIR	₱ 2,817,440.44	₱ 2,851,736.37
Due to GSIS	5,943,552.75	6,053,754.34
Due to Pag-IBIG	812,259.10	696,271.41
Due to PhilHealth	2,189,810.34	8,051,402.83
Due to NGAs	32,169,239.33	30,611,951.26
Due to GOCCs	325,291.16	231,595.22
Due to LGUs	8,987,987.43	15,100,371.56
Total	<u>₱53,245,580.55</u>	<u>₱63,597,082.99</u>

- a. The first four accounts represent the amount deducted from the salaries of officials and employees and is remitted to the respective government agencies immediately on the month following the month for which these were deducted. While the remaining accounts represents balances of funds received by the LGU for specific purposes.
- b. Transfers from other government agencies represent those funds received for specific projects undertaken by the LGU for specific purpose. These funds were received on the basis of the project budgets submitted. Accordingly, the LGU is contractually bound to spend these funds only in connection with the projects. Furthermore, the contracts stipulate that the funds received for the project may only

be applied to the costs incurred for the project, as and when the phases of the project are certified as complete. The conditions remaining therefore represent phases of the projects that are yet to be certified as complete. Returned of the unspent portion of the fund is subject to the conditions stated in the respective Memorandum of Agreements executed between the LGU and the proponent government agencies.

Note 11 – Liabilities - Intra-Agency Payables

	<u>2024</u>	<u>2023</u>
Due to Other Funds	₱ 23,025.01	₱ 101,624.38
Total	₱ 23,025.01	₱ 101,624.38

Receivables/Payables between funds in the amount of ₱10,602,399.60 has been eliminated. Please also see Note 5.

Note 12 – Liabilities - Trust Liabilities

Trust Liabilities		
Trust Liabilities	₱ 2,826,486.26	₱ 2,987,596.85
Trust Liabilities - Disaster Risk Reduction and Management Fund	28,384,905.79	20,208,089.48
Bail Bonds Payable	394,555.99	394,555.99
Guarantee/ Security/ Deposits Payable	42,873,977.15	9,781,508.02
Total	₱74,479,925.19	₱33,371,750.34

Note 13– Liabilities - Deferred Credits/Unearned Income

Deferred Credits/Unearned Income		
Deferred Real Property Tax	₱ 0.00	₱ 6,276,133.53
Deferred Special Education Tax	17,246,802.25	17,121,809.63
Other Deferred Credits	28,740,674.43	28,546,898.37
Total	₱45,987,476.68	₱51,944,841.53

Note 14– Liabilities - Other Payables

Other Payables	₱64,808,646.55	₱23,940,588.04
Total	₱64,808,646.55	₱23,940,588.04

Note 15 – Tax Revenue

	<u>2024</u>	<u>2023</u>
Tax Revenue - Individual and Corporation		
Community tax	₱ 1,811,643.75	₱ 1,457,010.45
Tax Revenue-Property		
Real Property Tax - Basic	4,495,088.90	5,828,747.19
Special Education Tax	7,275,768.43	6,793,329.19
Real Property Transfer Tax	799,921.34	584,843.77

Tax Revenue-Goods and Services		
Business Tax	28,169,685.05	23,707,097.60
Amusement Tax	1,605,092.34	943,020.14
Franchise Tax	78,659.00	96,805.00
Tax Revenue – Fines and Penalties		
Tax Revenue – Fines and Penalties- Property Taxes	268,340.66	348,530.34
Share from National Taxes		
Share Internal Revenue Collection	875,958,786.00	826,514,976.00
Total	<u>₱920,462,985.47</u>	<u>₱866,274,359.68</u>

Note 16 – Service and Business Income

Service Income		
Permit Fees	₱ 3,561,088.45	₱ 4,506,829.18
Registration Fees	648,265.00	672,259.76
Clearance and Certificate Fees	962,317.02	981,405.53
Occupation Fees	397,239.58	288,592.50
Fishery Rentals, Fees and Charges	0.00	1,800.00
Fees for Sealing and Licensing of Weights and Measures	136,734.00	143,325.00
Business Income		
Rent/Lease Income	1,605,478.00	932,184.00
Parking Fees	0.00	1,013,661.50
Receipts from Market Operations	9,893,034.31	9,012,548.72
Receipts from Slaughterhouse Operations	1,170,564.00	1,337,344.00
Receipts from Cemetery Operations	303,266.00	320,274.00
Garbage Fees	166,953.00	237,456.00
Hospital Fees	138,613.41	124,373.00
Interest Income	388,526.33	501,833.65
Total	<u>₱19,372,079.10</u>	<u>₱20,073,886.84</u>

Note 17 – Employee Costs

	<u>2024</u>	<u>2023</u>
Personnel Services		
Salaries and Wages - Regular	₱184,684,561.70	₱180,272,776.08
Other Compensation		
Personal Economic Relief Allowance (PERA)	14,919,223.62	14,477,841.22
Representation Allowance	2,691,843.75	2,436,206.25
Transportation Allowance	1,852,893.75	1,786,593.75
Clothing/Uniform Allowance	4,362,000.00	3,276,000.00
Subsistence Allowance	1,277,250.00	1,156,800.00
Laundry Allowance	125,866.24	114,201.31

	<u>2024</u>	<u>2023</u>
Productivity Incentive Allowance	3,065,000.00	3,159,000.00
Honoraria	1,160,898.00	1,088,355.27
Hazard Pay	6,516,983.61	6,058,569.69
Longevity Pay	430,000.00	210,000.00
Overtime and Night Pay	5,181,987.76	6,099,942.87
Year-End Bonus	15,471,965.43	15,736,566.55
Cash Gift	3,104,750.00	3,183,750.00
Other Bonuses and Allowances	47,744,250.25	23,761,810.00
Personnel Benefit Contribution		
Retirement and Life Insurance Premiums	21,741,816.94	21,204,377.44
Pag-IBIG Contribution	1,420,000.00	722,700.00
PhilHealth Contribution	4,532,133.91	3,481,238.17
Employees Compensation Insurance Premiums	741,100.00	722,700.00
Other Personnel Benefit		
Terminal Leave Benefits	10,935,419.79	7,217,211.97
Total	<u>₱331,959,944.75</u>	<u>₱296,166,640.57</u>

Note 18 – Maintenance and Other Operating Expenses

	<u>2024</u>	<u>2023</u>
Traveling Expenses		
Traveling Expenses - Local	₱ 10,350,228.64	₱ 12,127,922.09
Traveling Expenses - Foreign	86,553.00	0.00
Training and Scholarship Expenses		
Training Expenses	12,345,142.43	11,888,390.62
Scholarship Grants/Expenses	3,630,000.00	4,349,550.00
Supplies and Material Expenses		
Office Supplies Expenses	5,913,074.73	3,012,850.71
Accountable Forms Expenses	554,690.00	353,055.00
Animal/Zoological Expenses	1,247,558.90	554,700.12
Welfare Goods Expenses	281,785.05	0.00
Food Supplies Expenses	0.00	14,876.00
Drugs and Medicines Expenses	6,635,443.50	0.00
Medical, Dental and Laboratory Supplies Expenses	3,591,072.52	341,271.75
Fuel, Oil and Lubricants Expenses	15,507,515.16	6,928,427.36
Agricultural and Marine Supplies Expenses	1,374,812.71	999,688.55
Other Supplies and Materials Expenses	4,022,895.20	1,656,527.81
Utility Expenses		
Water Expenses	3,960,872.36	1,736,783.87
Electricity Expenses	15,762,295.72	12,046,720.81
Communication Expenses		
Postage and Courier Services	13,200.00	37,500.00
Telephone Expenses	1,659,542.36	1,526,945.49
Internet Subscription Expenses	262,334.56	314,885.27

	<u>2024</u>	<u>2023</u>
Awards/Rewards and Prizes		
Awards/Rewards Expenses	153,132.00	49,851.00
Prizes	10,743,547.00	7,016,350.00
Confidential, Intelligence and Extraordinary Expenses		
Confidential Expenses	3,068,653.00	1,450,000.00
Total	<u>₱101,164,348.84</u>	<u>₱66,406,296.45</u>
 Contracted Services		
Professional Services		
Auditing Services	₱ 124,997.10	₱ 68,999.51
Other Professional Services	18,855,100.19	17,942,089.26
General Services		
Environment/Sanitary Services	31,911,460.00	32,961,700.00
Security Services	979,643.25	1,019,077.50
Other General Services	151,421,411.64	168,321,125.61
Total	<u>₱203,292,612.18</u>	<u>₱220,312,991.88</u>
 Repairs and Maintenance		
Repairs and Maintenance - Infrastructure Assets	₱ 3,851,799.00	₱ 5,463,347.50
Repairs and Maintenance - Buildings and Other Structures	819,989.29	738,214.93
Repairs and Maintenance - Machinery and Equipment	871,206.04	503,436.62
Repairs and Maintenance - Transportation Equipment	6,651,426.74	6,376,314.67
Repairs and Maintenance - Furniture and Fixtures	10,496.00	0.00
Total	<u>₱ 12,204,917.07</u>	<u>₱ 13,081,313.72</u>
 Taxes, Insurance Premiums and Other Fees		
	<u>2024</u>	<u>2023</u>
Taxes, Duties and Licenses	₱ 0.00	₱ 17,924.00
Fidelity Bond Premiums	310,677.22	181,217.98
Insurance Expenses	1,232,612.56	1,368,696.74
Total	<u>₱ 1,543,289.78</u>	<u>₱ 1,567,838.72</u>
 Other Maintenance and Operating Expenses		
Printing and Publication Expenses	₱ 1,505,174.50	₱ 872,997.00
Rent Expenses	100,500.00	1,000.00
Membership Dues and Contributions to Organizations	375,000.00	1,395,000.00
Donations	63,980,519.24	74,462,252.31
Other Maintenance and Operating Expenses	30,156,642.54	28,713,142.15
Total	<u>₱96,117,836.28</u>	<u>₱105,444,391.46</u>

Note 19 – Non-Cash Expenses

	<u>2024</u>	<u>2023</u>
Depreciation-Land Improvements	₱ 1,809,539.26	₱ 4,824,148.67
Depreciation-Infrastructure Assets	36,040,274.99	46,497,434.13
Depreciation-Buildings and Other Structures	16,084,814.28	73,774,609.54
Depreciation-Machinery and Equipment	34,407,277.83	32,112,145.89
Depreciation-Transportation Equipment	16,732,283.94	11,711,521.17
Depreciation-Furniture, Fixtures and Book	163,428.08	555,515.01
Depreciation-Other Property, Plant and Equipment	492,124.56	867,829.54
Amortization - Intangible Assets	7,043.75	479,893.75
Total	<u>₱105,736,786.69</u>	<u>₱170,823,097.70</u>

Note 20 - Financial Expenses

Interest Expenses	<u>₱ 1,920,795.80</u>	<u>₱ 2,039,975.96</u>
Total	<u>₱ 1,920,795.80</u>	<u>₱ 2,039,975.96</u>

Note 21 – Reconciliation of Net Cash Flows from Operating Activities to Surplus/(Deficit)

Surplus/(Deficit)	₱57,351,686.39	₱ 10,187,445.51
Non-Cash Transactions:		
Depreciation	105,729,742.94	170,343,203.95
Amortization of Intangible Assets	7,043.75	479,893.75
Increase(decrease) in Government Equity	50,516,870.64	56,946,184.69
(Increase)/Decrease in inventories	(3,208,856.53)	(22,915,281.56)
(Increase)/Decrease in Prepayments	46,136,293.46	(90,964,876.57)
(Increase)/Decrease in Receivables	12,347,044.39	(12,200,146.61)
Increase(decrease) in short-term liabilities	54,256,722.51	12,161,541.04
Increase(decrease) in deferred credits	(5,957,364.85)	(7,992,888.47)
Prior period adjustments	5,928,823.89	8,312,067.66
Increase(decrease) in other payables	40,868,058.51	(24,255,819.27)
Total	<u>₱363,976,065.10</u>	<u>₱100,101,324.12</u>

Note 22 – Local Disaster Risk Reduction Management Fund (LDRRMF)

The LDRRMF represents the amount set aside by the LGU to support its disaster risk management activities pursuant to R.A. No. 10121 otherwise known as the “Philippine Disaster Risk Reduction and Management Act of 2010.” The amount available and utilized during the year totaled to ₱125,386,672.81 and ₱80,217,354.10 respectively, broken down as follows:

Particulars	Amount		
	Available	Utilized	Balance
Current Year Appropriation: General Fund			
Quick Response Fund (QRF)			
MOOE	₱ 13,682,065.55	₱ 8,716,891.05	₱ 4,965,174.50
Capital Outlay	110,000.00	109,800.00	200.00
Res.#24-673, Ord.#17, 12/20/24	175,659.23		175,659.23
Mitigation Fund (MF)			
MOOE	4,681,486.30	1,559,241.09	3,122,245.21
Capital Outlay	27,500,000.00	25,995,000.00	1,505,000.00
Res.#23-258, Ord.#5, 6/15/2023	409,871.52	0.00	409,871.52
Total	46,559,082.60	36,380,932.14	10,178,150.46
Continuing Appropriation: General Fund			
2020 (GF) - 70% MF	₱ 602,318.00	₱ 0.00	₱ 602,318.00
2021 (GF) - 70% MF	5,250,000.00	4,999,000.00	251,000.00
2022 (GF) - 70% MF	17,326,690.71	17,313,114.32	13,576.39
2023 (GF) - 70% MF	36,496,107.96	21,028,173.14	15,467,934.82
2022 (GF) - 30% QRF	2,265.69	0.00	2,265.69
Total	59,677,382.36	43,340,287.46	16,337,094.90
Special Trust Fund			
2018 (Ord.# 9, 12/2/2019)	₱ 8,582.56	₱ 0.00	₱ 8,582.56
2021			
MF	2,655,588.26	98,000.00	2,557,588.26
MF – Ord.# 3	17,322.40	0.00	17,322.40
QRF	6,492.80	0.00	6,492.80
2022	1,969,325.85	0.00	1,969,325.85
2023			
MF	1,439,799.83	398,134.50	1,041,665.33
QRF)	13,053,096.15	0.00	13,053,096.15
Total	19,150,207.85	496,134.50	18,654,073.35
TOTAL	₱ 125,386,672.81	₱ 80,217,354.10	₱ 45,169,318.71

Stated below is the breakdown of the utilization of the said fund:

General Fund:

Particulars	DV/ObR#	Payee/Purpose	Amount
Current Year Appropriation:			
Mitigation Fund (MF)			
MOOE (Annual Budget)			
	100-24-03-01627	MELANIA'S GARDEN - FOR THE PAYMENT OF CATERING SERVICES FOR THE FORMULATIONS OF THE DISASTER PLAN	₱59,975.00
	100-24-04-01834	MEALBUCKS RESTAURANT & CATERING SERVICES - FOR THE PAYMENT OF CATERING SERVICES	98,945.00
	100-24-05-03829	DON REY T. CALUMPANG - CASH ADVANCE OF REGISTRATION FEE AND TRAVELLING EXPENSES.	21,060.00
	100-24-05-03830	MAICA MARIE Y. OLIS - CASH ADVANCE OF REGISTRATION FEE AND TRAVELLING EXPENSES.	21,060.00
	100-24-05-03831	MAE BABY CHOY Z. MANSO - CASH ADVANCE OF REGISTRATION FEE AND TRAVELLING EXPENSES.	21,060.00
	100-24-05-03832	RANDU R. DURAN - CASH ADVANCE OF REGISTRATION FEE AND TRAVELLING EXPENSES.	21,060.00
	100-24-05-03833	JESS REYRICH R. AC-AC II - CASH ADVANCE OF REGISTRATION FEE AND TRAVELLING EXPENSES.	23,200.00
	100-24-05-03834	ROSE B. VILLAFLORES - CASH ADVANCE OF REGISTRATION FEE AND TRAVELLING EXPENSES.	21,060.00
	100-24-05-03835	HILSON R. ROSALES - CASH ADVANCE OF REGISTRATION FEE AND TRAVELLING EXPENSES.	21,060.00
	100-24-06-04034	JUAN ADRIAN Y. ROSALES - PAYMENT / REIMBURSEMENT OF TRAVELLING EXPENSES	720.00
	100-24-06-04035	JUAN ADRIAN Y. ROSALES - PAYMENT / REIMBURSEMENT OF TRAVELLING EXPENSES	720.00
	100-24-06-04036	JESS REYRICH R. AC-AC II - PAYMENT / REIMBURSEMENT OF TRAVELLING EXPENSES	720.00
	100-24-06-04057	JESS REYRICH R. AC-AC II - PAYMENT/REIMBURSEMENT OF TRAVELLING EXPENSES.	720.00
	100-24-06-04138	RANDU R. DURAN - REIMBURSEMENT OF REGISTRATION FEE AND TRAVELLING EXPENSES.	1,660.00
	100-24-07-04853	MAICA MARIE Y. OLIS - REIMBURSEMENT OF REGISTRATION FEE AND TRAVELLING EXPENSES.	3,680.00
	100-24-07-04999	MARCELINO M. DAEL JR. - PAYMENT / REIMBURSEMENT OF TRAVELLING EXPENSES	4,700.00
	100-24-07-05001	MARY NICOLINE M. MERCADER - PAYMENT / REIMBURSEMENT OF TRAVELLING EXPENSES	4,700.00
	100-24-07-05002	JUAN ADRIAN Y. ROSALES - PAYMENT / REIMBURSEMENT OF TRAVELLING EXPENSES	4,700.00
	100-24-07-05003	DON REY T. CALUMPANG - PAYMENT / REIMBURSEMENT OF TRAVELLING EXPENSES	4,700.00
	100-24-07-05004	GENNEVA N. ZAMORA - PAYMENT / REIMBURSEMENT OF TRAVELLING EXPENSES	4,700.00
	100-24-07-05005	MAICA MARIE Y. OLIS - PAYMENT / REIMBURSEMENT OF TRAVELLING EXPENSES	4,700.00
	100-24-07-05006	RANDU R. DURAN - PAYMENT / REIMBURSEMENT OF TRAVELLING EXPENSES	4,700.00
	100-24-07-5000	ROSE B. VILLAFLORES - PAYMENT / REIMBURSEMENT OF TRAVELLING EXPENSES	4,700.00
	100-24-08-05179	JUNE DAVE C. BANOSING - PAYMENT/REIMBURSEMENT OF TRAVELLING EXPENSES.	2,700.00
	100-24-08-05180	MARIA PEACHINA R. CALUMPANG - PAYMENT/ REIMBURSEMENT OF TRAVELLING EXPENSES.	2,700.00
	100-24-08-05269	MELANIA'S GARDEN - PAYMENT OF CATERING SERVICES FOR CONDUCT OF MONITORING AND RESP	89,932.50
	100-24-10-06642	NEW BIAN YEK COMMERCIAL, INC. - PAYMENT OF SPARE PARTS FOR FIRE TRUCK 01 (NFZ6983)	71,400.00
	100-24-11-06716	NOVE MAE Q. BALASABAS - CASH ADVANCE FOR TRAVELLING EXPENSES	34,081.76

Particulars	DV/ObR#	Payee/Purpose	Amount
	100-24-11-06831	F&N CONSUMER GOODS TRADING - PAYMENT OF EMERGENCY SUPPLIES FOR PROCUREMENT OF BASIC COMMODITIES	249,894.00
	100-24-11-06832	F&N CONSUMER GOODS TRADING - PURCHASE OF GROCERIES FOR FOOD SUBSISTENCE TO RESPONDENTS	49,679.50
	100-24-11-06882	DON REY T. CALUMPANG - CASH ADVANCE OF TRAVELLING EXPENSES	21,040.00
	100-24-11-06883	MAICA MARIE Y. OLIS - CASH ADVANCE OF TRAVELLING EXPENSES	21,040.00
	100-24-11-06884	JUAN ADRIAN Y. ROSALES - CASH ADVANCE OF TRAVELLING EXPENSES	21,040.00
	100-24-11-06885	GENNEVA N. ZAMORA - CASH ADVANCE OF TRAVELLING EXPENSES	21,040.00
	100-24-11-06886	MARIA PEACHINA R. CALUMPANG - CASH ADVANCE OF TRAVELLING EXPENSES	21,040.00
	100-24-11-06887	GLADYS JOSEPHINE I. BACO - CASH ADVANCE OF TRAVELLING EXPENSES	21,040.00
	100-24-11-06888	RAMONA MONICA T. MORENO - CASH ADVANCE OF TRAVELLING EXPENSES	21,040.00
	100-24-11-06889	RANDU R. DURAN - CASH ADVANCE OF TRAVELLING EXPENSES	23,840.00
	100-24-11-06890	MARCELINO M. DAEL JR. - CASH ADVANCE OF TRAVELLING EXPENSES	23,840.00
	100-24-11-06908	MARY NICOLINE M. MERCADER - CASH ADVANCE OF TRAVELLING EXPENSES	21,040.00
	100-24-11-07419	NEW BIAN YEK COMMERCIAL - PAYMENT OF SPARE PARTS FOR RESCUE VEHICLE MONTERO (B7C90)	68,400.00
	100-24-11-07420	NEW BIAN YEK COMMERCIAL - PAYMENT OF SPARE PARTS FOR RESCUE VEHICLE STRADA (B3L438)	72,400.00
	100-24-12-08149	HOPE & JOY ENTERPRISES - PURCHASE OF INSECTICIDES TO BE USED FOR THE CONTROL OF PESTS	99,973.50
	100-24-12-08471	FAST AUTOWORLD PHILIPPINES CORPORATION - FOR THE PAYMENT OF SPARE PARTS FOR MITSUBISHI MONTERO	17,975.83
	100-24-12-08516	JUAN ADRIAN Y. ROSALES - PAYMENT / REIMBURSEMENT OF TRAVELLING EXPENSES	7,247.00
	100-24-12-08517	RANDU R. DURAN - PAYMENT / REIMBURSEMENT OF TRAVELLING EXPENSES	7,247.00
	100-24-12-09563	MELANIA'S GARDEN - PAYMENT OF CATERING SERVICES FOR THE CONDUCT OF FORMULATION/WOR	215,910.00
	ATM065 DV402	DONREY T. CALUMPANG AND JESS REYRICH R. AC-AC II REFUND TO TRAVELLING EXPENSES	-600.00
Sub-Total			1,559,241.09
CO (Annual Budget)			
	100-24-10-06237	RICHFIELD BUILDERS, INC. - FIRST PARTIAL PAYMENT FOR THE 90% WORK ACCOMPLISHMENT FOR THE PROJECT: CONSTRUCTION OF FLOOD PROTECTION AND CONTROL FOR TANJAY RIVER AND OTHER AREAS CONNECTED THERETO	23,395,500.00
	100-24-12-08962	RICHFIELD BUILDERS, INC. - SECOND & FINAL PAYMENT FOR THE 10% (100%-90%) WORK ACCOMPLISHMENT FOR THE PROJECT: CONSTRUCTION OF FLOOD PROTECTION AND CONTROL FOR TANJAY RIVER AND OTHER AREAS	2,599,500.00
Sub-Total			25,995,000.00
Total (Current Year)			27,554,241.09
Continuing Appropriation:			
Mitigation Fund (MF)			
2021			
	100-24-12-10584	MEGA SPEED ICT SOLUTIONS INC, - FOR THE PAYMENT OF INSTALLATION OF CCTV CAMERAS ALONG FLOOD PRONE AREAS OF THE CITY	4,999,000.00
2022			
	100-24-12-09082	JFJ CONSTRUCTION & SUPPLY, INC. - FIRST & FINAL PAYMENT FOR THE 100% WORK ACCOMPLISHMENT FOR THE PROJECT: CONSTRUCTION OF FLOOD PROTECTION AND CONTROL FOR TANJAY RIVER AND OTHER AREAS CONNECTED THERETO	6,119,582.33
	100-24-07-04693	PAR BUILDERS ELECTRICAL AND CONSTRUCTION SUPPLY CORP. - SECOND & FINAL PAYMENT FOR THE 20% WORK	11,193,531.99

