



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

ANNUAL AUDIT REPORT

ON THE

**MUNICIPALITY OF BINDOY
PROVINCE OF NEGROS ORIENTAL**

For the Year Ended December 31, 2024

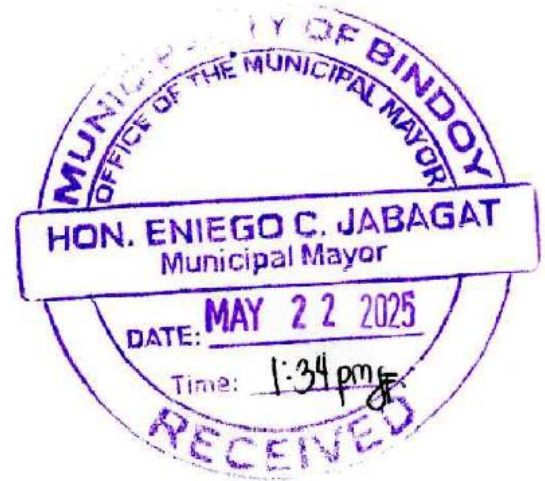


REPUBLIC OF THE PHILIPPINES
COMMISSION ON AUDIT
PROVINCIAL SATELLITE AUDIT OFFICE
NEGROS ORIENTAL
E.J. Blanco Drive, Piapi, Dumaguete City 6200

LOCAL GOVERNMENT AUDIT SECTOR
AUDIT GROUP LGAS – G (NEGROS ORIENTAL 2)
OFFICE OF THE SUPERVISING AUDITOR

May 20, 2025

HONORABLE ENIEGO C. JABAGAT
Municipal Mayor
Municipality of Bindoy
Province of Negros Oriental



Dear Mayor Jabagat:

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

The audit was conducted to (a) ascertain the fairness of the presentation of the financial statements; (b) ascertain the propriety of financial transactions and compliance with prescribed rules and regulations; (c) recommend agency improvement opportunities; and (d) determine the extent of implementation of prior years' audit recommendations.

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

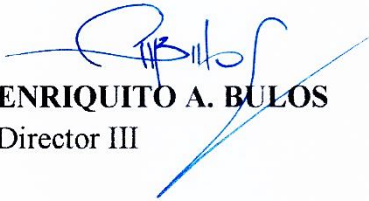
We rendered a qualified opinion on the fairness of the presentation of the financial statements (FS) for the year then ended.

The audit observations, together with the recommended courses of action, which were discussed by the Audit Team with you and your staff in an exit conference on April 8, 2025, are discussed in detail in Part II of the report. Likewise, Management's comments are also incorporated in Part II, where appropriate. The Status of Implementation of Prior Years' Audit Recommendations is discussed in Part III of this report.

We request that the recommendations be immediately implemented and we will appreciate being informed of the action(s) taken thereon by submitting the attached duly accomplished Agency Action Plan and Status of Implementation (AAPSI) within sixty (60) days from receipt of this report.

We express our appreciation for the valuable support and cooperation extended by the officials and staff of the Municipality of Bindoy.

Very truly yours,



ENRIQUITO A. BULOS
Director III

Copy furnished:

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

MUNICIPALITY OF BINDOY

Province of Negros Oriental

AGENCY ACTION PLAN AND STATUS OF IMPLEMENTATION

Audit Observations and Recommendations

For the Calendar Year 2024

As of _____

Ref.	Audit Observation	Audit Recommendation	Agency Action Plan				Status of Implementation	Reason for Partial/Delay/Non-Implementation, if applicable	Action Taken/Action to be taken
			Action Plan	Person/Dept. Responsible	Target Implementation Date				
					From	To			

Prepared by:

Municipal Treasurer

Municipal Accountant

Noted by:

Local Chief Executive

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

EXECUTIVE SUMMARY

Introduction

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

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

Nature of Appointment to Office	No. of Personnel	
	2024	2023
Elective Officials	12	11
Permanent Positions	86	90
Coterminous	3	1
Temporary	0	0
Casual/Contractual	0	6
Job Orders	426	442
Total	527	550

Audit Objective

The objective of the audit is to (a) ascertain the fairness of the presentation of the financial statements; (b) ascertain the propriety of financial transactions and compliance with prescribed rules and regulations; (c) recommend agency improvement opportunities; and (d) determine the extent of implementation of prior years' audit recommendations. The performance audit was likewise conducted with the objective of informing management where improvement can be instituted in the field of revenues, expenditures, and management of resources.