Particulars	DV/ObR#	Payee/Purpose	Amount
		ACCOMPLISHMENT FOR THE PROJECT: CONSTRUCTION OF FLOOD PROTECTION & CONTROL PROJECT (PHASE VI) FOR TANJAY RIVER	
2023			
	100-24-02-01185	1129 BUILDERS - - SECOND AND FINAL PAYMENT FOR THE 47.48% WORK ACCOMPLISHMENT FOR THE PROJECT: CONSTRUCTION OF FLOOD PROTECTION AND CONTROL FOR TANJAY RIVER AND OTHER AREAS CONNECTED THERETO	5,851,030.37
	100-24-06-04020	HLJ CONSTRUCTION AND ENTERPRISES - - FIRST AND FINAL PAYMENT FOR THE 100% WORK ACCOMPLISHMENT	5,995,000.00
	100-24-06-04203	TOP RAMP CONSTRUCTION CORPORATION - - FIRST AND FINAL PAYMENT FOR THE 100% WORK ACCOMPLISHMENT	2,687,142.77
	100-24-08-05387	FIREWOLF MOTORS - PURCHASE OF ONE UNIT BRAND-NEW 4,000-LTR. FIRETRUCK	6,495,000.00
Total (Continuing Appropriation)			43,340,287.46
TOTAL (MF)			70,894,528.55
Current Year Appropriation:			
Quick Response Fund (QRF)			
MOOE (Annual Budget)			
	100-24-05-03654	ANITA V. CUEVAS GENERAL MERCHANDISE - FOR THE PAYMENT OF GROCERIES FOR ASSISTANCE TO FIRE VICTIMS	31,891.05
	100-24-12-11322	BUQUIRAN, ALGIN ANTONIO R. ET.AL. - PAYMENT OF RELIEF AND RECOVERY ASSISTANCE TO AFFECTED FARMER-MEMBERS	22,000.00
	100-24-12-11323	ACEBES, ROM JOHN J. ET.AL. - PAYMENT OF RELIEF AND RECOVERY ASSISTANCE TO AFFECTED FARMER-MEMBERS	49,000.00
	100-24-12-11324	ALBANEZ, VIOLETA B. ET.AL. - PAYMENT OF RELIEF AND RECOVERY ASSISTANCE TO AFFECTED FARMER-MEMBERS	38,000.00
	100-24-12-11325	ABA, JOSE C. ET.AL. - PAYMENT OF RELIEF AND RECOVERY ASSISTANCE TO AFFECTED FARMER-MEMBERS	161,000.00
	100-24-12-11326	BASCOS, QUINTIN C. ET.AL. - PAYMENT OF RELIEF AND RECOVERY ASSISTANCE TO AFFECTED FARMER-MEMBERS	13,000.00
	100-24-12-11327	ABRANCILLO, JUNMARK T. ET.AL. - PAYMENT OF RELIEF AND RECOVERY ASSISTANCE TO AFFECTED FARMER-MEMBERS	88,000.00
	100-24-12-11328	AGUILAR, ELEUTERIO S. ET.AL. - PAYMENT OF RELIEF AND RECOVERY ASSISTANCE TO AFFECTED FARMER-MEMBERS	96,000.00
	100-24-12-11329	AGULAY, MARILAC B. ET.AL. - PAYMENT OF RELIEF AND RECOVERY ASSISTANCE TO AFFECTED FARMER-MEMBERS	75,000.00
	100-24-12-11330	ALABAN, LEA D. ET.AL. - PAYMENT OF RELIEF AND RECOVERY ASSISTANCE TO AFFECTED FARMER-MEMBERS	23,000.00
	100-24-12-11331	ABA, RANULFO V., ET. AL. - PAYMENT OF RELIEF AND RECOVERY ASSISTANCE TO AFFECTED FARMER-MEMBERS	282,000.00
	100-24-12-11332	AGALA, SOPRIMA B. ET.AL. - PAYMENT OF RELIEF AND RECOVERY ASSISTANCE TO AFFECTED FARMER-MEMBERS	162,000.00
	100-24-12-11333	ABALOS, MILA L. ET.AL. - PAYMENT OF RELIEF AND RECOVERY ASSISTANCE TO AFFECTED FARMER-MEMBERS	67,000.00
	100-24-12-11334	ABA, PAQUITO B. ET.AL. - PAYMENT OF RELIEF AND RECOVERY ASSISTANCE TO AFFECTED FARMER-MEMBERS	760,000.00
	100-24-12-11335	ABA, WILSON M. ET.AL. - PAYMENT OF RELIEF AND RECOVERY ASSISTANCE TO AFFECTED FARMER-MEMBERS	176,000.00
	100-24-12-11336	ABA, JOSEPHINE R. ET.AL. - PAYMENT OF RELIEF AND RECOVERY ASSISTANCE TO AFFECTED FARMER-MEMBERS	291,000.00
	100-24-12-11337	ABAIGAR, LEONILIO I. ET.AL. - PAYMENT OF RELIEF AND RECOVERY ASSISTANCE TO AFFECTED FARMER-MEMBERS	1,242,000.00
	100-24-12-11338	ABA, SATURNINO M. ET.AL. - PAYMENT OF RELIEF AND RECOVERY ASSISTANCE TO AFFECTED FARMER-MEMBERS	257,000.00
	100-24-12-11339	ABILA, SALOME M. ET.AL. - PAYMENT OF RELIEF AND RECOVERY ASSISTANCE TO AFFECTED FARMER-MEMBERS	202,000.00
	100-24-12-11366	ABA, GERALD T. ET. AL. - PAYMENT OF RELIEF AND RECOVERY ASSISTANCE TO AFFECTED FARMER-MEMBERS	1,425,000.00

Particulars	DV/ObR#	Payee/Purpose	Amount
	100-24-12-11367	ABILA, FELECIDAD D. ET. AL. - PAYMENT OF RELIEF AND RECOVERY ASSISTANCE TO AFFECTED FARMER-MEMBERS	462,000.00
	100-24-12-11368	ABAO, RENATO R. ET. AL. - PAYMENT OF RELIEF AND RECOVERY ASSISTANCE TO AFFECTED FARMER-MEMBERS	1,022,000.00
	100-24-12-11369	ABRASALDO, ANTONIO P. ET. AL. - PAYMENT OF RELIEF AND RECOVERY ASSISTANCE TO AFFECTED FARMER-MEMBERS	756,000.00
	100-24-12-11370	ABADIANO, GREGORIA S. ET. AL. - PAYMENT OF RELIEF AND RECOVERY ASSISTANCE TO AFFECTED FARMER-MEMBERS	422,000.00
	100-24-12-11371	ABATAY, MALOU O., ET. AL. - PAYMENT OF RELIEF AND RECOVERY ASSISTANCE TO AFFECTED FARMER-MEMBERS	594,000.00
Sub-Total			8,716,891.05
CO (Annual Budget)			
	100-24-11-07030	SANTILLAN RENTALS AND TRADING - PURCHASE OF STAINLESS TANKS FOR WATER STORAGE FOR	109,800.00
Sub-Total			109,800.00
TOTAL (QRF)			8,826,691.05
GRAND TOTAL			₱79,721,219.60

Trust Fund:

Particulars	DV/ObR#	Payee	Purpose	Amount
Current Year Appropriation:				
Continuing Appropriation:				
Trust Fund				
2021				
	CK 300-24-02-011	AGGREGATE INDUSTRIAL MERCHANDISE	Repair services for Tanjay City Rescue Ambulance with Plate #SKT-455	₱98,000.00
2023				
	CK 300-24-08-057	Melania's Garden	Catering Services for DRRM Program Orientation	19,785.15
	CK 300-24-09-067	Melania's Garden	Catering Services for Standard First Aid Training	89,932.50
	CK 300-24-09-068	Melania's Garden	Catering Services for Basic Life Support Training	59,995.00
	CK 300-24-12-088	Melania's Garden	Catering Services for Standard First Aid Training for Health and DRRM Personnel	98,971.50
	CK 300-24-12-089	Melania's Garden	Catering Services for Standard First Aid Training for Health and DRRM Personnel	59,950.00
	CK 300-24-12-090	Melania's Garden	Catering Services for Standard First Aid Training for Health and DRRM Personnel	69,500.00
GRAND TOTAL				₱496,134.15

Note 23 – Reconciliation between actual amounts on a comparable basis as presented in the SCBAA and in the Statement of Financial Performance for the Year Ended December 31, 2024

	Income	Personal Services	Maintenance and Other Operating Expenses	Financial Expenses	Capital Outlay
Comparison Statement of Budget and Actual Entity Differences	940,802,925.41	331,947,944.75	448,643,460.23	30,481,848.57	586,310,572.55
Basis Differences:	0.00	0.00	(34,910,143.28)	(28,561,052.77)	0.00
Income not considered budgetary items	0.00	0.00	0.00	0.00	0.00
Non-cash income					
Interest Income on Deposits					
Gain on Sale of Assets					
Discount on Real Property Tax					
Discount on Taxes					
Losses					
Income/Expense from TF (not covered by appropriations)					
Receipts not considered as income	0.00	0.00	0.00	0.00	0.00
Sale of capital assets					
Borrowings					
Expenses not considered budgetary items	0.00	0.00	0.00	(2,260,750.50)	0.00
Bank Charges				(2,260,750.50)	
Budgetary items not considered as expenses	0.00	0.00	(32,800,779.36)	(26,300,302.27)	0.00
Debt Service (Loan Amortization, Retirement of Debt Instruments)				(15,124,745.66)	
Interest Expenses capitalized				(11,175,556.61)	
Capital Expenditures					
Tax on Interest Income					
Refund from overpayment of travel, salary & etc. adjustment not reflected in SAAO					
Transfers, Assistance and Subsidy to Unspent DRRM transferred to Trust Fund			(24,127,828.90)		
Budgetary adjustments (cancelled checks, erroneous OBR and etc.)			(8,672,950.46)		
Timing Differences:	0.00	0.00	(2,109,363.92)	0.00	0.00
Prepayments charged to current appropriations					
Unconsumed Inventories charged to current appropriations					
Consumed Inventories and deferred charges charged to prior period appropriations					
Prior Period Adjustment					
Capital Outlay debited to MOOE			(243,795.00)		
Unliquidated Advances and Prepayments charged to current appropriations			(1,865,568.92)		
Other Adjustments (Final Interest on Income Tax Received)					
Unreconciled amount					
Discount on Real Property Tax					
Final Tax on Interest Income Received					
Commitments (Obligated but not delivered/billed)					
Per Statement of Financial Performance	940,802,925.41	331,947,944.75	413,733,316.95	1,920,795.80	586,310,572.55

Note: Excludes figures for the Trust Fund Statement of Financial Performance as these are also not included in the SCBAA, explaining the differences noted under PS and MOOE

PART II
AUDIT OBSERVATIONS AND
RECOMMENDATIONS

AUDIT OBSERVATIONS AND RECOMMENDATIONS

A) FINANCIAL AND COMPLIANCE AUDIT

Unreconciled PPE balance - ₱9,530,828.25

1. The validity, existence, and accuracy of the PPE accounts totaling ₱753,170,785.01 could not be ascertained due to the unreconciled difference of ₱9,530,828.25 between the PPE balances in the RPCPPE and the books of accounts, thus affecting the fair presentation thereof in the Financial Statements. These unreconciled differences could have been properly and adequately addressed had Management implemented the one-time cleansing of PPE as prescribed in COA Circular No. 2020-006.

1.1. The persistent discrepancies in the PPE accounts of government agencies have become a long-standing issue, preventing the accurate determination of PPE balances reflected in the financial statements. If not addressed effectively, this condition will continue to undermine the fair presentation of the financial position of government agencies, depriving the government of reliable and essential information for decision-making and accountability regarding these assets.

1.2. To address this, COA Circular No. 2020-006, dated January 31, 2020, was issued to provide guidelines and procedures for inventory taking, the recognition of PPE items found at stations, and the disposition of non-existing or missing PPE items. The Circular aims to ensure a one-time cleansing of PPE accounts within government agencies, establishing verifiable PPE balances concerning their existence, condition, and accountability. Section 5 of the Circular outlines the following key guidelines:

- a. Each agency must conduct a physical count of all PPE, including purchased, donated, and constructed items.
- b. The Head of the Agency must form an Inventory Committee, with members from the Accounting and Property Divisions, to complete the inventory in three months or less.
- c. Committee members must be temporarily relieved of their regular duties to focus on the inventory.
- d. The entire inventory must be witnessed by a COA Auditor or designated audit team members.
- e. The Head of the Agency may also require an Internal Audit Service/Unit representative to observe.
- f. The Inventory Committee is responsible for confirming the existence, completeness, and condition of all PPE.

- g. The committee, in coordination with the Property Division, must prepare a Physical Inventory Plan (PIP) outlining member duties, timelines, and locations for the inventory.
 - h. The PIP must be approved by the Head of the Agency and submitted to COA at least ten days before starting.
 - i. Property records should be updated and reconciled with accounting records based on the inventory results.
- 1.3. The Circular also details specific procedures for the cleansing process, including preliminary activities, the inventory process, and reconciliation of counts with property and accounting records.
- 1.4. It was observed that the City did not take advantage of the opportunity to conduct a one-time cleansing of its PPE accounts, as prescribed in COA Circular No. 2020-006, dated January 31, 2020. Although the CGSO successfully prepared the RPCPPE of movable properties as of December 31, 2024, the agency did not adhere to the general guidelines and specific procedures outlined in the Circular. It simply conducted the physical count as usual, without incorporating the key guidelines for one-time cleansing. Moreover, the resulting report was not reconciled with the accounting records, as it was prepared solely by the CGSO without the participation of a representative from the Accounting Office.
- 1.5. The inability to resort to the one-time cleansing of the property accounts resulted in the unresolved variance of ₱9,530,828.25 between the movable PPE balances in the RPCPPE and those recorded in the agency's books of accounts, as shown below:

	MOVABLE PPE	Per Financial Statement	Per RPCPPE	Variance
MACHINERY AND EQUIPMENT				
1	Machinery	₱ 6,049,072.59	7,940,432.59	(₱1,891,360.00)
2	Office Equipment	26,114,258.58	27,620,493.58	(1,506,235.00)
3	Information and Communication Technology Equipment	114,710,281.10	110,497,255.10	4,213,026.00
4	Agricultural and Forestry Equipment	10,254,646.00	4,767,606.00	5,487,040.00
5	Marine and Fishery Equipment	3,510,358.50	79,206.50	3,431,152.00
6	Communication Equipment	7,855,172.60	7,843,189.85	11,982.75
7	Construction and Heavy Equipment	297,463,673.01	284,676,673.01	12,787,000.00
8	Disaster Response and Rescue Equipment	34,132,813.00	29,101,813.00	5,031,000.00
9	Military, Police and Security Equipment	2,903,429.70	2,937,961.30	(34,531.60)
10	Medical Equipment	19,907,400.55	21,532,869.65	(1,625,469.10)
11	Printing Equipment	1,323,600.00	1,380,600.00	(57,000.00)
12	Sports Equipment	3,125,630.50	3,523,100.50	(397,470.00)
13	Technical and Scientific Equipment	409,540.00	232,460.00	177,080.00
14	Other Machinery and Equipment	14,689,241.79	15,831,368.79	(1,142,127.00)
TRANSPORTATION EQUIPMENT				
15	Motor Vehicles	175,298,894.08	184,791,894.08	(9,493,000.00)
16	Watercrafts	4,078,044.63	4,078,044.63	0.00

MOVABLE PPE		Per Financial Statement	Per RPCPPE	Variance
17	Other Transportation Equipment	419,150.00	419,150.00	0.00
FURNITURE, FIXTURES & BOOKS				
18	Furniture and Fixtures	14,149,369.02	17,618,420.82	(3,469,051.80)
19	Books	117,853.00	2,153,976.00	(2,036,123.00)
OTHER PPE				
20	Other PPE	16,658,356.36	16,613,441.36	44,915.00
TOTAL PPE		₱753,170,785.01	₱743,639,956.76	₱9,530,828.25

- 1.6. More than five years have passed since the Circular came into effect. This extended period should have been sufficient for CGSO to initiate and complete the preliminary activities and to begin verifying the PPE inventory prior to the commencement of the physical inventory by the Inventory Committee. Had the City exerted effort to take full advantage of the one-time cleansing opportunity, it is likely that the PPE balances could have been reconciled properly. This would have allowed for the resolution of the noted variance and the elimination of unidentifiable items. Ultimately, it would have led to the establishment of correct PPE balances that are verifiable in terms of their existence, condition, and accountability.
- 1.7. The CGSO admitted that they have no knowledge of the existing Circular, thus, they were not able to apply the procedures outlined therein.
- 1.8. Due to the unresolved discrepancy of ₱9,530,828.25, the validity, existence, and accuracy of the movable PPE accounts totaling ₱753,170,785.01, as reported in the CY 2024 financial statements, cannot be confirmed. As a result, these financial statements cannot be relied upon, and the fair presentation of the PPE accounts may be compromised.
- 1.9. **We recommended and the City Mayor agreed to:**
- 1.9.1. **Create the Inventory Committee to comply with the minimum requirement in terms of membership;**
 - 1.9.2. **Direct the revamped Inventory Committee to carry out the one-time cleansing of PPE, in accordance with the provisions of COA Circular No. 2020-006;**
 - 1.9.3. **Instruct the Inventory Committee to submit the RPCPPE and other required reports to the Audit Team, ensuring full compliance with COA Circular No. 2020-006; and**
 - 1.9.4. **Require the City Accountant and the Property and Supply Officer to regularly reconcile the records, investigate any discrepancies, and make the necessary adjustments to ensure the accurate presentation of the PPE account balances.**

- 1.10. Management stated that the City Mayor had previously created an Inventory Committee but was still unable to fully comply with the inventory because of the difficulty/complexity of the task.

Unreliable Local Road Network (LRN) balance - ₱545,659,882.49

2. **The accuracy and reliability of the LRN account balance totaling ₱545,659,882.49 could not be ascertained due to the: (a) non-conduct of inventory of local roads and non-preparation of a separate Report on the Physical Count of LRN (RPCLRN); (b) non-maintenance of the LRN Ledger Card (LRNLC) and LRN Property Card (LRNPC) showing a complete description and cost segregation of LRN components; (c) non-provision of depreciation for LRN items; and (d) lack of full disclosure of the total road networks in the Notes to the Financial Statements, contrary to COA Circular No. 2015-008, thereby affecting the fair presentation of the account in the financial statements.**

- 2.1. The contribution of infrastructure development to the economic advancement of any entity cannot be denied. As the number of constructed roads and developed road networks increases, there arises a need for efficient management systems given the growing complexities of infrastructure development and the challenges that characterize a growing economy. These challenges include aging infrastructure, limited budgets for capital outlays, reduced staff resources amid rising public expectations, and demand for good governance. Thus, COA Circular No. 2015-008 dated November 23, 2015, was issued prescribing the “Accounting and Reporting Guidelines on the Local Roads Asset Management System” for the fair presentation of the Infrastructure Assets account in the financial statements.

- 2.2. The Circular covers the accounting guidelines for local roads and road network systems on initial recognition, subsequent measurement and de-recognition to ensure that all roads are properly valued and recorded. It also includes the transitory provisions for the transfer of the local roads account from the Registry of Public Infrastructure to the books of accounts of the Local Government Unit (LGU) responsible for the management of these roads.

- 2.3. In our review of the financial statements as of December 31, 2024, we noted that the Road Networks account (1-07-03-010), all recorded under the General Fund (GF) costing ₱545,659,882.49, comprising 40.27 per cent of the total Infrastructure Assets, showed the following deficiencies contrary to the aforementioned Circular, to wit:

- 2.4. **Non-conduct of inventory of local roads and non-preparation of RPCLRN and Report of the Local Road Network (RLRN)**

- 2.4.1. Item V(1) of the above-mentioned Circular requires the conduct of an inventory of local roads under the LGU’s jurisdiction while Item VI(3) thereof requires the Inventory Committee to prepare the RPCLRN to be submitted to the Auditor concerned and Accounting Division/Unit not later

than January 31 of each year. As of February 14, 2025, none has been submitted.

2.4.2. Our review of the Report on the Physical Count of Property, Plant and Equipment (RPCPPE) as of December 31, 2024 showed that the report did not include the existing local roads and road networks. However, verification of the Road Networks account balance in the accounting records as of December 31, 2024 showed that a total of ₱545,659,882.49 was recorded in the books. Therefore, in the absence of any record in the physical count conducted, this amount also represents the variance.

2.4.3. Per inquiry, the City Accounting Office (CAO) merely relied on the documents submitted by the City Engineering Office (CEO), which did not include the details of the constructed roads and road networks. Consequently, the RPCLRNs were not prepared which should have shown the Road Network ID No., road name, components which include road lots, pavements, drainage and slope protection structures and other miscellaneous structures, the date it was constructed, its cost and its physical condition. The City General Services Officer (CGSO) also did not render the annual RLRN as required under Item VI.1 of the same Circular.

2.5. Non-maintenance of the LRNLC and LRNPC showing complete description and cost segregation of LRN components

2.5.1. Item V of the Circular partly provides that Management shall:

3. Segregate and recognize the cost of each component of the local roads with identified cost.
4. Determine the components of local roads identified in the inventory without corresponding cost and recognize the cost of each component at its fair value.

2.5.2. Item VII enumerates the duties and responsibilities of the Local Accountant and the CGSO which include, among others, the following:

- a. Local Accountant
 1. Prepare the Journal Voucher to record the beginning balance of the LRN and its component in the general ledger and the LRNLC (Annex D of the circular), respectively; xxx
- b. General Services Officer
 - a. Keep a complete LRNPC for all roads and its components (Annex E of the circular).

- 2.5.3. Further, Item VII.c.1 of the same Circular requires the City Engineer to provide the local accountant and GSO with a complete description and cost segregation of the road components for road projects.
 - 2.5.4. As defined under Item III.4 of the Circular, road asset components are “the sub-components of a road which, having different useful life spans, need to be booked and depreciated separately. They include: road lot, road pavement, drainage and slope protection structures and other miscellaneous structures.”
 - 2.5.5. The CAO maintains a schedule of its infrastructure accounts as reported in the PPE Schedule, which includes, among others, a listing of constructed Road Networks. However, no LRNLC was maintained for each road project and its road asset components because the CEO did not provide complete descriptions and cost segregation, as well as its repair history. Likewise, the CGSO did not maintain the LRNPC due to the same lack of detailed information.
 - 2.5.6. In the absence of the LRNLCs and LRNPCs, reconciliation of both records with the RPCLRN could not be done, rendering the balance of the Road Networks account unreliable. Moreover, the non-segregation of costs for each road component affects the computation of depreciation considering that the depreciable components have different useful life spans, and should therefore be depreciated separately using the straight-line method.
- 2.6. **Depreciation for all depreciable components of the road network was not provided.**
- 2.6.1. Item IV.13 of the Circular provides as follows:
 4. The road lot component of the road network system shall not be subject to depreciation.
 12. Each depreciable component of the road network shall be depreciated separately following the straight line method of depreciation.
 13. No residual value shall be provided for the depreciable components of the road network system.
 - 2.6.2. Contrary to the foregoing provision, we found that the City Accountant had not provided depreciation for all depreciable components of the LRN since the adoption of the Philippine Public Sector Accounting Standards in calendar year (CY) 2015 (now International Public Sector Accounting Standards or IPSAS). The Office admitted that this is primarily due to simple inadvertence, and secondly, due to the lack of details of each road component that would facilitate the computation of the corresponding depreciation.

2.6.3. Paragraph 21 of IPSAS No. 17 partly provides that “xxx. Infrastructure assets meet the definition of PPE and should be accounted for in accordance with this Standard. Examples of infrastructure assets include road networks, sewer systems, water and power supply systems, and communication networks.” Thus, the LRN shall be subject to depreciation in accordance with Item IV.13 of the aforementioned Circular.

2.6.4. As a result of the foregoing, the City’s asset and equity accounts were overstated by an undetermined amount due to the depreciation that should have been provided for each depreciable component of the road network.

2.7. Lack of full disclosure of the total road network system in the Notes to the Financial Statements

2.7.1. Item IV.2 of the Circular states that the total road network system shall be disclosed in the Agency’s Notes to the Financial Statements. The standard format is provided in Annex B thereof and presented as follows:

The LGU has a total of _____ kilometers of roads with a total cost of Php _____. For the year ended, the agency spent a total of Php _____ for major repairs and Php _____ for the regular maintenance. Reductions in the amount of Php_____ were recorded due to derecognition, Php _____ for impairment and Php_____ impairment were reversed.”

2.7.2. Contrary to the aforementioned requirement, the City Accountant did not make a separate disclosure of the Road Networks account in the Notes to the Financial Statements. Instead, it was included as part of Infrastructure Assets under PPE, thereby, not informing the users of the financial statements about the nature of the account.

2.8. The aforementioned deficiencies made the Road Networks account questionable and unreliable, thereby, affecting the fairness of presentation of the Infrastructure Assets account in the City’s financial statements.

2.9. We recommended that the City Accounting, Engineering, and General Services Offices strictly comply with the accounting and reporting guidelines on the local roads asset management system and properly coordinate with one another in fulfilling their duties and responsibilities as outlined in COA Circular No. 2015-008 dated November 23, 2015.

2.10. We also recommended that henceforth, the Inventory Committee conduct the annual physical count of all its LRN in accordance with regulations, ensuring that all necessary details are reported separately in the RPCLRN for submission to the Auditor and Accounting Office not later than January 31 of each year. The RPCLRN shall be reconciled with the accounting records, and the necessary adjusting entries shall be prepared *before* the statement date.

- 2.11. The Management stated that the CEO and the City Planning and Development Office (CPDO) had already started with the physical count of all its road networks; however, it will take time to fully comply with the inventory count considering the amount of work needed to conduct an ocular inspection on all the roads built by the City. The said officers will submit a partial report on their compliance to show their progress.

Unreliable Inventory accounts - ₱151,601,129.37

- 3. Various inventory accounts totaling ₱151,601,129.37 were still recorded in the books despite their non-existence because the Summary of Supplies and Materials Issued (SSMI) was not completely prepared or recorded in the books, contrary to Section 121 of the New Government Accounting System (NGAS) Manual for LGUs, Volume I, thereby affecting the fair presentation of the inventory accounts in the financial statements.**

- 3.1. Sections 119 to 121 of the Manual on the NGAS for LGUs, Volume I, provide the following regulations regarding the recording of properties and supplies, viz.:

Sec. 119. Property Records to be Maintained. The General Services Officer shall number each type of supplies and maintain Stock Cards per stock number.

Deliveries of supplies or property shall be immediately recorded in the property records on the basis of the Acceptance and Inspection Report (AIR) and other supporting documents. The AIR and other supporting documents shall be forwarded to the Chief Accountant for the preparation of the Disbursement Voucher (DV) and recording of deliveries in the appropriate ledger cards.

Sec. 120. Recording of Deliveries of Supplies or Property in the Books of Accounts. The Chief Accountant shall maintain Supplies Ledger Cards per stock number;

Upon receipt of the AIR and other supporting documents, the Chief Accountant shall record the deliveries in the appropriate ledger cards.

Sec. 121. Reporting on Issuance of Supplies/materials. The General Services Officer or the Local Treasurer, as the case maybe, shall consolidate weekly the Requisition and Issue Slips (RIS) for which supplies and materials were issued using the 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 Journal Entry Voucher (JEV) shall be prepared to record the expenditures using appropriate expenditure accounts.

- 3.2. Furthermore, Section 111 of Presidential Decree (P.D.) No. 1445 or the Government Auditing Code of the Philippines requires in part that “the accounts of an agency shall be kept in such detail as is necessary to meet the needs of the agency and at the same time be adequate to furnish the information needed by fiscal or control agencies of the government.”
- 3.3. As of December 31, 2024, the City’s financial statements showed the following inventory accounts totaling ₱151,601,129.37:

Account Title	Account Code	GF	Special Education Fund (SEF)	Trust Fund (TF)	TOTAL
Food Supplies for Distribution	1-04-02-010	500,000.00			500,000.00
Welfare Goods for Distribution	1-04-02-020	30,931,658.70		2,988,467.32	33,920,126.02
Drugs and Medicines for Distribution	1-04-02-030	16,404,796.06			16,404,796.06
Medical, Dental and Laboratory Supplies for Distribution	1-04-02-040	7,052,147.24			7,052,147.24
Agricultural and Marine Supplies for Distribution	1-04-02-050	4,987,500.00			4,987,500.00
Textbooks and Instructional Materials for Distribution	1-04-02-070	999,600.00			999,600.00
Construction Materials for Distribution	1-04-02-080			346,698.88	346,698.88
Property and Equipment for Distribution	1-04-02-090	249,475.00			249,475.00
Other Supplies and Materials for Distribution	1-04-02-990	11,385,599.00			11,385,599.00
Office Supplies Inventory	1-04-04-010	13,737,307.65			13,737,307.65
Accountable Forms, Plates and Stickers	1-04-04-020	340,262.58			340,262.58
Animal/Zoological Supplies Inventory	1-04-04-040	499,160.00		99,940.00	599,100.00
Drugs and Medicines Inventory	1-04-04-060	7,308,660.20			7,308,660.20
Medical, Dental and Laboratory Supplies Inventory	1-04-04-070	13,344,144.00			13,344,144.00
Fuel, Oil and Lubricants Inventory	1-04-04-080	25,390,434.14			25,390,434.14
Textbooks and Instructional Materials Inventory	1-04-04-100		499,000.00		499,000.00
Other Supplies and Materials Inventory	1-04-04-990	14,321,798.60		214,480.00	14,536,278.60
TOTAL		147,452,543.17	499,000.00	3,649,586.20	151,601,129.37

- 3.4. Our verification of the accounting records showed that, of this amount, only ₱346,698.88 worth of construction materials was purchased in CY 2024 while the remaining inventory accounts were acquired in CYs 2018, 2021, 2022, and 2023. Our analysis also showed that since these were purchased, there have been no changes to the account balances as follows:

Non-moving Account Balances						
Account	2018-2024	2024-2024	2022-2024	2023-2024	2024-2024	TOTAL
A. GF						
Food Supplies for Distribution	₱500,000.00					₱500,000.00
Welfare Goods for Distribution			₱30,931,658.70			30,931,658.70
Drugs and Medicines for Distribution				₱16,404,796.06		16,404,796.06

Non-moving Account Balances						
Account	2018-2024	2024-2024	2022-2024	2023-2024	2024-2024	TOTAL
Medical, Dental and Laboratory Supplies for Distribution		₱7,052,147.24				7,052,147.24
Agricultural and Marine Supplies for Distribution			4,987,500.00			4,987,500.00
Textbooks and Instructional Materials for Distribution				999,600.00		999,600.00
Property and Equipment for Distribution			249,475.00			249,475.00
Other Supplies and Materials for Distribution			11,385,599.00			11,385,599.00
Office Supplies Inventory			13,737,307.65			13,737,307.65
Accountable Forms, Plates and Stickers	340,262.58					340,262.58
Animal/Zoological Supplies Inventory			499,160.00			499,160.00
Drugs and Medicines Inventory			7,308,660.20			7,308,660.20
Medical, Dental and Laboratory Supplies Inventory				13,344,144.00		13,344,144.00
Fuel, Oil and Lubricants Inventory				25,390,434.14		25,390,434.14
Other Supplies and Materials Inventory				14,321,798.60		14,321,798.60
Total - GF	840,262.58	7,052,147.24	69,099,360.55	70,460,772.80		147,452,543.17
B. SEF						
Textbooks and Instructional Materials Inventory	499,000.00					499,000.00
Total - SEF	499,000.00	0.00	0.00	0.00		499,000.00
C. TF						
Welfare Goods for Distribution			2,988,467.32			2,988,467.32
Construction Materials for Distribution					346,698.88	346,698.88
Animal/Zoological Supplies Inventory			99,940.00			99,940.00
Other Supplies and Materials Inventory				214,480.00		214,480.00
Total - TF	0.00	0.00	3,088,407.32	214,480.00	346,698.88	3,649,586.20
OVERALL TOTAL	₱1,339,262.58	₱7,052,147.24	₱72,187,767.87	₱70,675,252.80	₱346,698.88	₱151,601,129.37

- 3.5. Considering the nature of government operations and the time that has passed, it is unlikely that these inventories still exist as of the end of CY 2024. We attempted to conduct a physical inspection to validate the existence of the actual inventories, but the Supply Officer from the GSO stated that these no longer exist, explaining that inventory purchases were directly distributed to the requisitioning offices because the City has not provided a warehouse where they can be stored. The Officer further asserted that she prepared the SSMI, supported by the RIS, and submitted these to the Accounting Office, although most of these were submitted late due to the imbalance between the voluminous documents that need to be prepared and the minimal number of personnel assigned to such tasks. We requested proof of such transmittal, but none has been submitted as of February 24, 2025. Moreover, no stock cards were maintained by the GSO.
- 3.6. On the other hand, the accounting personnel in charge of taking up the SSMIs as the basis for adjusting the inventory balances admitted in part that she had received SSMIs from the GSO, but she is not confident that these are complete and can fully

account for all the inventory balances. Furthermore, she acknowledged that she was not able to prepare the necessary adjusting entries due to work overload and being preoccupied with other equally important accounting duties. Finally, the Accounting Office also did not maintain supplies ledger cards like the GSO.

- 3.7. The Accountant and the General Services Officer explained that they have never maintained supplies ledger cards and stock cards because the former assumed that the GSO maintained the stock cards and that the same would suffice, while the latter did not deem it necessary because the purchased inventories were immediately released to the requisitioning office even if most of these inventories were still for further distribution by the said office.
- 3.8. As a result, the balances of these inventory accounts were not fairly presented in the financial statements because their utilization or issuance was not properly recognized in the books, thus understating expenses and overstating the inventory accounts.
- 3.9. **We recommended and Management agreed to comply with the following:**
 - 3.9.1. **The GSO submit to the Accounting Office within 30 days from receipt of the Audit Observation Memorandum (AOM) the SSMIs, duly supported with the RIS and other records accounting for all the inventories purchased in prior years that have already been utilized but still remain recorded in the books; otherwise, accountability for any unaccounted inventories shall be exacted from the persons to whom these were issued; and**
 - 3.9.2. **The Accounting Office retrieve the SSMIs reportedly submitted by the GSO within 30 days from receipt of the AOM, verify their completeness, and prepare the necessary adjusting entries to the inventory accounts, as warranted.**
- 3.10. **Additionally, we recommended and the City Mayor agreed that henceforth,**
 - 3.10.1. **The GSO and Accounting Office invariably maintain stock cards and ledger cards, respectively, for each type of inventory to facilitate reconciliation with the actual stocks on hand;**
 - 3.10.2. **The GSO strictly comply with the proper preparation and timely submission of the SSMI based on the RIS of the end-users, duly supported by the distribution sheets acknowledged by the recipients of goods for distribution; and**
 - 3.10.3. **The Accounting Office immediately prepare the JEV to record the expenditures based on the SSMI submitted by the GSO after checking its completeness and the propriety of the attached RSIs so that the latter can immediately rectify any deficiencies and the expenses can be recorded in the books within the proper accounting period.**

Untransferred completed projects under the TF - ₱87,392,781.11

4. Fourteen completed projects under the TF totaling ₱87,392,781.11 were not transferred to the GF due to insufficient monitoring and improper recording, contrary to Section 104(1.i) of the NGAS Manual, Volume I and IPSAS No. 17, thus, overstating the Construction in Progress (CIP) account in the TF while understating the related PPE accounts in the GF by the same amount, as well as the depreciation expense by ₱29,358,125.96, which affected the fair presentation of these accounts in the financial statements.

- 4.1. During the construction period, PPE shall be classified as CIP with the appropriate asset classification. As soon as 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.
- 4.2. Section 104(1.i) of the NGAS Manual for LGUs, Volume I, requires that completed projects under the TF be transferred to the GF upon their completion.
- 4.3. Moreover, with the adoption of the 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.
- 4.4. Depreciation is defined under IPSAS No. 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.”
- 4.5. Item 4.1 of the Philippine Application Guideline for IPSAS No. 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.”
- 4.6. Our verification of the CIP accounts under the TF as of December 31, 2024, revealed that 14 completed projects totaling ₱87,392,781.11 remained recorded in the CIP – Infrastructure Assets and CIP – Buildings and Other Structures accounts despite their completion. The details are as follows:

		Amount per Subsidiary Ledger	Project Cost	Project Status	Date of Completion	Number of Years Since Completion Date
I. CIP - BUILDINGS AND OTHER STRUCTURES (1-07-10-030)						
1	Construction of Single Detached Shelter of 82 units of Barangay Sta. Cruz Viejo	₱5,159,663.19	₱5,729,775.89	Completed	02/28/17	7.84
2	Tanjay City Resettlement Project at Sta. Cruz Viejo	8,123,338.87	8,123,338.87	Completed	08/08/16	8.40

		Amount per Subsidiary Ledger	Project Cost	Project Status	Date of Completion	Number of Years Since Completion Date
3	Extension/Completion of BHS at Barangay Pal-ew	998,245.80	998,245.80	Completed	03/03/20	4.83
SUB-TOTAL - CIP - BUILDINGS AND OTHER STRUCTURES		14,281,247.86				
II. CIP - INFRASTRUCTURE ASSETS (1-07-10-020)						
4	Cluster II Concreting Brgy. Sto. Niño Road (intermittent section) and Concreting of Sitio Inolocan, Bahian Farm-to-Market Road (FMR)	15,985,138.20	15,985,138.20	Completed	07/18/14	10.46
5	Cluster I Concreting of Bolon Pal-ew Road (Intermittent)	16,947,545.72	16,947,545.72	Completed	12/14/14	10.05
6	Cluster II - Concreting of Barangay Road at Barangay San Isidro	3,990,100.64	3,990,100.64	Completed	12/03/14	10.08
7	Cluster A FMR Projects (FMR Carsadang Daan, Brgy. Luca), Tanjay City	2,910,700.70	2,910,700.70	Completed	08/04/15	9.42
8	Road Rehabilitation/Regravelling of Sitio Banlas, Azagra	1,235,456.20	1,235,456.20	Completed	03/10/16	8.82
9	Cluster D II River Control at Barangay I (P3M), Tanjay City	2,988,383.29	2,988,383.09	Completed	02/20/14	10.87
10	Construction of Flood Control Dike along Tanjay River	7,999,303.54	7,999,303.54	Completed	10/27/20	4.18
11	Construction of Flood Control Dikes along Tanjay River, San Isidro, Tanjay City	7,997,429.35	7,997,429.35	Completed	01/09/20	4.98
12	Drainage Canal Project, Tanjay City	9,990,346.89	9,990,346.89	Completed	04/29/24	0.67
13	Single-storey Science Laboratory Building at Tanjay National High School, Opao ***	1,270,829.57	1,270,829.57	Completed	03/27/09	15.78
14	Construction of Evacuation Center at Sitio Ling-ab, San Miguel, Tanjay City ***	1,796,299.15	1,796,299.15	Completed	03/03/21	3.83
SUB-TOTAL - CIP - INFRASTRUCTURE ASSETS		73,111,533.25				
TOTAL-CIP		₱87,392,781.11				

*** Item Nos. 13 and 14, totaling ₱3,067,128.72, were erroneously recorded as CIP-Infrastructure Assets instead of CIP-Buildings and Other Structures

- 4.7. As shown in the foregoing table, one project was even completed back in CY 2009, or 15.87 years as of the end of CY 2024. The Accounting personnel in charge of preparing the necessary entries to transfer the completed projects from the TF to the GF attributed this issue to the lack of adequate monitoring. Although the CEO prepares quarterly reports on the status of project implementation, there was no proper coordination or reconciliation with the Accounting Office to identify completed projects. Furthermore, our verification of the accounting records revealed that no subsidiary ledgers were maintained for the CIP projects; instead, they were grouped together in one CIP account per asset classification, which greatly hampered the prompt determination of the status of each project.
- 4.8. Consequently, the depreciation expenses for the completed projects totaling ₱29,358,125.96 as of December 31, 2024 were not recorded in the books, computed using the straight-line depreciation method, as shown on the next page:

Account Title	Date Completed	Estimated Useful Life in Months	Life of Asset in Months as of 12/31/24	Cost of Asset	Estimated Depreciation Expense per month	Prior Years' Depreciation not taken up	Current Year's Depreciation Expense (CY 2024)	Estimated Accumulated Depreciation as of 12/31/24	
I. INFRASTRUCTURE ASSETS									
Road Networks (1-07-03-010)									
1	Cluster II Concreting Brgy. Sto. Niño Road (intermittent section) and Concreting of Sitio Inolocan, Bahian FMR, Tanjay	07/18/14	240	125	₱15,985,138.20	₱66,604.74	₱7,526,335.90	₱799,256.91	₱8,325,592.81
2	Cluster I Concreting of Bolon Pal-ew Road (Intermittent)	12/14/14	240	121	16,947,545.72	70,614.77	7,697,010.35	847,377.28	8,544,387.63
3	Cluster II Concreting of Barangay Road at Barangay San Isidro	12/03/14	240	121	3,990,100.64	16,625.42	1,812,170.71	199,505.03	2,011,675.74
4	Cluster A FMR projects (FMR Carsadang Daan, Brgy. Luca), Tanjay City	08/04/15	240	113	2,910,700.70	12,127.92	1,224,919.88	145,535.04	1,370,454.91
5	Road Rehabilitation/ Regravelling of Sitio Banlas, Azagra	03/10/16	240	106	1,235,456.20	5,147.73	483,887.01	61,772.81	545,659.82
Sub-Total - Road Networks					41,068,941.46	171,120.59	18,744,323.85	2,053,447.07	20,797,770.92
Flood Control System (1-07-03-020)									
6	Cluster D II River Control at Barangay I (₱3M), Tanjay City	02/20/14	300	130	2,988,383.29	8,965.15	1,057,887.68	107,581.80	1,165,469.48
7	Construction of Flood Control Dike along Tanjay River, Tanjay City	10/27/20	300	50	7,999,303.54	23,997.91	911,920.60	287,974.93	1,199,895.53
8	Construction of Flood Control Dikes along Tanjay River, San Isidro	01/09/20	300	60	7,997,429.35	23,992.29	1,151,629.83	287,907.45	1,439,537.28
9	Drainage Canal Project, Tanjay City.	04/29/24	300	8	9,990,346.89	29,971.04	-	239,768.33	239,768.33
Sub-Total - Flood Control System					28,975,463.07	86,926.39	3,121,438.11	923,232.51	4,044,670.62
TOTAL - INFRASTRUCTURE ASSETS					70,044,404.53	258,046.98	21,865,761.96	2,976,679.58	24,842,441.54
II. BUILDINGS AND OTHER STRUCTURES									
Buildings (1-07-04-010)									
1	Construction of Single Detached Shelter of 82 units of Barangay Sta. Cruz Viejo	02/28/17	360	94	5,159,663.19	12,899.16	1,057,730.95	154,789.90	1,212,520.85
2	Tanjay City Resettlement Project at Sta. Cruz Viejo	08/08/16	360	101	8,123,338.87	20,308.35	1,807,442.90	243,700.17	2,051,143.07
3	Construction of Evacuation Center at Sitio Ling-ab, San Miguel, Tanjay City	03/03/21	360	46	1,796,299.15	4,490.75	152,685.43	53,888.97	206,574.40
Sub-Total - Buildings					15,079,301.21	37,698.25	3,017,859.28	452,379.04	3,470,238.32
School Buildings (1-07-04-020)									
4	Extension/Completion of BHS at Barangay Pal-ew	03/03/20	360	58	998,245.80	2,495.61	114,798.27	29,947.37	144,745.64
Sub-Total - School Buildings					998,245.80	2,495.61	114,798.27	29,947.37	144,745.64
Hospitals and Health Centers (1-07-04-030)									
5	Single storey, Science Laboratory Building at Tanjay National High School, Opao	03/27/09	240	189	1,270,829.57	4,765.61	843,513.13	57,187.33	900,700.46
Sub-Total - Hospitals and Health Centers					1,270,829.57	4,765.61	843,513.13	57,187.33	900,700.46
TOTAL - BUILDINGS AND OTHER STRUCTURES					17,348,376.58	44,959.48	3,976,170.67	539,513.74	4,515,684.42
OVER-ALL TOTAL					₱87,392,781.11	₱303,006.46	₱25,841,932.64	₱3,516,193.32	₱29,358,125.96

Note: Paragraph 14 of COA Circular No. 2015-008, prescribing the Accounting and Reporting Guidelines on the Local Roads Asset Management System, states that "No residual value shall be provided for the depreciable components of the road network system."

4.9. Due to the aforementioned deficiencies, the CIP-Infrastructure Assets and CIP-Building and Other Structures under the TF accounts were overstated by ₱14,281,247.86 and ₱73,111,533.25, respectively. Meanwhile, the PPE accounts for Road Networks, Flood Control System, Buildings, School Buildings, and Hospitals and Health Centers under the GF were understated by ₱41,068,941.46, ₱28,975,463.07, ₱15,079,301.21, ₱998,245.80, and ₱1,270,829.57, respectively, totaling ₱87,392,781.11.

4.10. Moreover, the non-recording of the asset accounts in the GF books resulted in the non-recognition of related Depreciation Expenses totaling ₱29,358,125.96. 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.

4.11. We recommended and the City Accountant agreed to prepare the following entries in the TF and GF books as follows:

4.11.1. **TF Books:**

- a. To correct the erroneous recording of two projects totaling ₱3,067,128.72 from the CIP – Infrastructure Assets account to the CIP – Buildings and Other Structures account

Account Name	Account Code	Debit	Credit
CIP-Buildings and Other Structures	1-07-10-030	3,067,128.72	
CIP-Infrastructure Assets	1-07-10-020		3,067,128.72

- b. To record the transfer of the cost of 14 completed projects from the CIP accounts to the respective PPE accounts

Account Name	Account Code	Debit	Credit
Road Networks	1-07-03-010	41,068,941.46	
Flood Control System	1-07-03-020	28,975,463.07	
Buildings	1-07-04-010	15,079,301.21	
School Buildings	1-07-04-020	998,245.80	
Hospitals and Health Centers	1-07-04-030	1,270,829.57	
CIP-Infrastructure Assets	1-07-10-020		70,044,404.53
CIP-Buildings and Other Structures	1-07-10-030		17,348,376.58

- c. To record the transfer of the PPE accounts to the GF

Account Name	Account Code	Debit	Credit
Government Equity	3-01-01-010	87,392,781.11	
Road Networks	1-07-03-010		41,068,941.46
Flood Control System	1-07-03-020		28,975,463.07
Buildings	1-07-04-010		15,079,301.21
School Buildings	1-07-04-020		998,245.80
Hospitals and Health Centers	1-07-04-030		1,270,829.57

4.11.2. **GF Books:**

a. To record the receipt of 14 completed projects from TF

Account Name	Account Code	Debit	Credit
Road Networks	1-07-03-010	41,068,941.46	
Flood Control System	1-07-03-020	28,975,463.07	
Buildings	1-07-04-010	15,079,301.21	
School Buildings	1-07-04-020	998,245.80	
Hospitals and Health Centers	1-07-04-030	1,270,829.57	
Government Equity	3-01-01-010		87,392,781.11

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

Account Name	Account Code	Debit	Credit
Prior Period Adjustment	3-01-01-020	29,358,125.96	
Accumulated Depreciation - Road Networks	1-07-03-011		20,797,770.92
Flood Control System	1-07-03-021		4,044,670.62
Buildings	1-07-04-011		3,470,238.32
School Buildings	1-07-04-021		144,745.64
Hospitals and Health Centers	1-07-04-031		900,700.46

4.12. We further recommended and the City Accountant and the City Engineer agreed to regularly monitor the City’s CIP accounts to ensure the timely transfer of completed projects to the appropriate PPE accounts.

4.13. Lastly, we recommended and the City Accountant agreed to assign a personnel in charge to prepare individual subsidiary ledgers for each project to ensure proper recording and monitoring.

Long outstanding Accounts Payable - ₱32,174,051.07

5. The presence of accounts totaling ₱32,174,051.07 that have remained outstanding for more than two years and which may no longer represent valid claims but were not reverted to the unappropriated surplus, contrary to Section 98 of P.D. No. 1445, casts doubt on the reliability and validity of the Accounts Payable balance of ₱141,031,284.69 in the Financial Statements and precludes any beneficial use of said funds. Moreover, payables totaling ₱798,241.42 were merely estimated obligations which overstated both the liability and related expense accounts and understated the City’s actual results of operations.

- 5.1. Section 4(6) of P.D. No. 1445 basically requires that “Claims against government funds shall be supported with complete documentation.”
- 5.2. Section 98 thereof likewise requires that any unliquidated balances of accounts payable in the books may be reverted to the unappropriated surplus of the GF, provided that these have been outstanding for two years or more and against which no actual claims, administrative or judicial, have been filed or which are not covered by perfected contracts on record.
- 5.3. Further, Section 110 thereof states the objectives of government accounting, primary of which is to provide sufficient and relevant information for guidance in the receipt, disposition and utilization of funds and property, thus, as emphasized in Section 111, it is necessary that these accounts be kept in such detail so as to provide the needed information vital to effective decision-making by Management.
- 5.4. Moreover, Section 04.s, Chapter 2 of the NGAS Manual for LGUs, Volume I, provides that, “Liability shall be recognized at the time goods and services are accepted or rendered and supplier/creditor bills are received.”
- 5.5. In accounting, Accounts Payable is classified under Current Liabilities, which means that these obligations are due to be settled or liquidated within the current operating cycle of the agency. Considering that Accounts Payable are normally booked at the end of the current year, the accounts are expected to be paid within the next CY.
- 5.6. The Accounts Payable balance at year-end showed the following composition:

Fund	Total	CY 2024		CY 2023	CY 2022 & Prior Years
		Less than 1 month	2 months - 1 year	Over 1 - 2 years	More than 2 years
GF	₱140,086,803.18	₱78,781,842.45	₱19,600.00	₱29,596,045.38	₱31,689,315.35
SEF	459,745.79	455,604.39		4,141.40	
TF	484,735.72				484,735.72
Grand Total	₱141,031,284.69	₱79,237,446.84	₱19,600.00	₱29,600,186.78	₱32,174,051.07
% to total	100%	56%		21%	23%

- 5.7. The GF aging schedule provided by the CAO showed that the dates of the cash advances granted prior to CY 2023 were all indicated as January 1, 2023. The CAO personnel in-charge explained that they intentionally used this date in setting up the database for the electronic accounting system last year. As a result, the real date was not presented, which hindered the accurate computation of the aging schedule and added to the difficulty in monitoring which liabilities had been dormant for more than two years as prescribed under P.D. No. 1445.
- 5.8. As presented in the table, the amount of ₱32,174,051.07 or 23 per cent of the total Accounts Payable as of December 31, 2024, was aged more than two years. Further verification of the related schedule showed that there were payables that were recorded as early as CY 2001 or 23 years ago. These are considered dormant accounts in accordance with Section 98 of P.D. No. 1445.

- 5.9. Our inquiry disclosed that all documents pertaining to CY 2024 and prior years' obligations that were processed for payment have already been paid and that the City is no longer in possession of unpaid vouchers/invoices pertaining to prior years' accounts.
- 5.10. As these may no longer represent valid claims given the length of time that has elapsed, continued reporting thereof as liabilities adversely affected the fairness of the balance of Accounts Payable in the financial statements. Moreover, non-reversion thereof to the unappropriated surplus precluded the City from having access to available funds which otherwise could be used for other beneficial purposes.
- 5.11. We further noted that the following payables totaling ₱798,241.42 were not duly supported with valid claims but were lump-sum obligations or balances thereof, contradicting not only Section 4(6) of P.D. No. 1445 but also the basic principle that a liability shall be recognized at the time goods and services are accepted or rendered and supplier/creditor bills are received.

Accountable Officer (AO)	Particulars	Year	Balance
c/o CEO	2001 Accounts Payable	2001	₱123.44
c/o Servideo Diputado	2001 Accounts Payable	2001	18,598.64
c/o DSWD	2001 Accounts Payable	2001	2,350.14
c/o Rural Health Unit II	2001 Accounts Payable	2001	54,025.00
c/o Rural Health Unit I	2001 Accounts Payable	2001	1,685.00
c/o CPDO	2003 Accounts Payable	2003	186,136.20
c/o Baltazar T. Salma (<i>ex-Mayor, deceased</i>)	2006 Accounts Payable	2006	365,323.00
c/o Dept. of Agriculture/Seed Growers	2007 Accounts Payable	2007	170,000.00
Total			₱798,241.42

- 5.12. The CAO personnel stated that, in previous years, the CBO had accepted blank obligation requests recorded under the name of the department head or office, even though these were merely estimates, as the transactions had not yet been consummated and the actual amounts were not yet ascertained.
- 5.13. The obligation of estimated payables instead of the actual amount due and demandable from the government overstated the Accounts Payable and related expenses, while the existence of dormant liabilities aged more than two years which may no longer represent valid claims but were not reverted to the unappropriated surplus casts doubt on the reliability and validity of the Accounts Payable balance presented in the financial statements and precludes any beneficial use of said funds.

- 5.14. **We recommended and the City Mayor agreed to require the following offices to undertake the necessary steps to ensure that only valid payables are recorded in the books:**
- 5.14.1. **The CBO only accept obligation requests which are duly supported with supplier bills/invoices and duly accomplished AIR that represent valid obligations of the City;**
 - 5.14.2. **The City Accountant and the City Treasurer prioritize the review of the recorded payables outstanding for more than two years to ascertain if these still represent valid claims, otherwise seek authority from the SP to revert these to the Unappropriated Surplus in the GF so that these may be made available for funding valuable development programs and other priority activities of the City;**
 - 5.14.3. **The City Accountant prepare a JEV to reverse the estimated obligations totaling ₱798,241.42, debiting Accounts Payable and crediting Prior Period Adjustment;**
 - 5.14.4. **The City Accountant revise the Accounts Payable aging schedule to reflect the correct dates for accurate reporting, in keeping with Sections 110 and 111 of P.D. No. 1445.**

Overstated Fuel, Oil, and Lubricants Inventory - ₱25,390,434.14

6. **The Fuel, Oil, and Lubricants Inventory balance of ₱25,390,434.14 was overstated while the related expense account was understated because the utilization thereof was not appropriately recognized in the books, contrary to Section 121 of the NGAS Manual for LGUs, Volume I, thereby affecting the fair presentation of the account in the financial statements.**
- 6.1. Section 121 of the NGAS Manual for LGUs, Volume I, requires the CGSO to prepare the SSMI weekly and submit this to the CAO as basis for the JEV to recognize the corresponding expense.
 - 6.2. Item Nos. 3 and 4 of COA Circular No. 77-61 dated September 26, 1977 provide the following:
 - 3. Fuel consumption of government motor transportation shall be properly controlled and accounted for through approved Requisition and Issue Voucher or equivalent (Appendix B of the Circular).
 - 4. Monthly Report of Fuel Consumption of government motor transportation (Appendix G of the Circular) shall be submitted to the Auditor for verification purposes to determine the reasonableness of fuel consumed during the period.

- 6.3. Further, Section 111 of P.D. No. 1445 requires that the accounts be kept in such detail to meet the needs of the agency and to furnish the information needed by fiscal or control agencies of the government.
- 6.4. As of December 31, 2024, the financial statements reported a significant balance of ₱25,390,434.14 in its Fuel, Oil and Lubricants (FOL) Inventory account (1-04-04-080). Verification of the Fuel Consumption Monitoring Report for CY 2024, prepared by the CAO, showed that two separate records were maintained to distinguish the FOL purchases made by the present administration from those of the previous administration (starting in 2019), along with the corresponding liquidations. Details are as follows:

Date	Particulars	Present Administration	Previous Administration	Balance
01/01/24	Beginning Balance	₱13,918,643.20	₱12,201,154.44	₱26,119,797.64
07/12/24	FOLE 100-24-07-001P - DFDWSC dated 11/16-30/20		(50,863.52)	
07/19/24	FOLE 100-24-07-002P - DFDWSC dated 12/01-08/20		(246,750.11)	
08/20/24	FOLE 100-24-08-003P - DFDWSC dated 12/09-15/20		(134,585.84)	
09/30/24	FOLE-NA100-24-09-001 - DFDWSC dated 08/12-25/22	(125,716.86)		
10/20/24	FOLE 100-24-10-004P - DFDWSC dated 12/12-22/20		(90,092.76)	
11/18/24	FOLE 100-24-11-005P - DFDWSC dated 12/23-31/20		(81,354.41)	
	TOTAL LIQUIDATION	(125,716.86)	(603,646.64)	(729,363.50)
Balance, 12/31/24		₱13,792,926.34	₱ 11,597,507.80	₱ 25,390,434.14
% of Liquidation		0.91%	5.20%	2.87%

- 6.5. Moreover, in CY 2024, total FOL purchases that were directly recorded as expenses amounted to ₱15,507,515.16.
- 6.6. Records showed that the City previously maintained a fuel storage depot and made massive procurements from 2019-2022 with very minimal liquidation through the Fuel, Oil and Lubricants Expense reports submitted by the CGSO to CAO to take up the issuances of fuel from its storage tank. The rate of liquidation has been rapidly dwindling through the years, starting as high as 80 per cent in CY 2020, which drastically dropped to 16 per cent in CY 2021 and then a much lower rate in CY 2024 of 2.87 per cent. In CY 2024, only one liquidation was made for purchases dating back to CY 2022, while the rest were for purchases made even earlier, in CY 2020. This explains the balance in the fuel account by the end of the year.
- 6.7. Representative of the audit team conducted an ocular inspection on February 21, 2025 of the aforementioned storage tank and confirmed that there was no more fuel stored therein. In our previous inquiries with the CGSO, we found that:

- 6.7.1. There was no Gasoline/Fuel Card (Appendix E of COA Circular No. 77-61) maintained where the quantity of gasoline purchased should have been shown for record and control purposes.
 - 6.7.2. The RIS used for withdrawals of fuel from the storage tank did not bear any signature even from the requisitioning official, nor did it bear the approval of the Supply Officer and the City Mayor. The fuel issued was likewise not acknowledged by the Driver of the motor vehicle.
 - 6.7.3. The Daily Gas Issue Record (Appendix C of the above-mentioned Circular) was not maintained where all the RIS are supposed to be chronologically entered, and where the daily opening and closing meter reading is indicated. Nor were these summarized daily and posted monthly in the Gasoline/Fuel Card, with the balance indicated. The lack thereof made it impossible to compare the balance of unissued fuel per storage tank.
 - 6.7.4. There was no Monthly Report of Fuel Consumption submitted that would have shown, among others, the different motor vehicles used and the corresponding fuel consumed.
- 6.8. The absence of necessary records and supporting documentation for fuel consumption precluded the auditor and other authorities from verifying whether the correct quantity of fuel was received as ordered, whether fuel was issued exclusively to government vehicles, whether vehicles were used solely for official purposes, and whether fuel consumption was reasonable. As a result, there is increased exposure to risks such as:
- losing fuel without clear accountability;
 - improper accounting of unutilized or unconsumed fuel
 - discrepancies between recorded data and actual inventory.
- 6.9. The CGSO acknowledged that controls over the issuance of FOL from previous purchases stored in the storage tank were weak, particularly when high-ranking officials requested fuel from the personnel in charge without the necessary approval through a duly-accomplished RIS. This limitation was a significant factor in the City's decision to discontinue maintaining its own fuel depot. However, the remaining balance of the FOL inventory is still recorded in the books and requires proper accounting.
- 6.10. As a result, the balance of the Fuel, Oil and Lubricants inventory account was not fairly presented in the financial statements because its issuance was not properly recognized in the books, thus, understating the expense account and overstating the inventory account.

- 6.11. We recommended and the City Mayor agreed to direct the CGSO to fully account for the fuel purchases based on valid supporting documents, assign a specific person to prioritize the preparation of the liquidation reports, to the extent possible, ensure the immediate submission of the utilization reports to the CAO, and pinpoint responsibility for any fuel that cannot be accounted for.

Purchases of supplies and materials directly recorded as outright expenses - ₱20,835,818.81

7. Inventory procedures for the procurement of supplies and materials totaling ₱20,835,818.81 were not in accordance with Sections 114, 120, 121, and 122, Chapter 7 of the Manual on NGAS for LGUs, Volume I, resulting in an understatement of the inventory and an overstatement of the City’s expense accounts, a breakdown of internal controls in property and supply management, and an increased risk of exposing unissued supplies to loss or misuse.

- 7.1. Section 114, Chapter 7 of the NGAS Manual for LGUs, Volume I provides the basic accounting principles to be followed in recording the procured supplies and materials, viz.:

Sec. 114. Perpetual Inventory Method. Purchase of supplies and materials for stock, regardless of whether or not they are consumed within the accounting period, shall be recorded as inventory following the perpetual inventory method. Under the perpetual inventory method, an inventory control account is maintained in the General Ledger on a current basis. In addition, detailed inventory records are maintained for each inventory item. Regular purchases shall be coursed thru the inventory account and issuances thereof shall be recorded as they take place, except those purchased out of the petty cash fund which shall be for immediate use and for stock in which case shall be charged immediately to the appropriate expense accounts.

- 7.2. Moreover, Sections 120 and 121 of the same Manual provide the guidelines for recording the delivered supplies and their issuances in the books of the accounts (please see paragraphs 3.1 for the exact provisions).
- 7.3. Finally, Section 122 clearly outlines the general procedures of the inventory system and identifies the responsible person or unit.
- 7.4. Our review of the City’s accounting records revealed that the City spent a total of ₱20,835,818.81 on various supplies and materials in CY 2024. The summary per fund is presented below, along with corresponding details in the attached annexes.

No.	Account Title	Account Code	GF	TF	Total
1	Office Supplies Expenses (Appendix G-1)	1-04-04-010	₱5,385,860.73	0.00	₱5,385,860.73
2	Accountable Forms Expenses (Appendix G-2)	1-04-04-020	554,690.00	0.00	554,690.00

No.	Account Title	Account Code	GF	TF	Total
3	Animal/Zoological Supplies Expenses (Appendix G-3)	1-04-04-040	1,247,558.90	0.00	1,247,558.90
4	Welfare Goods Expenses (Appendix G-4)	1-04-02-020	281,785.05	0.00	281,785.05
5	Drugs and Medicines Expenses (Appendix G-5)	1-04-04-060	6,635,443.50	0.00	6,635,443.50
6	Medical, Dental and Laboratory Supplies Expenses (Appendix G-6)	1-04-04-070	3,591,072.52	0.00	3,591,072.52
8	Agricultural and Marine Supplies Expenses (Appendix G-7)	1-04-04-090	999,817.51	₱374,995.20	1,374,812.71
9	Other Supplies and Materials Expenses (Appendix G-8)	1-04-04-990	1,764,595.40	0.00	1,764,595.40
	TOTAL		₱20,460,823.61	₱374,995.20	₱20,835,818.81

- 7.5. Using key items in the audit population particularly of goods procured for distribution, we verified the journal entries in taking up these transactions in the corresponding Subsidiary Ledgers for each inventory account but did not find any entry recognizing the inventory. Instead, we found that these purchases were directly recorded as outright expenses instead of following the prescribed procedures requiring all inventory purchases to be first recorded as a debit to the appropriate inventory accounts.
- 7.6. Validation with the personnel of the CGSO and the CAO regarding their current practices for recording inventory purchases, maintaining supplies ledger cards and stock cards, preparing RIS and SSMI, and recognizing issued inventories revealed the following:

CGSO

1. Stock cards were not maintained for each inventory item; therefore, deliveries of supplies were not recorded in the stock cards based on the AIR and other supporting documents.
2. The Supply Officer promptly released all accepted and inspected supplies to the requisitioning offices, citing insufficient storage space or lack of a bodega to accommodate all the items.
3. The Supply Officer prepares the RIS when it should have been done by the requisitioning offices, especially for the inventories that were still to be distributed by the latter to the end-users, duly supported by logbooks and other acknowledgment receipts evidencing their utilization or consumption.
4. The submission of the AIR and other supporting documents (including the RIS) to the CAO is delayed, due to a heavy workload and multiple assignments of the Supply Officer.

5. No physical count of inventories was conducted each semester.

CAO

6. Supply ledger cards were not maintained for each inventory item due to oversight and a lack of personnel assigned to this task. Consequently, the CAO was not able to record deliveries upon receiving the AIR and other supporting documents from the CGSO.

7. Upon completing the disbursement process, the personnel responsible for preparing the JEV for the payment of the supplies directly debited the expense account since the RIS (prepared by the Supply Officer) was already attached to the DV.

7.7. The aforementioned practices are not in accordance with Section 122(f) and (h) of the NGAS Manual for LGUs, Volume I, which states that the GSO, and not the requisitioning unit or the end-user, is responsible for receiving delivered goods, preparing the AIR, and signing the acceptance portion. The requisitioning unit or end-user is only responsible for preparing the RIS and forwarding it to the GSO. Only upon receipt of the RIS shall the GSO release the supplies and record the issuances in the stock cards.

7.8. Internal control is the plan of organization and all the coordinate methods and measures adopted within an organization or agency to safeguard its assets, check the accuracy and reliability of its accounting data, and encourage adherence to prescribed managerial policies (Section 123, P.D. No. 1445). It is designed to provide reasonable assurance in achieving the objectives of effectiveness and efficiency of operations and reliability of reporting, among others. There is a need to highlight the importance of adequate documentation to ensure accountability and transparency in the use of government resources. It also ensures that the goods reach the intended beneficiaries and are used for the purpose for which they are intended.

7.9. The preparation of the RIS is vested upon the concerned offices/department with direct supervision and monitoring of the supplies issued, duly supported with the acknowledgment by the end-users, like the distribution list detailing the names of the end-users and the corresponding supplies they received. For example, for the Drugs and Medicines, the City Health Office (CHO) shall prepare the RIS reflecting the drugs dispensed in a week to the intended end-users, attaching the certified true copy of the logbook showing the date of issue, the names of the recipients, the names of the drugs, and the quantity issued. The same goes for the Welfare Goods for Distribution, where the City Social Welfare and Development Office is responsible for the distribution of the goods to the affected victims of calamities and shall attach to its RIS the distribution list showing the names of the beneficiaries with the corresponding goods they received. The other inventory items likewise need to be supported with the RIS upon utilization or consumption.

- 7.10. The CGSO's erroneous practice of preparing the RIS immediately, instead of allowing the requisitioning office to do so, resulted in recognizing expenses for the entire amount purchased, even though not all the items had actually been distributed to the end-users or intended recipients. This highlights weak controls within the City's property management system. An effective property management system requires the segregation of duties related to requisitioning, receiving and moving, and preparing and maintaining property records. We also wish to emphasize that unconsumed supplies in the possession of the City's offices or departments, acting as temporary custodians for the CGSO, are still part of the City's supplies inventory and should be subject to a physical count by the CGSO.
- 7.11. On the other hand, the CAO's practice of recording supplies and materials as outright expenses contradicts Section 114, Chapter 7 of the Manual on the NGAS for LGUs, Volume I. Furthermore, the CGSO's and CAO's inability to maintain the stock cards and supply ledger cards, respectively, as required under Section 120 of the manual prevented the City from accurately tracking inventory balances and determining accountability for potential losses of unissued supplies.
- 7.12. In summary, the non-observance of the basic accounting principles and policies on the use of the perpetual inventory system and the incorrect preparation of the RIS for inventories not yet issued to the intended end-users and lack of sufficient documentation exposed the inventories to risk of loss or misuse. This has also resulted to an understatement of inventory accounts and an overstatement of the expense accounts.
- 7.13. **We recommended that the CGSO comply with the following:**
- 7.13.1. **Assign personnel to prepare and maintain stock cards for each item of inventory;**
 - 7.13.2. **Prioritize the submission of the AIR and other supporting documents to the CAO for the recording in the supply ledger cards;**
 - 7.13.3. **Require the requisitioning offices to periodically submit the RIS for supplies consumed, including the appropriate distribution list for inventories intended for distribution;**
 - 7.13.4. **Consolidate the RIS from the requisitioning offices weekly and prepare the SSMI for immediate submission to the CAO; and**
 - 7.13.5. **Conduct semestral physical count of inventory items by type and prepare the Report on the Physical Count of Inventories (RPCI) after reconciling this with the accounting records and making the necessary adjustments; and submit the RPCI to COA not later than July 31 and January 31 of each year for the first and second semesters, respectively.**

7.14. **Moreover, we recommended that the CAO comply with the following:**

7.14.1. **Assign personnel to prepare and maintain the supplies ledger cards;**

7.14.2. **Prepare the JEV to recognize the appropriate inventory accounts in the books; and**

7.14.3. **Record expenses only upon receipt of the weekly SSMI from the CGSO based on RIS with supporting documents submitted by the requisitioning offices, computing the cost of supplies issued and ending inventory using the moving average method.**

7.15. **Finally, we recommended that the City establish a storage facility for proper storage, accounting, and monitoring of all supplies, materials, and inventory items.**

7.16. Management commented as follows:

7.16.1. The City Mayor had directed the CGSO and CAO to comply with the audit recommendations.

7.16.2. As to the suggestion that the City establish a storage facility, it is worth mentioning that the City already has a warehouse under the CGSO but will endeavor to provide additional facilities to fully cater the needs of the City.

Erroneous charging of communication expenses - ₱528,054.00

8. Communication expenses totaling ₱528,054.00 were erroneously charged against the appropriation for Office Supplies Expenses instead of Telephone Expenses, deviating from COA Circular No. 2015-009 and IPSAS No. 1, thus, affecting the fair presentation of the aforementioned accounts in the financial statements as at December 31, 2024. Moreover, of this amount, ₱301,229.28 was incurred in excess of the available appropriations for Telephone Expenses, contrary to Section 85 of P.D. No. 1445, thus, resulting in illegal expenditures considered as personal liability of the approving officers per Section 87 thereof.

8.1. COA Circular No. 2015-009 dated December 1, 2025 prescribes the use of the Revised Chart of Accounts (RCA) in recording and reporting financial transactions of LGUs. The RCA is designed to permit agency heads to review their activities according to selected areas of responsibility, allowing for a clearer definition of obligation accounting that leads to more precise budgetary control. Annex C of the said circular provides the description on the next page of the Office Supplies Expenses and Telephone Expenses accounts:

<i>Account Title</i>	<i>Account Code</i>	<i>Description</i>
Office Supplies Expenses	5-02-03-010	This account is used to record the cost or value of office supplies such as bond paper, ink, and small tangible items like staple wire remover, puncher, stapler and other similar items issued to end-users for government operations.
Telephone Expenses	5-02-05-020	This account is used to record the cost of transmitting messages thru telephone lines (mobile or landlines), faxes, telex and the like whether prepaid or postpaid.

- 8.2. Further, Paragraph 9 of IPSAS No. 1 states that fair presentation of financial statements requires the faithful representation of the effects of transactions, other events and conditions in accordance with the definitions and recognition criteria for assets, liabilities, revenue and expenses set out in the IPSASs.
- 8.3. In our review of the Office Supplies Inventory and related expense accounts, we found that the City spent a total of ₱528,054.00 for the reimbursement as well as advance claims of cellcard expenses as a form of communication expense of the city officials and office heads in CY 2024. However, the audit revealed that these payments were not recorded in the Telephone Expenses account but were erroneously recorded under the Office Supplies Expenses account. The summary of the payments made in CY 2024 per office is shown below, with corresponding details in **Appendix H**.

No.	Name of Office	Amount
1	City Mayor's Office (CMO)	₱36,000.00
2	City Vice Mayor's Office (CVMO)	27,101.00
3	Sangguniang Panlungsod (SP)	313,625.00
4	SP Secretary (SP Sec)	19,840.00
5	City Administrator's Office (CAoO)	8,856.00
6	CPDO	17,712.00
7	CGSO	18,000.00
8	City Treasurer's Office (CTO)	17,712.00
9	City Assessor's Office (CAso)	17,712.00
10	City Legal Office (CLO)	17,712.00
11	City Environment and Natural Resources Office (CENRO)	17,712.00
12	CEO	16,072.00
TOTAL		₱528,054.00

- 8.4. On the other hand, shown on the next page is the summary of the total appropriation, obligations, and balances for the Office Supplies Expenses and Telephone Expenses as reported in the Registry of Appropriations, Allotments, and Obligations (RAAO) – Maintenance and Other Operating Expenses (MOOE) per office. (*Note: The summary only reflects the offices with obligations for cellcard expenses.*)

No.	Name of Office	Office Supplies Expenses - 5-02-03-010(1)			Telephone Expenses - 5-02-05-020		
		Appropriation	Obligation	Balance	Appropriation	Obligation	Balance
1	CMO	₱500,000.00	₱346,080.00	₱153,920.00	₱400,000.00	₱276,011.60	₱123,988.40
2	CVMO	100,000.00	97,020.26	2,979.74	36,000.00	-	36,000.00
3	SP	432,000.00	411,341.00	20,659.00	300,000.00	237,174.98	62,825.02
4	SP Secretariat	250,000.00	165,146.95	84,853.05	-	-	-
5	CAdO	100,000.00	70,785.29	29,214.71	50,000.00	-	50,000.00
6	CPDO	100,000.00	97,745.50	2,254.50	70,000.00	29,423.67	40,576.33
7	CGSO	400,000.00	397,155.00	2,845.00	65,000.00	37,145.55	27,854.45
8	CTO	400,000.00	396,791.76	3,208.24	75,000.00	74,156.90	843.10
9	CAsO	114,000.00	102,069.65	11,930.35	40,000.00	26,476.28	13,523.72
10	CLO	80,000.00	54,919.95	25,080.05	50,000.00	29,423.70	20,576.30
11	CENRO	100,000.00	93,819.00	6,181.00	50,000.00	38,435.52	11,564.48
12	CEO	200,000.00	176,156.00	23,844.00	75,000.00	62,312.60	12,687.40
TOTAL		₱2,776,000.00	₱2,409,030.36	₱366,969.64	₱1,211,000.00	₱810,560.80	₱400,439.20

- 8.5. Our inquiry with the personnel of the CAO yielded information that journal entries for these communication expenses were based on the Obligation Request attached to the DV where the appropriation item was specified. Further verification of the RAOO – MOOE indeed revealed that the charges were obligated against the appropriation for Office Supplies Expenses and not against the appropriation for Telephone Expenses of the respective offices.
- 8.6. On the other hand, the City Budget Officer justified that even before assumption of office, it has been the practice of the city to charge the cellcard expenses against the appropriation for the Office Supplies Expenses. Further, the City Budget Officer stressed that they had only taken the advice of the CAO that the charging of these expenses be made against the said appropriation.
- 8.7. The audit team would like to emphasize the City Budget Officer’s vital role in ensuring that the city government adheres to budgetary guidelines and regulations, preventing overspending and ensuring efficient use of public funds; hence, the City Budget Officer is bound to function in accordance with the provisions of law. Section 344 of Republic Act (R.A.) No. 7160, also known as the Local Government Code of 1991, specifically states that “No money shall be disbursed unless the local budget officer certifies to the existence of appropriation that has been legally made for the purpose.” To be more specific, if the appropriation line item is Office Supplies, then charges against this appropriation shall only pertain to the cost or value of office supplies such as bond paper, ink, and small tangible items like staple wire remover, puncher, stapler and other similar items issued to end-users for government operations. As stated above, the RCA prescribed under COA Circular No. 2015-009 permits agency heads to review their activities according to selected areas of responsibility, allowing for a clearer definition of obligation accounting that leads to more precise budgetary control.
- 8.8. Furthermore, granting for the sake of argument and giving due consideration that an appropriation for Telephone Expenses was included in the budget, six offices still yielded negative balances in the account, thus, incurring an overdraft or obligations in excess of the available appropriation, totaling ₱301,229.28, as presented on the next page:

No.	Name of Office	Telephone Expenses unobligated balance as of 12/31/2024 (a)	Total Cellcard charges in CY 2024 (b)	Adjusted Balance of Telephone Expenses (a-b)	Remarks
1	CMO	₱123,988.40	₱36,000.00	₱87,988.40	
2	CVMO	36,000.00	27,101.00	8,899.00	
3	SP	62,825.02	313,625.00	(250,799.98)	overdraft
4	SP Secretariat	0.00	19,840.00	(19,840.00)	no appropriation for telephone expenses
5	CAdO	50,000.00	8,856.00	41,144.00	
6	CPDO	40,576.33	17,712.00	22,864.33	
7	CGSO	27,854.45	18,000.00	9,854.45	
8	CTO	843.10	17,712.00	(16,868.90)	overdraft
9	CAsO	13,523.72	17,712.00	(4,188.28)	overdraft
10	CLO	20,576.30	17,712.00	2,864.30	
11	CENRO	11,564.48	17,712.00	(6,147.52)	overdraft
12	CEO	12,687.40	16,072.00	(3,384.60)	overdraft
TOTAL		₱400,439.20			
Note: Expenditures incurred in excess of the available appropriation of the six offices totaled ₱301,229.28					

- 8.9. The incurrence of expenditures in excess of the available appropriation violates Sections 85 and 87 of P.D. No. 1445, which strictly prohibits spending government funds in the absence of sufficient appropriations, declaring that such occurrences become the personal liability of the approving officers.
- 8.10. Aside from COA Circular No. 2015-009, the Department of Budget and Management (DBM) issued Circular No. 2024-2 dated August 2, 2024, which provides the guidelines on the payment of communication expenses of certain government personnel. Section 8.1 of the said Circular specifically states that “The amounts required for the payment of communication expenses of department/agency officials and employees shall be charged against the respective available ‘Telephone Expenses – Mobile’ under the MOOE.” It likewise provides, among others, the corresponding allowable communication expense for personnel with salary grades 24 to 31, including other officials of equivalent rank. This effectively supersedes SP Resolution No. 20-129 dated March 9, 2020, which the City used as basis in providing the cellcard allowance.
- 8.11. Due to the foregoing, the Office Supplies Expenses account was overstated while the Telephone Expenses account was understated by ₱528,054.00. Moreover, the erroneous charging of obligations by the City Budget Office (CBO) and recording in the books by the CAO resulted in illegal expenditures totaling ₱301,229.28, which is considered as a personal liability of the approving officers per Section 87 of P.D. No. 1445.

- 8.12. **We recommended that the CBO, henceforth, charge obligations for communication expenses to the appropriations for Telephone Expenses in accordance with DBM Circular No. 2024-2.**
- 8.13. **We likewise recommended that the CBO, together with the approving officers, refund the overdraft totaling ₱301,229.28 upon issuance of the Notice of Disallowance by the Audit Team, and henceforth, ensure that funds are available for the planned expenditures in accordance with P.D. No. 1445.**
- 8.14. The City Mayor had coordinated with the CBO, and the City has fully complied with DBM Circular No. 2024-2. As to the long-standing practice of charging the said expense to Office Supplies Expenses, the CBO relied on past SP Resolutions expressly authorizing the same. As such, the CBO asserted that it was done in good faith and would like to request for a different solution for the said overdraft.
- 8.15. We maintain our stand that the charging of the cellcard expenses to the appropriations for Office Supplies Expense is bereft of legal basis and cannot, therefore, be allowed in audit.

Transportation allowances paid to Office Heads with assigned vehicle - ₱341,381.25

9. Transportation allowances totaling ₱341,381.25 were paid to four Office Heads despite being assigned with government vehicle(s), contrary to DBM Local Budget Circular (LBC) No. 103 and COA Circular No. 2012-003, thus, rendering the payments illegal. Moreover, several vehicles were assigned to the same employee which is considered excessive and detrimental to the economical use of government funds and property.

- 9.1. DBM LBC No. 103 dated May 15, 2013, provides the amended Rules and Regulations on the Grant of Representation and Transportation Allowances. Section 8.2.1 thereof specifically provides that **“Those who are assigned or who use government motor transportation shall no longer be entitled to the TA, but only to the commutable RA for the month.”** (Emphasis ours.)
- 9.2. Further, COA Circular No. 2012-003 dated October 29, 2012, provides the Updated Guidelines for the Prevention and Disallowance of Irregular, Unnecessary, Excessive, Extravagant, and Unconscionable Expenditures. Enumerated in the cases that are considered “Illegal” expenditures or uses of government funds and property in Annex B thereof is the payment of transportation allowance, viz.:

3.13 Payment of transportation allowance paid to officials who are assigned or presently use government motor vehicles [Sec. 45, R.A. No. 10155 (General Appropriations Act 2012)]. Similarly, grant of gasoline allowance or reimbursement of gasoline expenses to officials who are receiving transportation allowance is also considered illegal.

- 9.3. Our verification of the City’s financial records showed that it spent ₱1,852,893.75 for the payment of transportation allowance to the city officials and office heads as of December 31, 2024.
- 9.4. We gathered records from the CAO and the CGSO showing the list of officials and employees provided with Transportation Allowance as well as the government vehicles issued per office and to whom these were assigned. Our audit revealed that four Office Heads have vehicles assigned under their names yet were paid with Transportation Allowance, claiming a total of ₱341,381.25. The summary of the payments made in CY 2024 per Office Head is shown below with corresponding details in **Appendix I**.

No.	Office Head	Total TA Claimed for the Year
1	The Local Disaster Risk Reduction and Management (LDRRM) Officer	₱86,700.00
2	The City Environment and Natural Resources (CENR) Officer	83,087.50
3	The City Social Welfare and Development (CSWD) Officer	84,893.75
4	The City Agriculturist	86,700.00
TOTAL		₱341,381.25

- 9.5. Details of the serviceable vehicles assigned to the four Office Heads are shown below as reported by the CGSO, viz:

No.	Office Head	Type of Vehicle (Serviceable)	Date Assigned
1	LDRRM Officer	Brand New 4x4 Vehicle Strada	08/30/2018
		Transport Vehicle Passenger Van Type L300	06/15/2021
		Brand New 4x4 Vehicle Montero Sport	06/17/2021
		Double Cab Drop Side Pick-Up 4x4 Vehicle	12/10/2021
		Vehicle (Van Type)	01/04/2022
		Sports Utility Vehicle Montero Sport	02/22/2023
2	CENR Officer	Motorcycle CRF 150CC	12/22/2020
		Motorcycle CFT 125CC	12/22/2020
		Three Wheel Motorcycle Passenger/Cargo Type	12/05/2024
3	CSWD Officer	Brand New Van Type	12/01/2016
4	City Agriculturist	Motorcycle Honda	March 2019

- 9.6. The assignment of these vehicles to the concerned Office Heads were corroborated by the Acknowledgment Receipt of Equipment (ARE), which we were able to validate.

- 9.7. In an inquiry with CAO personnel, they explained that they processed the claims for the monthly Transportation Allowance of the four Office Heads because the latter attached certifications stating that they did not use any government vehicle and were not assigned any government vehicle. We verified the attached certifications in the DVs from January 2024 to December 2024, and indeed, the four Office Heads made such certifications in the following terms:

This is to certify that the undersigned did not use any government vehicle nor was he assigned any government vehicle for the month of...

This certification is issued to support his claim for Transportation Allowance, in compliance with Section 5.2 of COA Circular No. 2012-001 dated June 14, 2012.

- 9.8. These monthly certifications issued by the four Office Heads were inconsistent with the records of the City showing that they have vehicles assigned under their names, hence, they were not entitled to Transportation Allowance as specifically provided under Section 8.2.1 of DBM LBC No. 103 and COA Circular 2012-001.
- 9.9. The audit team would like to emphasize that the use of a government vehicle and the claim for Transportation Allowance are mutually exclusive and incompatible. This was clarified by the Supreme Court in the case of Aida Domingo vs. COA, G.R. No. 112371, October 7, 1998, where it ruled, as follows:

“The provision of law in point is found in Section 28 of Republic Act 6688, otherwise known as the General Appropriations Act of 1989, to wit:

Sec. 28. Representation and Transportation Allowances. The transportation allowance herein authorized shall not be granted to officials who are assigned a government vehicle or use government motor transportation, except as may be approved by the President of the Philippines. Unless otherwise provided by law, no amount appropriated in this Act shall be used to pay for representation and/or transportation allowances, whether commutable or reimbursable, which exceed the rates authorized under this Section. Previous administrative authorization not consistent with the rates and conditions herein specified shall no longer be valid and payment shall not be allowed.

As correctly pointed out by the Solicitor General, there are two instances when transportation allowance cannot be granted to a government official, as when a government official is assigned a vehicle, and when a government official uses government transportation facilities...”

- 9.10. The entitlement of government officials, whose offices were issued government vehicle, to transportation allowance was further clarified under COA Circular No. 2000-005 dated October 4, 2000.

9.11. We would also like to mention that, aside from the offices of the 4 Office Heads cited above, we noted seven other offices that were issued several government vehicles, whose Office Heads claimed Transportation Allowance, but some of these vehicles were assigned to the same AO/custodian, as follows:

Office/ Dept.	Office Head with TA (Yes/ No)	No. of Serviceable Vehicles Assigned to the Office	Vehicles Assigned to the Same AO			Date Assigned
			Type of Vehicle	Position of AO	SG	
CMO	Yes	7	16) Motorcycle XRM-125	Security Officer IV	22	12/05/2024
			25) Van (Toyota Hi Ace Commuter)			12/05/2024
CTO	Yes	6	7) Motorcycle Cab	Licensing Officer III	18	10/03/2017
			10) Brand New 4x4 Service Vehicle (Navara)			01/04/2022
CPDO	Yes	4	1) Motorcycle (Honda Wave 100)	Driver I	3	01/02/2025
			3) Brand New Service Vehicle (Pick-Up Strada)			12/07/2022
CBO	Yes	2	1) Adventure GLX 2	Computer Operator IV	14	12/18/2024
			2) Service Vehicle (Mitsubishi Montero Sport)			03/07/2025
CEO	Yes	11	3) Van 4x4 Suzuki	Mechanic III	9	09/09/2020
			4) Motorcycle XR 200			11/14/2016
			6) Multicab Pick-Up Type			09/09/2020
City Agriculture Office	Yes	6	1) Jeep	Farm Super- visor	8	07/29/2021
			4) Motorcycle Honda			01/23/2017
			6) Motorcycle Kawasaki			02/23/2018
CGSO	Yes	4	3) Vehicle Passenger Van Type L300	Store Keeper I	4	02/05/2025
			4) Motorcycle XRM125			02/05/2025

9.12. It is the policy of the government to ensure the prudent and judicious acquisition and use of government motor vehicles, thus, the motor vehicles to be acquired or used by the government shall be limited to those necessary and appropriate for the officials authorized to use official transport vehicles. The issuance of more than one vehicle to the same official or employee, regardless of rank, is not only uneconomical but also excessive.

9.13. Due to the foregoing deficiencies, the total amount of ₱341,381.25 representing payments of Transportation Allowance to the four Office Heads with assigned vehicles is deemed illegal and accordingly disallowed in audit.

9.14. **We recommended that the four Office Heads refund the illegal disbursements totaling ₱341,381.25 upon issuance of the Notice of Disallowance by the Audit Team because they were not entitled to receive the Transportation Allowance.**

9.15. **We further recommended that the concerned Office Heads justify why several vehicles were assigned to the same AO.**

- 9.16. **Henceforth, we recommended that the City desist from paying Transportation Allowance to city officials or employees with assigned vehicle(s) in compliance with DBM LBC No. 103, dated May 15, 2013 and COA Circular No. 2012-003.**
- 9.17. The Management explained that the vehicles assigned to the offices of City Social Welfare and Development Office (CSWDO) and City Environment and Natural Resources Office (CENRO) are not used for their transportation but are used for other functions in accordance with their respective mandates. As to the Local Disaster Risk Reduction and Management Office (LDRRMO), these vehicles are special types of vehicles for emergency response. For the City Agriculture's Office, the said motorcycle has not been used as it is unserviceable.
- 9.18. We maintain our stand that the Office Heads with vehicles assigned under their name are not entitled to Transportation Allowance, as per regulations. No exception is provided that entitlement depends on the purpose for which the vehicle is assigned. This notwithstanding, the vehicles are at the disposal of the Office Heads at any time and can be used for purposes other than the official mandate of the office. As to the alleged unserviceable motorcycle, the CGSO reported this as serviceable and should be corrected, if warranted.

Various audit recommendations unimplemented by the City

10. **Of the 37 audit recommendations from last year's audit report for CY 2023, none have been fully implemented. Similarly, of the 86 audit recommendations from previous years, only one has been fully implemented, leaving 85 recommendations still outstanding.**
- 10.1. In accordance with the audit responsibilities vested upon this Office, we would like to provide an update on the status of implementation of the audit recommendations contained in the CY 2023 Annual Audit Report as of August 31, 2024, based on the validation we conducted.
- 10.2. As previously reported, 37 current and 86 prior years' audit recommendations were provided in the last audit report.
- 10.3. Please be informed that none of the 37 current recommendations and only 1 out of the 86 prior years' recommendations have been fully and satisfactorily implemented by the relevant offices.
- 10.4. It is noted with concern that 122 current and prior years' recommendations remain outstanding and have not yet been fully implemented. These unimplemented recommendations are crucial for strengthening internal controls, improving financial transparency, enhancing accountability, and optimizing operational efficiency within the city government.

10.5. Our analysis showed that over 50 per cent of the unimplemented recommendations have been outstanding for more than 3 to 5 years, as follows (see attached **Appendix J** for details):

Period Unimplemented	No. of Recommendations	Percentage
1 year and below	37	30.33%
>1 to 3 years	18	14.75%
>3 to 5 years	31	25.41%
more than 5 years	36	29.51%
Total	122	100 %

10.6. This situation indicates a clear lack of dedication and diligence on the part of some local government officials in addressing urgent audit issues promptly.

10.7. It is essential that the city government remain committed to upholding the highest standards of governance and accountability. Completing outstanding audit recommendations in a timely manner will significantly contribute to achieving these objectives.

10.8. **We recommended and the City Mayor agreed to direct the department heads and other officials concerned to prioritize the implementation of the remaining outstanding recommendations and expedite their execution to ensure full compliance with regulatory requirements and established best practices in upholding the highest standards of governance and accountability.**

B) OTHER FINANCIAL RELATED ISSUES

Compliance With Tax Laws, GSIS, HDMF, and PHIC

11. The City made remittances to the BIR, GSIS, PAG-IBIG, and PhilHealth; however, a tabular presentation of the amounts withheld in December 2024 and the corresponding remittances the following month, January 2025, showed differences, as presented below:

Account	Balance, 12/31/2024	Remittance		Unremitted Balance
		Date	Amount	
Due to BIR	₱ 2,817,440.44	1/15/2025	₱ 1,941,210.42	₱ 876,230.02
Due to GSIS	5,943,552.75	1/09/2025	4,912,204.84	1,031,347.91
Due to Pag-IBIG	812,259.10	1/06/2025	624,115.99	188,143.11
Due to PhilHealth*	2,189,810.34	1/05/2025	742,919.20	1,446,891.14

**Includes Balances for Philhealth Capitation Fund*

Compliance with Property Insurance Law (R.A. No. 656)

12. The City has not insured its properties with the GSIS. This was brought to Management’s attention in the CY 2016 audit and remains unimplemented in Part III of this Report (Audit Recommendation No. 104).

Gender and Development (GAD)

13. The City has regularly appropriated five per cent of its annual budget for GAD programs, projects, and activities (PPAs). For CY 2024, it had an annual budget of ₱45,973,551.85.

Differently–Abled Persons and Senior Citizens

14. The City provided an annual budget of ₱9,194,710.37 in CY 2024 to address the needs of senior citizens and differently-abled persons.

Local Council for Protection of Children (LCPC)

15. The City allocated ₱8,77,928.37 from its annual budget which was made available for children and youth welfare and educational programs and interventions.

Summary of Suspensions, Disallowances and Charges

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

	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	₱37,493,914.54	0.00	0.00	₱37,493,914.54
Disallowances	44,603,865.00	0.00	0.00	44,603,865.00

17. Further, the table below shows the respective balances of suspensions and disallowances of ₱37,493,914.54 and ₱44,603,865.00 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	11,923,106.67	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	23,621,586.44	4,784,722.83
07/01/2010 to 06/30/2013	More than 11.5 to 14.5 years	1,949,221.43	11,319,142.17
10/06/2009 ¹ to 06/30/2010	More than 14.5 to 15.25 years	0.00	0.00
1/01/2022 to 12/31/2005 ²	More than 19 to 22 years	0.00	28,500,000.00
Total		₱37,493,914.54	₱44,603,865.00

¹ COA Circular No. 2009-006

² Issued in CY 2015 but for transactions in CYs 2002-2005

18. Of the total balance of disallowances of ₱44,603,865.00, 46.29 per cent is pending appeal at various levels of adjudication pursuant to the COA Rules and Regulations on Settlement of Accounts (RRSA), of which the amount of ₱9.5 million was filed with an appeal for exclusion from liability with the COA Regional Office. Additionally, 53.57 per cent has already attained finality, subject to issuance with Notice of Finality of Decision (NFD), while 0.11 per cent represents disallowances that were already settled with the previous Audit Team, but no Notice of Settlement of Suspensions, Disallowances and Charges was issued. Lastly, 0.03 per cent is for re-evaluation due to additional documents submitted by the auditee.

19. With respect to the total balance of suspensions of ₱37,493,914.54, 85.36 per cent is pending evaluation by the Audit Team, while 14.64 per cent is for issuance of ND. Under the RRSA, a suspension should be settled within 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.

PART III
STATUS OF IMPLEMENTATION
OF PRIOR YEARS' AUDIT
RECOMMENDATIONS

STATUS OF IMPLEMENTATION OF PRIOR YEARS' AUDIT RECOMMENDATIONS

Of the 123 prior years' audit recommendations, 4 were merged due to similarity of issues raised and 1 was issued with a Notice of Disallowance. Of the remaining 118 audit recommendations, 12 were implemented and 106 were unimplemented, as shown in the results of validations presented below:

Ref	Observation	Recommendations	Status of Implementation/ Results of Validation
2023 AAR, AO No.1, page 34	The accuracy and reliability of the balance of the LRN account totaling ₱501,184,462.21 could not be ascertained due to the: (a) the non-conduct of inventory of local roads and non-preparation of a separate RPCLRN; (b) non-maintenance of the LRNLC and LRNPC showing complete description and cost segregation of LRN components; (c) non-provision of depreciation for LRN items; and (d) lack of full disclosure of the total road networks in the Notes to the Financial Statements, contrary to COA Circular No. 2015-008, thereby, affecting the fair presentation of the account in the financial statements.	<ol style="list-style-type: none"> 1) Management direct the CAO, CEO, CGSO to strictly comply with the accounting and reporting guidelines on local roads asset management system, and to earnestly perform their respective duties and responsibilities set forth under COA Circular No. 2015-008 dated November 23, 2015. 2) Henceforth, the Inventory Committee conduct the annual physical count of all its LRN in accordance with regulations, making sure to produce the details necessary to be reported separately in the RPCLRN for submission to the Auditor and Accounting Office not later than January 31 of each year. The RPCLRN shall be reconciled with the accounting records and the necessary adjusting entries be prepared before the statement date. 	<p>Unimplemented <i>There was no report submitted by the concerned offices to COA.</i></p> <p><i>This is reiterated in the audit of CY 2024 accounts as Audit Observation (AO) No. 2.</i></p> <p>Unimplemented <i>No action taken by management.</i></p> <p><i>This is reiterated in the audit of CY 2024 accounts as AO No. 2.</i></p>
2023 AAR, AO No.2, page 38	Various inventory accounts totaling ₱129,302,109.35 were not adjusted to recognize the stocks issued or utilized during the year since the SSMI were not prepared, contrary to pertinent provisions of the NGAS Manual for LGUs, Volume I, thus, presenting an unreliable balance of inventories in the financial statements.	<ol style="list-style-type: none"> 3) The CGSO prepare weekly the SSMI duly supported with the RIS and other records and submit it to the Accounting Office as the basis for recognizing the corresponding expense in the books. 	<p>Unimplemented</p> <p><i>The CGSO failed to submit to the Accounting Office on a weekly basis the SSMI and its supporting documents.</i></p> <p><i>This is reiterated in the audit of CY 2024 accounts as AO No. 3.</i></p>

Ref	Observation	Recommendations	Status of Implementation/ Results of Validation
		4) The CGSO and CAO maintain stock cards and ledger cards, respectively, for each type of inventory to facilitate reconciliation with the actual stocks on hand.	<p>Unimplemented <i>The CGSO and CAO did not maintain stock cards and ledger cards, respectively.</i></p> <p><i>This is reiterated in the audit of CY 2024 accounts as AO No. 3.</i></p>
2023 AAR, AO No.3, page 40	The existence and accuracy of the Fuel, Oil, and Lubricants Inventory balance of ₱26,119,797.64 is not reliable due to the lack of appropriate controls, failure to maintain the proper records, and to recognize the corresponding expense of the fuel consumed, contrary to COA Circular No. 77-61. These precluded the determination of the reasonableness of the quantities purchased, which may be deemed excessive, contrary to COA Circular No. 2012-003, and resulted in the understatement of expenses and overstatement of the inventory balance presented in the financial statements.	<p>5) The CGSO fully account for the fuel purchases based on valid supporting documents, reconciling these with the actual balance of fuel in the storage tank, to pinpoint responsibility for those that cannot be accounted for, and to refrain from making additional purchases until the balance is fully accounted for;</p> <p>6) Management justify the necessity and reasonableness of the quantities of fuel purchased, including the seven fuel procurements in December 2022, and why these should not be considered excessive, given the huge balance of inventory existing at year-end;</p> <p>7) The CGSO and CAO invariably prepare and maintain the records required under COA Circular No. 77-61, and to comply with all the requirements therein, including the regular submission of the consumption reports with complete supporting documents</p> <p>8) The personnel in charge of monitoring the gasoline storage</p>	<p>Unimplemented <i>The CGSO has only made partial implementation of this recommendation. The balance of the Fuel, Oil, and Lubricants Inventory as of 12/31/2024 increased to ₱25,390,434.14. Moreover, there was no report submitted on the physical count conducted.</i></p> <p><i>This is reiterated in the audit of CY 2024 accounts as AO No. 6.</i></p> <p>Unimplemented <i>No action taken by management.</i></p> <p><i>This is reiterated in the audit of CY 2024 accounts as AO No. 6.</i></p> <p>Unimplemented <i>No action taken by management.</i></p> <p><i>This is reiterated in the audit of CY 2024 accounts as AO No. 6.</i></p> <p>Unimplemented</p>

Ref	Observation	Recommendations	Status of Implementation/ Results of Validation
		<p>tank submit a written explanation of why fuel was released based on an unsigned RIS;</p> <p>9) The Internal Control Unit conduct spot checks to reconcile the remaining fuel tank balance with the CGSO records. It is likewise imperative that the City establish a cut-off point to determine the level of fuel in the tank and then accounts for current purchases while working on the accountability for the prior purchases; and</p> <p>10) Management ensure that mitigating or compensating controls like periodic reconciliation of records and inventories, restricting fuel release based on a duly approved RIS, and updated recording and consumption monitoring are working effectively to reduce the risk of error or irregularities.</p>	<p><i>No action taken by management.</i></p> <p><i>This is reiterated in the audit of CY 2024 accounts as AO No. 6.</i></p> <p>Implemented <i>Closed – Change in Condition</i></p> <p><i>Use of the fuel depot was stopped by management.</i></p> <p>Unimplemented <i>No action taken by management.</i></p> <p><i>This is reiterated in the audit of CY 2024 accounts as AO No. 6.</i></p>
2023 AAR, AO No.4, page 44	The City's Biological Assets totaling ₱13,148,791.05 were not measured at their fair value less costs to sell at the end of the reporting period, no physical count was conducted, no property/ledger cards were maintained and no disclosures were made in the Notes to the Financial Statements, contrary to the provisions of IPSAS No. 27 and the NGAS Manual for LGUs, Volume I, thereby affecting the fairness of the presentation of the account in the financial statements and casting doubt as to the existence, correctness, and validity of the balances presented therein.	<p>11) The City Mayor direct the City Agriculturist and the City Veterinarian to prepare the Updated Schedule of Biological Assets of the City at the end of each reporting period and submit the same to the CAO for the immediate recognition of adjustments in the City's books of accounts. The schedule should reflect the fair value less costs to sell for each biological asset (especially for breeding stocks), any additions resulting from birth, and reductions due to deaths and distributions.</p> <p>12) The City Inventory Committee conduct a physical count of all the biological assets recorded in the books of accounts of the City and that the CGSO and the CAO maintain the property cards and</p>	<p>Unimplemented <i>No action taken by management.</i></p> <p>Unimplemented <i>No action taken by management.</i></p> <p><i>Balance as of 12/31/2024 has</i></p>

Ref	Observation	Recommendations	Status of Implementation/ Results of Validation
		Work, Other Animals and Breeding Stocks Ledger Card (WOABSLC), respectively, and reconcile their records.	<i>increased to ₱20,213,620.95 . There was no report submitted of the Updated Schedule of Biological Assets as well as the Report on the Physical count conducted.</i>
2023 AAR, AO No.5, page 47	Job Order (JO) workers were required to work without a valid contract, and their wages were paid out of appropriations that were retroactively applied, contrary to Sections 85 and 86 of P.D. No. 1445 and COA Circular No. 2012-003; hence, the total payments of ₱126,080,782.45 become the personal liability of the approving officers as stated in Section 87 of P.D. No. 1445.	13) Management strictly comply with the requirements of Sections 85 and 86 of P.D. No. 1445 when hiring JOs, and to provide justification why they should not be held personally liable for the wages paid to them that were not backed by sufficient appropriations and had no existing contracts to render service.	Unimplemented <i>There were still JO workers who were required to work without a valid contract, and their wages were paid out of appropriations that were retroactively applied. Management stated that full implementation of the recommendation will be made in CY 2025.</i>
2023 AAR, AO No.6, page 50	Monthly payments of wages to JO workers in CY 2023 were consistently delayed, reaching up to 171 days, due to the irregular practice of requiring them to start working before processing their appointments/contracts, which were approved months later when funds became available, thus, depriving the JO workers of timely access to their earned wages and adversely affecting their efficiency and effectiveness in serving the government on a daily basis.	14) The Human Resource Management Office (HRMO) coordinate with the Local Finance Committee to ensure the existence of appropriations and completion of approved JO appointments/ contracts before the JO workers render their services to the City, and that the City Mayor require the disbursing officers and all other concerned city officials to process the cash advances for the payment of wages to JO workers within five days after the end of the pay period.	Unimplemented <i>There were still JO workers who were required to work without a valid contract, and their wages were paid out of appropriations that were retroactively applied, hence, processing of their wages were made only after the contracts were signed. Management stated that full implementation of the recommendation will be made in CY 2025.</i>
2023 AAR, AO No.7, page 52	Various deficiencies were noted for the payment of overtime services from January 2023 to May 2023 amounting to ₱1,087,048.19 that were not in accordance with COA Circular	15) In accordance with Item 13.1 of CSC-DBM JC No. 1 series of 2015, the City Mayor, through the City HRMO, formulate and adopt internal rules and procedures on the rendition of overtime	Unimplemented <i>Management had not submitted their formulated and adopted internal rules and procedures</i>

Ref	Observation	Recommendations	Status of Implementation/ Results of Validation
	<p>Nos. 2012-001 and 2012-003, and CSC-DBM Joint Circular (JC) No. 1 series of 2015, thus, rendering the transactions irregular and unnecessary.</p>	<p>services, which shall be aligned with relevant rules and regulations such as, but not limited to, COA Circular No. 2012-001 and CSC-DBM JC No. 1 series of 2015. When formulating these rules and procedures, Management should consider that, generally, overtime services should be compensated through Compensatory Time-Off (CTO), following the guidelines under the CSC-DBM JC No. 2, s. 2004 with some amendments under CSC-DBM JC No. 2-1 series of 2005 dated July 1, 2005. However, cash payment for overtime services through Overtime Pay may be authorized only in exceptional cases when the application of CTO for all overtime hours would negatively impact the agency's operations;</p> <p>16) The City Mayor desist from issuing blanket authorities but rather ensure that the Request for Authority is specific to the purpose or expected outputs and includes the specific period of the overtime services (indicating the specific date, time, and number of hours). Most importantly, Management should warrant that only necessary requests for overtime services are approved, considering the responsible use of government funds, and that requests are approved before actual rendition of Overtime, with proper monitoring to be done by the HRMO;</p> <p>17) The City Accountant ensure compliance with Item 10.1 of CSC-DBM JC No. 1 series of 2015. As such, only employees who arrive on or before the start of the workday shall be allowed to render overtime work with pay, provided that at least 2 hours of overtime services are rendered. Also, the City Accountant ensure</p>	<p><i>on the rendition of overtime services.</i></p> <p>Unimplemented <i>Management had not submitted the sample of their revised Request for Authority for overtime services.</i></p> <p>Implemented <i>The City Accountant had complied with Item 10.1 of CSC-DBM JC No. 1 series of 2015 and claims were supported with complete documentary requirements.</i></p>

Ref	Observation	Recommendations	Status of Implementation/ Results of Validation
		<p>that claims are supported with complete documentary requirements for overtime pay;</p> <p>Prospectively, in compliance with Item 12.0 of CSC-DBM JC No. 1 series of 2015, the City Mayor, through the HRMO:</p> <p>18) Ensure that the LGU submits to the DBM's Budget and Management Bureau or Regional Office concerned, copy furnished the CSC, the "Report on Overtime Services With Pay" using the template in Annex A of the JC on or before March 31 of every year; and</p> <p>19) Submit a written explanation for the noted deficiencies.</p> <p>20) Deficient claims for overtime pay be refunded in view of the City's non-compliance with the regulations.</p>	<p>Unimplemented <i>No action taken by management.</i></p> <p>Implemented <i>Management submitted a written explanation.</i></p> <p>Unimplemented <i>No action taken by management.</i></p>
2023 AAR, AO No.8, page 59	Cash advances were granted to the City's disbursing officers in amounts exceeding their maximum cash accountability, which is not in accordance with Section 5.1 of Treasury Circular No. 02-2019, thus, exposing it to the risk of non-recovery of losses of government funds resulting from the unlawful deposit, use, or application thereof beyond the existing bond coverage.	<p>21) Management desist from granting cash advances to the disbursing officers in amounts exceeding their maximum cash accountability pursuant to the provisions outlined in Treasury Circular No. 02-2019 and likewise reduce the amounts granted as determined to be necessary within the allowed periods provided under COA Circular No. 97-002.</p> <p>22) Management evaluate the sufficiency of the existing bond coverage of the disbursing officers vis-a-vis their actual accountabilities in accordance with the revised schedule provided in the Treasury Circular.</p>	<p>Implemented <i>Management had stopped granting cash advances to the disbursing officers in amounts exceeding their maximum cash accountability.</i></p> <p>Implemented <i>Management had increased the bond of some disbursing officers.</i></p>
2023 AAR, AO No.9,	The Real Property Tax (RPT)/Special Education Tax (SET) collection efficiency averages only 39.09 per cent of the target set by the City Government	The City Treasurer, in coordination with the SP and the City Legal Officer:	

Ref	Observation	Recommendations	Status of Implementation/ Results of Validation
page 61	due to the non-implementation of an effective tax campaign and non-enforcement of tax remedies, resulting in delinquent taxes totaling ₱21,320,740.16 as of December 31, 2023, running counter to pertinent provisions of R.A. No. 7160 and the Manual on Real Property Appraisal and Assessment Operations, thus, depriving the City of potential revenues that could have been used to finance its various PPAs.	<p>23) Develop an effective tax collection campaign program to enhance the collection of RPT/SET Receivables;</p> <p>24) Submit the annual certified list of RPT delinquencies on or before December 31 of each year, stating the reasons for non-collection and requesting assistance from the SP in the enforcement of the remedies; and</p> <p>25) Enforce remedies in the collection of RPT through the issuance of a warrant on or before, or simultaneously with, the institution of the civil action for the collection of the delinquent tax.</p>	<p>Unimplemented <i>No effective tax collection campaign program developed yet.</i></p> <p>Unimplemented <i>The Audit Team had received a document reflecting that the certified list of RPT delinquencies was submitted on or before December 31.</i></p> <p>Unimplemented <i>Although, the Annual Certified List of RPT delinquencies on or before December 31 of each year, the City had not yet enforced any remedies to collect the delinquencies.</i></p>
2023 AAR, AO No.10, page 64	The City has not undertaken the general revision of real property assessments for the last 25 years and has been collecting RPTs based on an outdated Schedule of Market Values (SMVs) from CY 1999, which is not compliant with the 3-year requirement under Sections 212 and 219 of R.A. No. 7160 and DILG-DOF JMC No. 2010-01, hence precluding the City from maximizing its revenue-raising power to finance development projects and to augment SEF for the benefit of its constituents.	<p>26) The City Assessor prepare updated SMVs reflective of the current market pursuant to Section 212 of R.A. No. 7160 and causes the drafting of an Ordinance for consideration of the Sanggunian, incorporating therein the proposed SMV, assessment level, and tax rate.</p> <p>27) The Sanggunian give priority and due course to this undertaking.</p> <p>28) Henceforth, the City strictly adhere to the provisions of Section 219 of R.A. No. 7160 and DILG-DOF JMC No. 2010-01 in the preparation and completion of the general revision of real property assessments within the reglementary period of three years.</p>	<p>Unimplemented <i>The City had not updated its SMVs.</i></p> <p>Unimplemented <i>No action taken by management.</i></p> <p>Unimplemented <i>No action taken by management.</i></p>
2023 AAR, AO No.11,	The reciprocal accounts Due from Other Funds and Due to Other Funds showed a net difference of ₱2,118,872.63, which is non-compliant with Paragraph 27 of	29) The City Accountant reconcile the reciprocal accounts by reviewing the transactions affecting the Due to/from Other Funds accounts, effect	Unimplemented <i>A difference of ₱41,669.63 still exists as of December 31, 2024.</i>

Ref	Observation	Recommendations	Status of Implementation/ Results of Validation
page 67	IPSAS No. 1 and Section 111 (2) of P.D. No. 1445, thus, affecting the reliability and accuracy of the balances in the financial statements.	adjustments to reflect the correct account balances, and present reliable data on the City's financial position as of a given date.	<i>Management commented that he remaining item for reconciliation was a fund transfer receipt recorded on the year 2012 which was already closed to the Government Equity account through JEV No. 100-2023-12-0091P dated 12/31/2023 since its purpose and origin cannot be traced.</i>
2023 AAR, AO No.12, page 69	The City used an unprescribed computerized accounting system, the procurement of which goes against the policy set forth under COA Circular No. 2001-003 as reiterated in COA Circular No. 2003-005. Additionally, the presentation of the submitted subsidiary ledgers from this accounting system varies from time to time, raising concerns about its accuracy and compliance with accounting standards, which also impacts the scope and extent of verification in the audit of the accounts.	<p>30) Management submit proof that their request to avail of the e-NGAS has been denied and secure the corresponding authority to avail of other accounting softwares, otherwise, continued availment of a non-e-NGAS accounting software shall be deemed irregular.</p> <p>Should this be accomplished, we recommend that before continuing to use the ECPAC accounting software any further:</p> <p>31) Management require ECPAC to upgrade its system to include features similar to e-NGAS at no additional cost and specify the expected outputs in the contract; and</p> <p>32) The City Accountant require ECPAC to correct the deficiencies noted in the initial use of the system and defer any further disbursements until the City is completely satisfied with the delivery of the expected outputs. Otherwise, hold responsible the officials who effected the procurement of an unprescribed system.</p>	<p>Unimplemented <i>Ongoing implementation of the recommendation.</i></p> <p>Unimplemented <i>Ongoing implementation of the recommendation</i></p> <p>Unimplemented <i>Ongoing implementation of the recommendation</i></p>
2023 AAR, AO No.13,	The City Accountant did not submit the CY 2023 financial statements nor the monthly and quarterly reports within the reglementary period and did not	33) Henceforth, Management closely monitor invariable compliance with the submission of monthly and quarterly financial reports with complete schedules and	Unimplemented <i>The City was unable to submit the Consolidated Financial Statements</i>

Ref	Observation	Recommendations	Status of Implementation/ Results of Validation
page 72	completely submit the August to December 2023 transaction accounts, which is not compliant with Section 41(2) of P.D. No. 1445 and Sections 70, 73 and 110 of the NGAS Manual for LGUs, Volume I, thus, precluding the verification thereof and impairing their relevance and usefulness for decision-making.	monthly collection and disbursement accounts in accordance with the requirements of pertinent laws and regulations.	<i>and its related schedules as of December 31, 2024 on February 14, 2025.</i>
2023 AAR, AO No.14, page 75	The City utilized only 19.65 per cent or ₱16,085,381.03 out of the total available funds of ₱81,859,875.09 of its LDRRM Fund as of December 31, 2023, thereby compromising the City's preparedness to respond to disasters/calamities and exposing it to a higher risk of loss of lives and properties in such an eventuality.	34) The City exhaust all means to implement without further delay the projects outlined under the 70 per cent Mitigation Fund of the LDRRM Fund. Also, the unexpended balances of prior years' LDRRM Fund held in special trust be utilized upon due compliance with Section 6 of NDRRMC-DBM-DILG JMC No. 2013-1 in order to increase their constituents' resilience and decrease their vulnerabilities to disasters and calamities.	Unimplemented <i>Excluding the QRF, the City had only utilized 64.07 per cent of the total available funds of its LDRRMF as of December 31, 2024.</i>
2023 AAR, AO No.15, page 77	The City has completed only 41 per cent or 19 projects, funded from the CY 2023 appropriations for the 20 per cent Development Fund totaling ₱84,853,037.14, with 57 per cent or 26 projects not yet started, and did not specify the project with an allocation of ₱14,000,000.00. Furthermore, projects with negative slippage beyond 15 per cent were not addressed in a timely manner, contrary to GPPB Resolution No. 05-2019. These deficiencies resulted in delays in delivering the benefits that constituents could have derived from the proposed projects.	35) The City Engineer improve the preparation of project plans by ensuring that all the necessary procedures, especially site inspections and surveys, are undertaken to ensure the project's viability and to eliminate unnecessary costs of plan revisions; 36) The City Engineer implement measures and undertake catch-up programs to accelerate work accomplishments on projects undertaken by the administration that are behind schedule; and 37) The City Development Council determine the specific project details to be funded out of the 20 per cent Development Fund lump-sum amount of ₱14,000,000.00.	Unimplemented <i>No action taken by management.</i> Unimplemented <i>No action taken by management.</i> Unimplemented <i>No action taken by management.</i>
2022 AAR, AO No. 1, page 33	Discrepancies were noted between the book balances and the physical count of movable PPE and Inventories as of December 31, 2022, amounting to ₱40,768,383.69 and	38) The Inventory Committee and the CGSO prioritize the reconciliation of the RPCPPE with the accounting records after conducting the physical count, and pinpoint persons responsible	Unimplemented <i>No action taken by management.</i> <i>This is reiterated in the audit of CY 2024</i>

Ref	Observation	Recommendations	Status of Implementation/ Results of Validation
	<p>₱132,506,625.43, respectively, due to the failure to account for movable properties in the hands of AOs and to submit the RPCI, contrary to Section 124 of the NGAS Manual for LGUs, Volume I. There was likewise no reconciliation with accounting records, thus, substantially casting doubt on the existence and accuracy of the balances of movable PPE and Inventories presented in the financial statements.</p>	<p>for the missing properties who should be made to pay the value thereof as shown in the accounting records;</p> <p>39) The CGSO coordinate with CAO to fully account for the CY 2018-2022 PPE purchases, complete with data on the property tag, ARE, AO, and office/location of the equipment, otherwise, those that cannot be accounted for shall be a personal liability of the person accountable for the said property;</p> <p>40) The Inventory Committee conduct the required semi-annual physical count of inventories in compliance with Section 124 of the NGAS Manual for LGUs, Volume I; and</p> <p>41) The CGSO submit the SSMI with complete documentation to the CAO as basis for preparing the journal entries to recognize the corresponding expense for the inventories consumed or distributed.</p>	<p><i>accounts as AO No. 1.</i></p> <p>Unimplemented <i>No action taken by management.</i></p> <p><i>This is reiterated in the audit of CY 2024 accounts as AO No. 1.</i></p> <p>Unimplemented <i>No action taken by management.</i></p> <p><i>This is reiterated in the audit of CY 2024 accounts as AO No. 1.</i></p> <p>Unimplemented <i>No action taken by management.</i></p> <p><i>This is reiterated in the audit of CY 2024 accounts as AO No. 1.</i></p> <p><i>Note: the CGSO had only attached the RIS in the DV, of which the CAO based the recording of the expense accounts in the books. No SSMI was prepared by the CGSO.</i></p>
<p>2022 AAR, AO No. 7, page 51</p>	<p>Unutilized balances of the Priority Development Assistance Fund (PDAF) totaling ₱555,017.50 have not been returned to the Bureau of the Treasury (BTr) for reversion to the unappropriated surplus of the GF of the national government as ordered by the Supreme Court in its En Banc Decision promulgated under G.R.</p>	<p>42) The City Mayor instruct the Local Finance Committee to process the immediate return of the unutilized PDAF funds of ₱555,017.50 to the National Treasury, through the DOF, in compliance with the Supreme Court Decision.</p>	<p>Implemented <i>The unutilized balances of the PDAF totaling ₱555,017.50 was returned to the BTr through DBP Check No. 0095108707 dated 8/14/2024 with DV No. CK 300-24-</i></p>

Ref	Observation	Recommendations	Status of Implementation/ Results of Validation
	Nos. 208566, 208493, and 209251, which declared the unconstitutionality of the PDAF, thus, depriving the national government of substantial funds which could be utilized for other legitimate purposes.		<i>08-056 dated 8/14/2024, and was dropped from the records through JEV No. 300-2024-08-056 dated 8/14/2024. Proof of Return includes the LBP Oncoll Payment Slip dated 8/16/2024 with Reference No.1 110050100001 and List of Deposited Collections stamped Received by the LBP Teller on 8/19/2024.</i>
2022 AAR, AO No. 9, page 56	Registries of Appropriations, Allotments, and Obligations were prepared not by the CBO but rather by the CAO, contrary to COA Circular No. 2006-002, thus, resulting in weaker controls in monitoring the utilization of the budget and unequal workload distribution that hampered the preparation of the financial statements within the reglementary period.	43) Management clearly delineate the functions of the CBO which shall assume full responsibility for certifying the existence of available appropriations and in preparing and maintaining the required RAAOs per responsibility center as required under COA Circular No. 2006-002, and direct both the CBO and the CAO to reconcile their records at the end of each month and at year-end in accordance with NGAS.	Implemented <i>The CBO is preparing the RAAOs manually. Also, the CBO had ensured periodic reconciliation of its records with the CAO.</i>
2022 AAR, AO No. 10, page 57	The City Government allowed regular employees to receive net pay below the required minimum net take-home pay of ₱5,000.00 per month, with some even having zero net pays, contrary to Section 55 of the General Provisions of R.A. No. 11639, or the General Appropriations Act for Fiscal Year 2022, thus, depriving them of sufficient means or even nil to provide for their basic needs, which could possibly affect the performance of their public duties.	44) Management strictly implement the required minimum net take-home pay of ₱5,000.00 mandated under Section 55 of the General Provisions of R.A. No. 11639. Direct the concerned officials involved in the processing of loans to ensure that this provision of law is invariably enforced and to register their disapproval of new loan applications/other payroll deductions, as warranted under the circumstances.	Unimplemented <i>There were still employees whose net take-home pay is below ₱5,000.00. The City Accountant asserted that they will continue the deduction for existing loans for fear that the employee may not be able to settle their obligation. However, they will not issue certifications for those with new loans and whose net take-home pay is below ₱5,000.00.</i>
2022 AAR, AO	The City utilized the CY 2022 Quick Response Fund (QRF) for a capital outlay project, allocating	45) The City Mayor direct the LDRRM Council to properly plan the PPAs to be undertaken,	Implemented <i>The City Mayor had directed the LDRRM</i>

Ref	Observation	Recommendations	Status of Implementation/ Results of Validation
No. 11, page 60	<p>₱10 million and spending ₱6,998,414.02 for the purpose, despite the lack of an SP resolution declaring a state of calamity, contrary to the NDRRMC-DBM-DILG JMC No. 2013-1, hence unnecessarily impairing the City's ability to quickly respond to disasters had one occurred during the year, for which the fund was primarily intended.</p>	<p>charged to the correct fund source, and ensure that the QRF is reserved for relief and recovery programs to address the immediate and short-term needs of its people during calamities.</p> <p>46) The LDRRM Council justify charging the said project to the QRF for further evaluation in audit.</p>	<p><i>Council to properly plan the PPAs to be undertaken, charged to the correct fund source, and ensure that the QRF is reserved for relief and recovery programs to address the immediate and short-term needs of its people during calamities.</i></p> <p>Unimplemented <i>Management commented that this recommendation was still unacted considering a new set of council members.</i></p>
2022 AAR, AO No. 12, page 62	<p>The City Government had not finalized the Public Service Continuity Plan (PSCP) as of December 31, 2022, as required in the NDRRMC Memorandum Nos. 33, s. 2018 and No. 57, s. 2020 due to the absence of a duly-organized working group to formulate the plan as required in Section 5.0, Chapter II of the PSCP Guidebook and the lack of sufficient training and knowledge regarding the proper formulation thereof, thus, may significantly impair the continuous delivery of quality essential services to the public during an emergency, disaster, or any disruptive event.</p>	<p>47) The City, through the LDRRMO, prioritize the finalization of the PSCP pursuant to NDRRMC Memorandum No. 33, s. 2018 immediately after the scheduled training, especially since it is way past the October 2021 deadline set under CSC MC No. 12, s. 2021.</p> <p>48) The City Mayor institutionalize the PSCP by creating a working group that will perform the following activities:</p> <ul style="list-style-type: none"> (a) Conduct a risk assessment; (b) Identify critical processes and functions; (c) Determine scenarios that may disrupt normal operation; (d) Conduct risk analysis and impact analysis; (e) Formulate the PSCP based on the identified risks on critical processes and functions and the related steps to be followed to eliminate, if not mitigate, the impact of the determined disruptions following the prescribed templates and 	<p>Unimplemented <i>The City had not finalized its PSCP.</i></p> <p>Unimplemented <i>Management is yet to conduct the training /workshop for the PSCP Continuity Core Team.</i></p>

Ref	Observation	Recommendations	Status of Implementation/ Results of Validation
		<p>requirements in the PSCP guidebook; and</p> <p>(f) Submit the plan to the City DRRMO for review, to the City Mayor for approval, and to the SP for the passage of a resolution to institutionalize the PSCP.</p>	
<p>2021 AAR, AO No. 1, page 32</p>	<p>The valuation and accuracy of the Infrastructure Asset accounts amounting to ₱671,128,111.94 in the GF could not be ascertained due to the failure of the CAO to provide for the depreciation allowances for the current and prior years contrary to Paragraph 71 of IPSAS No. 17 and COA Circular No. 2015-008 dated November 23, 2015, thus resulting in the overstatement of Assets and Government Equity and understatement of the related depreciation expense accounts of the City by an undetermined amount.</p>	<p>49) The City Mayor require the City Accountant to compute the depreciation allowance of all its undepreciated Infrastructure Asset accounts for CY 2021 and backwards. Prior years' depreciation should be taken up as Prior Period Adjustment in the books to be closed to Government Equity at the end of the reporting period.</p>	<p>Unimplemented <i>No depreciation expenses have been recognized for the Road Networks asset of the city.</i></p> <p><i>Note: In CY 2023, Management had computed the depreciation allowance of all undepreciated Infrastructure Asset accounts (except Road Networks) for the CY 2021 and backwards had been computed and taken up under JEV No. 100-22-06-0047(3) dated 06/30/2022 which was submitted to COA Bais through a Transmittal Letter dated October 25, 2022. (did not include LRN in the depreciation)</i></p>
<p>2021 AAR, AO No. 6, page 43</p>	<p>The procurement of food supplies totaling ₱26,548,890.35, ₱21,553,018.35 for COVID-19 operations and ₱4,995,872.00 for Typhoon Odette, were not supported with the daily menu of the meals to be served nor the list of persons quarantined/victims of calamities contrary to Section 7.3.2 (f) of the 2016 Revised Implementing Rules and Regulations (IRR) of R.A. No. 9184, as well as the project requirements of Section 3.1 of GPPB Circular No. 01-2020, thus, casting doubt on the validity</p>	<p>50) Management require the DSWD as the requisitioner of the food supplies purchased, in coordination with the DRRMO, to submit the daily menu for meals and the persons to whom these were served to the Audit Team for validation, encapsulated in SSIMs supported with the RIS which shall serve as basis for the Accountant in recognizing the expenses in the books.</p> <p>51) Likewise, the end-user and the Bids and Awards Committee</p>	<p>Unimplemented <i>No action taken by management.</i></p> <p>Unimplemented</p>

Ref	Observation	Recommendations	Status of Implementation/ Results of Validation
	thereof. Also, the whole amount was recorded as an outright expense despite non-consumption thereof, resulting in the overstatement of expenses and understatement of inventories.	(BAC) adhere strictly to Section 7.3.2 (f) of the Revised IRR of R.A. No. 9184, including the submission of Official Receipts/Sales Invoice to complement the Collection Receipts issued. 52) Moreover, Management ensure that mitigating or compensating controls like periodic reconciliation of records and inventories, restricting release to qualified recipients and with complete documentation, updated recording and monitoring of consumption, are working effectively to reduce the risk of error or irregularities.	<i>No action taken by management.</i> Unimplemented <i>No action taken by management.</i>
2021 AAR, AO No. 7, page 46	The City paid ₱3,798,480.00 for the hotel accommodations in private hotels of persons on quarantine due to COVID-19 operations inspite of the existence of government quarantine facilities and without duly supporting these with duly accomplished registration forms of those who availed of the accommodations, thus, casting doubt as to the necessity of said expenditures contrary to COA Circular No. 2012-003 dated October 29, 2012. Moreover, these hotels lacked the DOT Certificate of Authority to Operate contrary to Section 4 of DOT Administrative Order No. 2020-002 dated May 22, 2020 as amended.	53) Management submit the DOT Certificates of Authority to Operate of the hotels engaged by the City as quarantine facilities, provide the certified list of persons with complete information who were accommodated in these hotels and justify the need to incur additional costs for housing these persons in private hotels instead of government facilities.	Unimplemented <i>No action taken by management.</i>
2021 AAR, AO No. 9, page 49	The City utilized the 70 per cent Mitigation Fund portion of the LDRRM Fund to purchase motor vehicles totaling ₱9,090,886.00, which are not among those listed in Section A of DILG MC No. 2012-73 dated April 17, 2012 and Section 5 of NDRRMC-DBM-DILG JMC No. 2013-1 dated March 25, 2013, and likewise office furniture costing ₱99,950.00 which is contrary to Section 4.3 of NDRRMC-DILG-	54) Management desist from charging the purchase of motor vehicles and administrative costs to the LDRRM Fund and to reimburse the government for the said charges totaling ₱9,190,836.00. 55) The CBO ensure that the LDRRM Fund Investment Plan passed by the City DRRM Council thru the City Development Council as adapted	Unimplemented <i>No reimbursement was made for the erroneous charges made against the LDRRMF.</i> Unimplemented <i>Management did not provide any comment on this recommendation.</i>

Ref	Observation	Recommendations	Status of Implementation/ Results of Validation
	DBM-CSC JMC No. 2014-1 dated April 4, 2014, thus, limiting the use of funds other than program-driven expenditures aimed at strengthening the DRRM system and thereby resulting in illegal expenditures as contemplated under COA Circular No. 2012-003 dated October 29, 2012.	in the Annual Investment Plan is compliant with the pertinent regulations to avoid inappropriate uses of the said fund, and, henceforth, strictly observe the provisions of NDRRMC-DBM-DILG JMC No. 2013-1, DILG MC No. 2012-73 and other pertinent rules and regulations on the proper utilization of the LDRRM Fund.	
2020 AAR, AO No. 2, page 33	Dormant liabilities totaling ₱7,536,333.89 as of December 31, 2020 were not monitored nor reverted to the unappropriated surplus despite having been outstanding from 2 to 19 years and which may no longer represent valid claims contrary to Section 98 of P.D. No. 1445, thus, adversely affecting the fairness of presentation of liabilities in the financial statements and precluding any beneficial use of said funds. Moreover, liability accounts totaling ₱16,425,953.88 were not supported with sufficient lead and aging schedules, contrary to the requirement of Sections 110 and 111 thereof, hence, hampering effective decision-making in the management of said funds.	56) The City Accountant and the City Treasurer prioritize the review of these recorded payables to ascertain if these still represent valid claims to the extent possible, otherwise seek authority from the SP for the City Mayor to request for write-off of the account balances from COA duly supported by the requirements stipulated under Section III.A.10 of COA Circular No. 97-001 so that these may be made available for funding valuable development programs and other priority activities of the City and so that the liabilities would be fairly presented in the financial statements. 57) The City Accountant assign additional personnel to work on the preparation of the aging schedules and other important details of the four liability accounts earlier discussed so that these would be properly kept and presented in the financial statements to aid users thereof in decision-making.	Unimplemented <i>As of December 31, 2024, accounts totaling ₱32,174,051.07 that have remained outstanding for more than two years and which may no longer represent valid claims but were not reverted to the unappropriated surplus.</i> Unimplemented <i>No action taken by management.</i>
2020 AAR, AO No. 4, page 38	Importation of brand new heavy equipment and vehicles totaling ₱137,389,164.00 were not supported with warranty security from the supplier contrary to Section 62 of the Revised IRR of R.A. No. 9184, hence, there is no assurance that any manufacturing defect shall be corrected by the supplier. Moreover, some documentary requirements for the procurement of heavy equipment	58) Management require the supplier to submit the warranty security in the required form as per Section 62 of R.A. No. 9184 on the awarded contract of the Procurement of Brand New Heavy Equipment and Vehicles totaling ₱137,389,164.00, and subsequently submit the same to the Office of the Auditor for further verification.	Unimplemented <i>No warranty security was submitted.</i>

Ref	Observation	Recommendations	Status of Implementation/ Results of Validation
	<p>as prescribed under DILG MC No. 2014-155 as amended by DILG MC No. 2015-52 were not submitted, including other lacking documentary requirements, thereby precluding the thorough evaluation of the transaction. Lastly, the persistent importation of goods is contrary to Administrative Order No. 227 which directs all government agencies to give preference to materials and supplies produced, made, and manufactured in the Philippines.</p>	<p>59) Submission of the lacking documents as prescribed under DILG MC No. 2014-155 as amended, as well as the other documentary requirements discussed above.</p> <p>60) Lastly, Management submit justification as regards the provision of Administrative Order No. 227 and the categorical advantage for importing heavy equipment instead of sourcing it from domestic suppliers.</p>	<p>Unimplemented <i>No action taken by management.</i></p> <p>Unimplemented <i>No action taken by management.</i></p>
<p>2020 AAR, AO No. 5, page 42</p>	<p>The winning bidder/supplier of the City's procurement of heavy equipment and vehicles totaling ₱137,389,164.00 was CONEQUIP PHILIPPINES INC., a domestic supplier, but the available Letter of Credit (LC) which the City availed from Land Bank of the Philippines showed that funds were transferred to BIG YELLOW INTERNATIONAL LIMITED, a foreign supplier based in Singapore, hence, casting doubt as to the veracity of the actual bidder as this may be contrary to Section 23.4.1 of the 2016 Revised IRR of R.A. No. 9184. Moreover, having awarded the bid to a domestic entity should have precluded the City from availing of LCs since this is contrary to GPPB Resolution No. 12-2019 that limits the use thereof in favor of foreign suppliers. Lastly, payment was charged against the LC prior to delivery in violation of Section 42.6 of the 2016 Revised IRR of R.A. No. 9184, thus, clearly disadvantageous to the interest of government.</p>	<p>61) Management submit a written explanation why payments from the LCs were issued to the supplier and why payments were made against the LCs despite the lack of delivery of goods. Further, the electronic fund transfers for the first five releases of the LCs, the corresponding promissory notes, and the sales invoice be submitted to the Office of the Auditor for further verification.</p>	<p>Unimplemented <i>Copies of the Promissory Notes were already submitted through a Transmittal Letter dated 06/07/2021. A request letter dated 06/17/2021 was already sent to the Land Bank of the Philippines – Negros Oriental Lending Center for the documents requested.</i></p> <p><i>The City had yet to receive the copies of the requested Electronic Fund Transfers and Sales Invoices.</i></p> <p><i>On the Other hand, a Reiteration Letter dated 01/17/2025 addressed to the Land Bank of the Philippines - Negros Oriental Lending Center was made to ask for the documents.</i></p>
<p>2020 AAR, AO No. 6,</p>	<p>The BAC, through its Secretariat, did not post the Notices of Award (NOAs), contracts or purchase orders including its updated Annual Procurement Plan (APP)</p>	<p>62) The BAC comply with the mandatory posting of the updated APP, NOA, and other information relative to the Emergency Procurement under</p>	<p>Unimplemented <i>No action taken by management.</i></p>

Ref	Observation	Recommendations	Status of Implementation/ Results of Validation
page 44	for the procurement of goods & services totaling ₱103,827,945.40 in the GPPB Online Portal for Emergency Procurement contrary to Item 3.2 & 3.6 of GPPB Circular No. 01-2020, thus, adversely affecting the promotion of accountability and transparency in the conduct of Emergency Procurement and the completeness of information included in the reportorial requirements under the Bayanihan Act vital to sound and effective decision-making of the national government to address the pandemic brought about by COVID-19.	the Bayanihan Act in the GPPB Online Portal as required in GPPB Circular No. 01-2020. 63) Henceforth, the BAC should always be updated with the issuances and advisories of the GPPB by visiting their website regularly to avoid any more non-compliance in the future.	Unimplemented <i>Management did not provide any comment on this recommendation.</i>
2020 AAR, AO No. 7, page 46	The legal, technical and financial capability of the supplier of food items purchased by the City in the total amount of ₱53,679,225.00 and the manner with which the negotiated procurement was conducted is questionable due to the deficiencies noted which are contrary to the requirements of GPPB Circular No. 01-2020, thus, impeding the attainment of the objective for which the emergency procurement modality was constituted pursuant to R.A. No. 11469. Moreover, the necessity of the second procurement of additional food items totaling ₱1,682,925.00 was not clearly substantiated as this was simply sourced from savings in the first procurement which would have already covered the target number of households needing food assistance, hence may result in excessive expenditures contrary to COA Circular No. 2012-003.	64) Management substantiate the propriety of the procurement of the food items totaling ₱55,362,150.00 charged to the Bayanihan Grant for Cities and Municipalities distributed to the households, providing written explanations/justifications and documentary evidence to each of the issues discussed above, for further evaluation.	Unimplemented <i>No action taken by management.</i>
2020 AAR, AO No. 8, page 51	The propriety of the distribution of food assistance and relief goods totaling ₱55,362,150.00 charged under the Bayanihan Grant to Cities and Municipalities is doubtful because material discrepancies were noted between the submitted Relief Goods Distribution Sheets (RGDS) and the results of the COA	Management, through the CSWDO, submit a written explanation with documentary evidence on the existence of the following deficiencies: 65) Differences between the total quantities of the goods distributed as reflected in the submitted Summary of Bayanihan Grants	Unimplemented <i>No action taken by management.</i>

Ref	Observation	Recommendations	Status of Implementation/ Results of Validation
	<p>confirmation letters sent to a sample population of the selected 17 barangays of the City which yielded results that only 2.6 per cent were consistent with the RGDS while 97.4 per cent did not tally therewith, contrary to Section 2 of P.D. No. 1445. Based on the results of our validation of the sampled 633 recipients, the reported distribution of ₱1,054,315.00 was not actually received by them, thus accordingly disallowed. Moreover, in one sampled barangay, the audit disclosed 784 duplicate names in the RGDS, accounting for almost one-third of the listed recipients therein, thus, resulting in the irregular distribution of goods costing ₱1,426,880.00. The foregoing notwithstanding, there is a high probability for more discrepancies considering that the results of the validation showed a high rate of deviation from the reported distribution, with 43.03 per cent for rice, 36.59 per cent for pork and an alarming 99.24 per cent for beef and 98.78 per cent for chicken, thus, exposing government funds to the risk of loss.</p>	<p>for Cities and Municipalities Relief Goods Distribution to 24 Barangays by the CSWDO and the RGDS prepared by Barangay Health Workers on the 14 barangays;</p> <p>66) Differences between the reported quantity of relief goods received by the beneficiaries/recipients and the actual quantity received by the beneficiaries as validated through the duly complied COA confirmation letters by the sample population of beneficiaries, including the other individual deficiencies noted above; and</p> <p>67) Duplication of names and signatures that do not match.</p> <p>68) Management provide sufficient justification on the deficiencies noted.</p>	<p>Unimplemented <i>No action taken by management.</i></p> <p>Unimplemented <i>No action taken by management.</i></p> <p>Unimplemented <i>Justification submitted was not satisfactory and did not cure the aforementioned defects.</i></p>
<p>2020 AAR, AO No. 9, page 57</p>	<p>Four hundred seventeen (417) JO workers of the City Government were included in the distribution of the Emergency Subsidy Program (ESP) through Social Amelioration Program (SAP) totaling ₱2,502,000.00, in violation of the pertinent provisions of DSWD MC No. 09, series of 2020, resulting in the imprudent disbursement of scarce government funds that could have been used to finance other priority measures to address the pandemic. Also, such disbursement is considered as an “irregular expenditure” as defined in COA Circular No. 2012-003.</p>	<p>69) The CSWDO revalidate the ineligibility of the 417 JO workers and that the HRMO review the remaining 1,089 names of other JO workers who may have been paid but were not included in the validated list.</p> <p>70) The responsible City Officials refund the ESP given to the 417 JO workers totaling ₱2,502,000.00, subject to any adjustments as a result of the CSWDO and HRMO validation of ineligible paid beneficiaries.</p>	<p>Unimplemented <i>No action taken by management.</i></p> <p>Unimplemented <i>No action taken by management.</i></p>

Ref	Observation	Recommendations	Status of Implementation/ Results of Validation
2020 AAR, AO No. 11, page 64	Notarial Fees and Documentary Stamps totaling ₱1,030,424.00 incurred in the opening of LC to facilitate the payment of the procurement of brand new heavy equipment and vehicles were shouldered by the City Government contrary to Section 42.6 of the 2016 Revised IRR of R.A. No. 9184, Item 4.3 of Appendix 16 of R.A. No. 9184, and Item 12 of the General Conditions of Contract. The payment was recorded as an additional cost of equipment, resulting in the overstatement thereof. Moreover, the said payment was without approved appropriation in violation of Sections 305 (a) and 306 of R.A. No. 7160, thus considered irregular expenditures.	71) The City demand for the refund of the total amount of ₱1,030,424.00 from the supplier to reimburse the amount paid by the City for the Notarial Fees and Documentary Stamps incurred in the opening of the LC, the burden of which should be shouldered by the supplier as specified in Item 12 of the General Conditions of Contract and in accordance to the provisions of R.A. No. 9184. Otherwise, the payment shall be a personal liability of the officials who authorized the said irregular disbursement.	Unimplemented <i>The supplier had not refunded the amount of ₱1,030,424.00 to the City.</i>
2020 AAR, AO No. 13, page 70	Distribution of the ESP through SAP to the 24 barangays of the City could not be properly validated since the CSWDO neither provided the evaluation report on the eligibility of the recipients nor the encoded Social Amelioration Card (SAC) forms contrary to the pertinent provisions of DSWD MC No. 09, series of 2020 or the Omnibus Guidelines in the Implementation of the ESP.	72) The City, through the CSWDO, submit the evaluation report on the eligibility of the ESP-SAP recipients and the encoded SAC forms. 73) The City conduct a thorough revalidation of the listed ineligible beneficiaries. 74) Should the revalidation prove that the listed beneficiaries are indeed ineligible, the responsible City Officials refund the improperly provided subsidy to the 35 beneficiaries totaling ₱210,000.00, notwithstanding the inclusion of other ineligible recipients upon further validation pending submission of the aforesaid reports from the CSWD and without prejudice to the demand for refund from the said beneficiaries as a matter of personal recourse.	Unimplemented <i>Management still did not submit an evaluation report on the eligibility of the ESP SAP recipients and the encoded SAC forms.</i> Unimplemented <i>No action taken by management.</i> Unimplemented <i>No action taken by management.</i>
2019 AAR, AO	The City government availed of a ₱300,000,000.00 loan from Land Bank of the Philippines and agreed	75) Management justify the necessity of procuring multiple heavy equipment given the above	Implemented <i>Management had submitted a copy of</i>

Ref	Observation	Recommendations	Status of Implementation/ Results of Validation
No. 5, page 40	to terms disadvantageous to the City, did not report the initial drawdown of ₱11,923,106.67 in the Statement of Comparison of Budget and Actual Amounts (SCBAA), did not maintain a special account for the loans to monitor proper utilization thereof, contracted longer payment terms beyond the term of incumbent officials and was not fully supported with the requisite certifications and documents to justify the necessity of contracting the said amount.	observations, submit the loan agreement together with the BSP Monetary Board Opinion and BLGF-DOF certifications and also a certified true copy of SP RN 18-196 bearing the signatures of all concurring SP members on all pages, conduct a thorough assessment of the necessity of borrowing funds to avoid additional interest and costs, with primordial consideration of the City's ability to repay the loan within the incumbency of the officials' 3-year term in office, renegotiate on a fixed interest rate, adjust the SCBAA, and direct the Accountant to maintain a special account in the GF for loans secured.	<i>the loan agreement, BSP Monetary Board Opinion and BLGF-DOF certifications on Net Debt Service Ceiling and Borrowing Capacity. A letter for the justification on the necessity of the procurement of heavy equipment dated 10/20/2021 was submitted. The loans are monitored through a Subsidiary Ledger with account no. 2-01-02-040 under the account title: Loans Payable – Domestic.</i>
2019 AAR, AO No. 7, page 46	The City did not properly monitor the implementation of eight projects costing ₱43,144,693.82 which were found upon ocular inspection to be either defective or with negative slippage nor did it take any of the courses of action provided under Section 8.4 of Annex "E" of the 2016 Revised IRR of R.A. No. 9184 against erring contractors, thereby causing unnecessary delay in the delivery of the desired benefits by the targeted end-users of the said projects.	<p>The City Mayor to:</p> <p>76) Exercise the remedies provided under Section 8.4, Annex "E" of the Revised IRR of R.A. No. 9184 in addressing the contracts under default, without prejudice to other courses of action and remedies available under the circumstances;</p> <p>77) Require the City Engineer, CPDO and other officials to submit a written explanation why no immediate steps were undertaken to address the deficiencies noted, for the seeming lack of initiative to enforce the measures available to the government to correct such defects, why progress payments were allowed for projects with negative slippage, and why final payment was approved for projects not compliant with specifications; and</p> <p>78) Justify the obvious tendency of implementing projects by contract given the additional indirect cost incurred and why the same should not be regarded as unnecessary expenses which are</p>	<p>Unimplemented <i>No action taken by management.</i></p> <p>Unimplemented <i>No action taken by management.</i></p> <p>Unimplemented <i>No action taken by management.</i></p>

Ref	Observation	Recommendations	Status of Implementation/ Results of Validation
		not allowed under COA Circular No. 2012-003.	
2019 AAR, AO No. 1, page 30	The City failed to recover the payment of ₱30,161,004.95 it made in CYs 2003-2004 in behalf of Tanjay Water District for its loan from the Local Water Utilities Administration or to take over the control of its operations and management in violation of P.D. Nos. 1445 and 198, thus grossly disadvantageous to the interest of government which overstated the Other Infrastructure Assets account and rendered questionable the propriety of the payment made.	79) Management give priority to this issue and seek the optimum alternative in the best interest of the public. 80) An investigation on the circumstances and personalities involved be undertaken to assess the propriety of the said payment including a review of the existence of appropriations and available funds therefor and, if warranted, concrete legal action be taken against Tanjay Water District for breach of contract with a demand for compensation for damages and interest over the length of time since payment was made considering the earnings that would have accrued to the City.	Unimplemented <i>Management did not provide any comment on this recommendation.</i> Unimplemented <i>The City had not recovered the amount of ₱30,161,004.95.</i>
2019 AAR, AO No. 6, page 44	The lack of proper planning and accumulation of work backlogs resulted in the low rate of implementation of projects funded out of the 20 per cent Development Fund, where out of 61 current and prior-year projects for implementation in CY 2019 funded by appropriations totaling ₱211,032,971.28, only 25 or 41 per cent were completed, thereby depriving constituents of the benefits that could have been derived from the proposed projects and impeding the government's goal of building self-reliant communities.	81) Management, thru the City Development Council, conduct an in-depth assessment of the priority needs of the City so as to eliminate the need for project realignments. 82) The City Engineer improve the execution and monitoring of projects being implemented in order to timely address backlogs and problems which may be encountered so as not to hamper completion thereof. 83) The City Engineer maintain an updated list of projects with correct and complete details to facilitate proper monitoring.	Unimplemented <i>No action taken by management.</i> Unimplemented <i>No action taken by management.</i> Unimplemented <i>No action taken by management.</i>
2018 AAR, AO No. 1, page 28	Inefficient delineation of work and insufficient distribution of duties to personnel involved in the planning, execution and monitoring of infrastructure and other projects under the 20 per cent Development Fund has resulted in the slow implementation thereof, where out of 206 current and prior-year	84) The City Engineer enhance monitoring of project implementation by maintaining an updated list of projects and taking corrective measures for projects that are lagging far behind schedule. Any favorable action given hereto will ultimately redound to the benefit of the city and its constituents,	Unimplemented <i>No action taken by management.</i>

Ref	Observation	Recommendations	Status of Implementation/ Results of Validation
	<p>projects for implementation in CY 2018 funded by appropriations totaling ₱352,825,114.58, only 39 or 19 per cent were completed, leaving unutilized appropriations amounting to ₱208,989,262.53 for 167 projects, thereby depriving constituents of the benefits that could have been derived from the proposed projects and impeding the government's goal of building self-reliant communities.</p>	<p>and to the achievement of the overall objective of the government to make LGUs self-reliant communities.</p>	
<p>2018 AAR, AO No. 5, page 42</p>	<p>The lack of appropriate controls and failure to monitor compliance with standard procedures exposed drugs, medicines and medical supplies totaling ₱11,510,613.01 to the risk of possible loss or improper use since there were no stock cards nor supplies ledger cards maintained to monitor the balances; neither was consumption thereof reported periodically through the SSMI duly supported with RIS, logbooks and other documentary evidence to support the validity of the releases made, were distributed to different units without requiring them to make an accounting thereof, and the whole amount recorded as an expense even when these were not yet consumed, in violation of pertinent provisions of the NGAS Manual for LGUs, resulting in the overstatement of expenses and understatement of inventories.</p>	<p>Management to:</p> <p>85) Direct the BAC to be fully aware of the terms in the Invitation to Bid in order to act accordingly in the evaluation of bids and strictly require bidders to invariably indicate the brand names and to submit the Certificate of Product Registration (CPR) as an indispensable requirement to provide assurance that the government receives an equitable value for the expenditures incurred and explain the incurrence of these deficiencies in the subject procurement;</p> <p>86) Place upon the CHO the centralized accountability for all drugs and medical supplies by maintaining the stock cards for each item, requiring all departments, including barangays, to submit to the CHO their corresponding RIS with logbooks and proof of distribution of the items received with supporting documents, so that this could be consolidated with the CHO's own RIS to support the weekly or periodic SSMI to be submitted to CAO for proper recording;</p> <p>87) Institutionalize guidelines in the release of medicines to avoid any ambiguity and promote fairness in availing such assistance from the government; and</p>	<p>Unimplemented <i>No action taken by management.</i></p> <p>Unimplemented <i>No action taken by management.</i></p> <p>Unimplemented <i>No action taken by management.</i></p>

Ref	Observation	Recommendations	Status of Implementation/ Results of Validation
		88) Ensure that mitigating or compensating controls like periodic reconciliation of records and inventories, restricting release to qualified recipients and with complete documentation, updated recording and monitoring of consumption, are working effectively to reduce the risk of error or irregularities.	Unimplemented <i>No action taken by management.</i>
2018 AAR, AO No. 9, page 54	Substantial cash advances amounting to ₱4,490,470.96 remained unliquidated and had been outstanding for at least 19 days to over 10 years, while additional advances were granted even if the previous ones were not yet settled, contrary to Section 89 of P.D. No. 1445 and COA Circular No. 96-004, thereby exposing government funds to the risk of misappropriation and overstating the Due from Officers and Employees account and understating the related expense accounts. The amount includes the cash advance for intelligence fund totaling ₱3,665,000.00 for which no liquidation documents were submitted to the COA Chairperson nor was the Accountant furnished a copy of the transmittal letter duly received by the said office, contrary to COA Circular No. 2003-003.	<p>Management to:</p> <p>89) Direct the City Accountant to send demand letters for the immediate liquidation of unliquidated cash advances/secure a copy of the duly-received transmittal letter for the liquidation of the intelligence funds, withhold payment of any money due to the AO after due notice, and henceforth, strictly observe the requirements/ limitations stipulated under Section 89 of P.D. No. 1445 and COA Circular No. 96-004;</p> <p>90) Exhaust all means for the settlement of the accountability of AOs who are already deceased or no longer in the service, and</p> <p>91) Henceforth, ensure that controls are in place so that all money and property accountability of outgoing AOs are settled prior to the release of the clearance, otherwise the joint liability clause under Section 104 of P.D. No. 1445 shall apply.</p>	<p>Unimplemented <i>As of December 31, 2024, unliquidated cash advances totaled ₱5,704,884.06.</i></p> <p>Unimplemented <i>No action taken by management.</i></p> <p>Unimplemented <i>No action taken by management.</i></p>
2018 AAR, AO No. 2, page 31	Projects with lump-sum appropriations totaling ₱29,497,455.56 and administrative projects totaling ₱48,204,754.08 that do not meet the socio-economic development and environmental management outcomes specified under DILG-DBM JMC No. 2017-1 remain earmarked under the 20 per cent Development Fund, hence inadvertently limiting the funds to	<p>Management to:</p> <p>92) Replenish the 20 per cent Development Fund from the GF Proper, through an appropriation ordinance, the cost of administrative projects, e.g. landscaping and park improvements, installation of elevator and the purchase of a motorcycle and henceforth desist from appropriating the 20 per</p>	Unimplemented <i>No action taken by management.</i>

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	<p>be used for eligible development projects intended to facilitate the delivery of public goods and basic services that contribute specifically to the country's productive capacity in accordance with Section 287 of R.A. No. 7160.</p>	<p>cent Development Fund for projects that are not compliant with DILG-DBM JMC No. 2017-1;</p> <p>93) Realign the lump-sum appropriations for non-specific projects and anti-illegal drugs campaign totaling ₱29,497,455.56 to specific development projects with line by line allocation of inputs in a pre-determined location clearly indicated;</p> <p>94) Submit thru the City Development Council and the Local Finance Committee their evaluation of the projects whose appropriations were reverted, with a categorical assessment as to its necessity in order to guide us in the evaluation of similar projects which were equally appropriated, as well as an explanation why the new items budgeted from the reversions were not included in the local development plan for inclusion in the annual investment plan, not just an addendum, given the extent of its financial requirements.</p>	<p>Unimplemented <i>No action taken by management.</i></p> <p>Unimplemented <i>No action taken by management.</i></p>
<p>2018 AAR, AO No. 4, page 39</p>	<p>As a result of double recording, erroneous classification and non-recognition of existing equipment, the Construction and Heavy Equipment and the Agricultural and Forestry Equipment accounts were understated by ₱16,534,031.55 and ₱2,597,000.00, respectively, while equipment with a total cost of ₱3,844,968.00 were not located during the ocular inspection contrary to COA Circular No. 2015-009, thereby affecting the fairness of the balances presented in the financial statements. Moreover, adequate controls and monitoring in the use thereof were not in place, thereby exposing government properties to the risk</p>	<p>95) Thru the CGSO, update its records to reconcile with the accounting records and investigate the whereabouts of the equipment totaling ₱3,844,968.00 which were not found during inspection, submitting a written explanation for the same;</p> <p>96) Thru the CGSO and the City Engineer, verify and submit documents for the heavy equipment costing ₱750,000.00 and agricultural and forest equipment costing ₱2,597,000.00 which were actually inspected but not found in the books;</p>	<p>Unimplemented <i>No action taken by management.</i></p> <p>Unimplemented <i>No action taken by management.</i></p>

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	of improper or unauthorized use detrimental to the interest of the government.	97) Thru the City Engineer, maintain a separate logbook for each equipment to monitor its use and ensure that the use thereof is for official purposes duly authorized by the approving officials using a prescribed form, like the Request for Issuance of Service Vehicle used by the DPWH, where the project name and duration of use is clearly indicated, with supporting Driver's Trip Ticket and the Monthly Report of Travels.	Unimplemented <i>No action taken by management.</i>
2018 AAR, AO No. 10, page 58	3) The City Government contracted ₱1,443,500.00 for the purchase of a lot for the slaughterhouse, paying ₱1 million which is more than the allowed downpayment of 50 per cent thereof, and despite the lack of essential documents supporting the valuation made and which would secure its ownership rights over the said property, in violation of Section 449 of Government Accounting and Auditing Manual (GAAM), Volume I, R.A. No. 10752 and COA Circular No. 2012-001, thus precluding the determination of the propriety of the said transaction, and posing a risk for potential ownership claims/legal infractions that may arise in the future.	98) Management submit the required documents, together with an explanation why it made a downpayment of more than 50 per cent of the contracted amount which is contrary to Section 6.10 of R.A. No. 10752, and to secure the Transfer Certificate of Title (TCT) to the lot purchased as an indispensable requirement.	Unimplemented <i>Management commented that there is no available TCT of the purchased lot under the name of the City Government of Tanjay. The role of the appraisal committee is for appraising the subject lot to be purchase. The Assessor's Office is not in charge of whatever payment/s on any purchases made, nor on processing of title in any lot/s purchased by the city.</i>
2018 AAR, AO No. 12, page 62	The City did not develop and maintain a complete GAD database, contrary to Section 37(D), Rule VI of the IRR of R.A. No. 9710 and Section 4.1.B(1) of PCW-DILG-DBM-NEDA JMC No. 2013-1, thus, gender gaps and/or differences within the locality could not be fully identified and analyzed and performance measured, defeating the purpose of having GAD-responsive PPAs and resulting in ineffective charges to the fund.	99) Management direct the GAD Focal Point System, DILG and CPDO to establish 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 JMC No. 2013-1 to ensure that the PPAs are aligned with GAD-related undertakings so that the intended beneficiaries are assured of the services, protection, and other assistance that may be provided.	Unimplemented <i>No action taken by management.</i>
2016 AAR,	Assets amounting to ₱161.9 million were not covered by	100) The city government appropriate the necessary amount for	Unimplemented

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AO No. 1, page 30	insurance as required under the Property Insurance Law (R.A. No. 656) thereby depriving the government of adequate and reliable insurance protection and indemnification from damage to or loss of its properties due to fire, earthquake, storm or other casualty.	premiums and insure with the General Insurance Fund assets amounting to ₱161.9 million against any insurable risk such as fire, earthquake or other calamities in order that it can be compensated for any damages or losses thereof.	<i>The City was not able to insure all of its insurable assets as of December 31, 2024. The CGS Officer commented that some of the City's buildings cannot be insured due to non-compliance with the building code.</i>
2016 AAR, AO No. 3, page 34	Completed projects costing a total of over ₱300 million were still recorded in the CIP account, overstating this account and understating the appropriate asset accounts, and at the same time overstating assets and equity by the amount of depreciation which should have been recognized from the time the projects were completed.	101) The City Engineer prepare and submit to the City Accountant copies of the Certificates of Completion and Acceptance of the projects which have already been completed but are still carried in the CIP account, and for the latter to take up the appropriate journal entry reclassifying the cost of the projects from CIP to the appropriate asset account and to recognize depreciation on these assets in order to fairly present the accounts in the financial statements.	Unimplemented <i>Ongoing full compliance by the City Accounting Office.</i>
2016 AAR, AO No. 9, page 46	Out of the total appropriations of ₱4,069,224.46 allocated for LCPC for CY 2016, only 7.86 per cent or ₱320,000.00 was earmarked for child protection services which was not even implemented, while a substantial portion, amounting to ₱1,649,224.46 or 40.53 per cent thereof was allotted for Day Care Center construction and operation, and 25 per cent or ₱1,000,000.00 for a service vehicle, thus neglecting the primary purpose of the fund which is provision of meaningful protection of children against abuse, neglect, exploitation and violence pursuant to R.A. No. 9344.	102) In the preparation of its Annual Work and Financial Plan, the LCPC allocate more funds to PPAs responsive to the objective of providing protection to children against abuse, neglect, exploitation and violence and promotion of their rights and welfare as envisioned under R.A. No. 9344. 103) Moreover, it conduct the required quarterly meetings, maintain an updated database of children, prepare the required Development and Investment Plans for Children, and Local State of Children's Report as required under DILG MC No. 2012-120.	Implemented <i>The LCPC had allocated more funds to PPAs responsive to the objective of providing protection to children.</i> Unimplemented <i>Management did not submit any documents to support full compliance of this recommendation.</i>
2016 AAR, AO No. 10,	An ambulance procured out of the LDRRM Fund was used in normal day-to-day operations to transport patients while two heavy equipment were stationed in the garbage dump and used thereat,	104) The use of the Toyota Hi-Ace ambulance, backhoe, and excavator for ordinary, day-to-day operations be immediately stopped in order to preserve the utility of these vehicles to times	Unimplemented <i>The LDRRM Officer commented that the amount recommended for reimbursement was</i>

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page 49	contrary to the guidelines on the use of LDRRM Fund, particularly DILG MC No. 2014-155 dated December 17, 2014 subjecting them to wear and tear which could result in the unavailability of these vehicles when actual calamity strikes, thereby negating the purpose for which the vehicles were purchased.	of actual calamity solely for rescue and response activities in conformity with DILG MC No. 2014-155 dated December 17, 2014. Otherwise, if the LGU would wish to continue their present use, the LDRRM Fund should be reimbursed for the cost thereof.	<i>not included in the 2024 Annual Budget despite the request received by the City Budget Officer.</i>
2015 AAR, AO No. 3, page 32	Unserviceable heavy equipment and motor vehicles with an appraised value of ₱0.73 million and similar assets without appraised value but with book value of ₱8.17 million, one of which was still serviceable, as well as an undetermined quantity of salable unserviceable equipment and scrap materials were disposed by the Mayor and City Administrator to a private person without public auction as required under Section 79 of P.D. No. 1445, resulting in considerable loss to the government.	105) The City Mayor reconstitute the committee created to investigate the theft of unserviceable property, which should be required to submit its report as soon as possible, and to immediately initiate the filing of appropriate charges against city officials and personnel found to have connived and participated therein.	Unimplemented <i>No action taken by management.</i>
2014 AAR, AO No. 6, page 33	High-end mobile phones and tablet computers costing ₱198,593.00, deemed unnecessary expenditures pursuant to COA Circular No. 2012-003 were purchased and charged to government funds by the Vice Mayor and members of the SP.	106) Management require the officials concerned to restitute the amounts used for the purchase of high-end and expensive cell phones and tablet computers totaling ₱198,593.00.	Unimplemented <i>No proof of restitution nor payment made by the concerned officials.</i> <i>Per Management's reply, the concerned officials were made to settle their property obligation by the issuance of Property Clearance by the CGSO when they claimed their Terminal Leave Pay.</i>
2014 AAR, AO No. 1, page 26	The city's unserviceable properties aggregating at least ₱15,729,812.40 as of December 31, 2014 were not disposed through public auction, overstating the assets of the LGU and exposing these to deterioration and theft while decreasing its resale value with each passing day.	107) Management require the CGSO to schedule a public auction as soon as possible in order that unserviceable properties can still command better prices.	Unimplemented <i>No action taken by management.</i>
2014 AAR,	A portion of the 70 per cent Mitigation Fund of the LDRRM	108) The LDRRM Fund be reimbursed for the amount utilized for the	Unimplemented

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AO No. 12, page 45	Fund amounting to ₱37,375.00 was utilized for office equipment, furniture and fixtures for use in the newly-established LDRRMO contrary to Section A of DILG MC No. 2012-73 and NDRRMC-DILG-DBM-CSC JMC No. 2014-1.	purchase of office equipment, furniture and fixtures amounting to ₱37,375.00. 109) Henceforth, limit the use of the LDRRM Fund to the purposes allowed by law and regulations.	<i>No reimbursement was made for the amount utilized for the purchase of office equipment, furniture and fixtures amounting to ₱37,375.00.</i> Implemented <i>LDRRM Fund was only used for disaster-related activities.</i>
2013 AAR, AO No. 6, page 35	Construction materials costing ₱1,488,722.00 were purchased and paid on the basis of questionable Programs of Work for projects with vague project titles/ descriptions/purposes and lump estimates, without specific project sites nor approved plans/drawings and carefully crafted not to exceed, or ensured that the limit of ₱300,000.00 was not reached thus qualified for Small Value Procurement under R.A. No. 9184 or the Government Procurement Reform Act. The canvass were participated in by only three local suppliers whose prices were higher than those offered by major suppliers in Dumaguete City, resulting to losses of about ₱234,626.50.	110) Management submit an explanation for the irregularities observed specifically the splitting of projects and lack of public bidding, and submit the following required supporting documents: i. Location plan for each project, specifying the structure/facility to be painted or improved; and ii. Scope of work for each structure or facility; Plans/drawings 111) Management submit an explanation for the absence of data in the labor component portion, except "LGU"	Unimplemented <i>No action taken by management.</i> Unimplemented <i>No action taken by management.</i>
2013 AAR, AO No. 11, page 45	The City of Tanjay purchased immoderate quantities of office supplies in CY 2013 amounting to a staggering sum of ₱13,033,977.92, which could not believably be consumed in one year and therefore considered excessive, all purchased through Shopping instead of Public Bidding contrary to Section 10 of R.A. No. 9184 or the Government Procurement Reform Act resulting to higher prices and loss of at least ₱1,836,941.05.	112) The CGSO and the City Mayor submit explanations for the issues raised, specifically the excessive quantities of office supplies purchased, the lack of Public Bidding, the participation of only four suppliers in each procurement, three of whom had no business establishment, was closed, and was not selling office supplies. In addition, submit proof of consumption of the inks and toners by submitting Reports of Waste Materials together with the empty cartridges to the CGSO for inspection by the auditor.	Unimplemented <i>No action taken by management.</i>
2012 AAR,	City of Tanjay procured excessive quantities of painting materials	113) The personnel concerned, particularly the signatories to the	Unimplemented

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AO No. 7, Unnumbered page	worth ₱250,000.00 for the painting of a 6 meter by 8 meter school stage which were also found to have not been applied to the project, thereby resulting to loss of government funds.	Individual Program of Work, the Abstract of Bids, canvass and AIR, be made to answer for the alleged purchase of paints worth ₱250,000.00 and to refund such cost to the government.	<i>No action taken by management.</i>
2007 AAR, AO No. 2, page 22	The City Government paid honoraria amounting to ₱655,200.00 to the Board of Election Inspectors (BEIs) during the May 14, 2007 National and Local Elections in violation of Section 10 of the Omnibus Election Code of the Philippines (Batas Pambansa Blg. 881).	114) Management require the City Accountant and the City Treasurer to bill the COMELEC for the amount disbursed by the city as honoraria to the BEIs in the May 14, 2007 National and Local Elections, otherwise, require the recipients to refund the amount collected. 115) The bill be sent to the local COMELEC inasmuch as the honoraria was not coursed thru the national COMELEC but paid directly to the BEIs.	Unimplemented <i>The City did not receive any refund from the recipients.</i> Implemented <i>Management had sent a bill to the COMELEC.</i>
2007 AAR, AO No.4, page 26	Properties amounting to ₱180,490.00 were lost but no requests for relief from property accountability were requested in violation of Section 378, Title VI, Book II of R.A. No. 7160 and Section 73 of P.D. No. 1445, thus these are still carried in the books of accounts of the City, thereby overstating the assets accounts.	116) Management require the AOs to file an application for relief of property accountability together with supporting documentation. In case of denial on the requests of relief, require them to pay the money value of such property.	Unimplemented <i>No action taken by management.</i>
2007 AAR, AO No. 9, page 34	The computerization program of the CTO was not provided with the complete specification requirements on the collection system, thus, data and reports generated from the system were not complete and accurate.	117) A cut-off status report be prepared for the actual work accomplished by the original programmer vis-à-vis the original contract for the computerization of the CTO and all its systems.	Unimplemented <i>Management did not submit the cut-off status report for the actual work accomplished by the original programmer.</i>
2005 AAR, AO No. 5, page 39	The lot purchased by the City of Tanjay under TCT No. T-19965 for ₱1,950,000.00 lacked sufficient documentation and did not have the requisite Certificate of Title under the name of the LGU in violation of Section 148 of COA Circular No. 92-386 and Section 449 of the GAAM, Volume I.	118) Management secure the TCT of the lot purchased as an indispensable requirement, without prejudice to the price evaluation to be made based on the Provincial Appraisal Committee report and BIR zonal valuations previously submitted by the City Assessor, including the necessity of incurring additional costs for the existing building thereon.	Unimplemented <i>No action taken by management.</i>

PART IV

APPENDICES

I.	Financial Statements by Fund	
	Statement of Financial Position as at December 31, 2024	A-1 to 3
	Statement of Financial Performance For the Year Ended December 31, 2024	B-1 to 3
	Statement of Changes in Net Assets / Equity	C-1 to 3
	Statement of Cash Flows For the Year Ended December 31, 2024	D-1 to 3
	Statement of Comparison of Budget and Actual Amounts	E-1 to 2
II.	Summary of Statement of Appropriations, Allotments, Obligations and Balances	
	General Fund – Current Legislative Appropriations	F-1.1
	General Fund – Continuing Appropriations	F-1.2
	Special Education Fund - Current Legislative Appropriations	F-2.1
	Special Education Fund - Continuing Appropriations	F-2.2
III.	Inventory Purchases Recorded as Outright Expense	
	Office Supplies Expenses	G-1
	Accountable Forms Expenses	G-2
	Animal/Zoological Supplies	G-3
	Welfare Goods Expenses	G-4
	Drugs and Medicines Expenses	G-5
	Medical, Dental and Laboratory Supplies Expenses	G-6
	Agricultural and Marine Supplies Expenses	G-7
	Other Supplies and Materials Expenses	G-8
IV.	Cell Card Allowances Charged Against the Appropriations Office Supplies Budget	H
V.	Transportation Allowances Paid to Office Heads With Assigned Vehicles Under Their Names	I
VI.	Unimplemented Audit Recommendations in the CY 2023 AAR as of August 31, 2024	J