Audit Methodology

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

Scope of Audit

An audit was conducted on the accounts and operations of the Municipal Government of Bindoy for CY 2024. The audit consisted of a review of operating procedures, evaluation of the LGU's programs and projects, interview of concerned government officials and employees, verification, reconciliation, confirmation, inspection, and analysis of accounts, and such other procedures considered necessary.

Financial Highlights

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

Accounts	2024 (in ₱)	2023 (in ₱)	Increase (Decrease)
Assets	634,029,643.75	563,719,326.01	70,310,317.74
Liabilities	94,144,811.94	63,506,794.24	30,638,017.70
Equity	539,884,831.81	500,212,531.77	39,672,300.04

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

Accounts	2024 (in ₱)	2023 (in ₱)	Increase (Decrease)
Revenue	206,054,186.60	192,818,195.35	13,235,991.25
Personnel Services	68,449,605.80	71,197,213.98	(2,747,608.18)
MOOE	125,086,314.52	78,160,632.99	46,925,681.53
Non-Cash Expenses	9,601,421.73	8,537,341.53	1,064,080.20
Financial Expenses	0.00	0.00	0.00
Transfers, Assistance, and Subsidy From	38,145,335.83	5,929,755.01	32,215,580.82
Transfers, Assistance, and Subsidy To	2,770,438.48	6,660,030.00	(3,889,591.52)
Net Profit/(Loss)	38,291,741.90	34,192,731.86	4,099,010.04

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

Particulars	2024 (in ₱)	2023 (in ₱)	Increase (Decrease)
Final Budget	210,321,124.55	232,303,710.08	(21,982,585.53)
Actual Amounts	177,103,316.12	180,581,574.63	(3,478,258.51)

Independent Auditor's Report on the Financial Statements

We rendered a qualified opinion on the fairness of the presentation of the financial statements for the year then ended taking exception to the effects of the following:

1. The one-time cleansing of the Property, Plant, and Equipment (PPE) account amounting to ₱449,640,288.56 as of December 31, 2024, was not yet implemented by the Municipality due to their failure to complete the physical count and to reconcile the count with the books, thereby the existence of movable properties amounting to ₱52,486,842.32, net of accumulated depreciation and the accuracy of the PPE balances cannot be ascertained, affecting the fair presentation of these accounts in the financial statements;
2. Property, Plant, and Equipment (PPE) under the Trust fund totaling ₱17,379,465.70 were not transferred to the General Fund nor provided with depreciation allowances, thus resulting in the understatement of the PPE accounts and depreciation expenses in the General Fund; and
3. Biological assets with a book balance of ₱11,741,439.97 as of December 31, 2024 is not fairly presented in the financial statements because no inventory report of the breeding stocks and trees with their corresponding prevailing market prices as at reporting date was submitted by the OIC – Municipal Agriculturist to the Municipal Accountant, thereby the existence and condition of these assets as well as the reliability of the balance of the biological assets account could not be ascertained.

Significant Observations and Recommendations

In addition to the above-noted deficiencies, below are the significant audit observations and recommendations noted in the course of the audit:

1. The accuracy and reliability of the inventory account in the total amount of ₱9,617,624.95 could not be ascertained due to failure to conduct a physical count of inventory items every semester and to prepare the Summary of Supplies and Materials Issued (SSMI), which is the basis for recording the utilization of inventory items, thereby affecting the fair presentation of the account in the financial statements.

We reiterated our recommendation and Management agreed that the Local Chief Executive:

- a. Require the conduct of physical count of inventories every semester and submit a report thereon to the Auditor concerned not later than July 31, and January 31 of each year for the first and second semesters, respectively;

- b. Direct the Municipal Treasurer to submit to the Municipal Accountant weekly the SSMI supported by RIS as basis for recording the utilized inventory items in the books, and
 - c. Direct the Municipal Accountant and the Municipal Treasurer to reconcile the accounting and inventory records and make the necessary adjustments so that the accounts can be fairly presented in the financial statements.
2. The balances of the Real Property Tax (RPT) Receivable and Special Education Tax (SET) Receivable accounts as of December 31, 2024, between the records of the Municipal Accounting Office (MAO) and the Municipal Treasurer's Office (MTO) showed a difference of ₱40,038,710.14 because the Municipal Accountant and Municipal Treasurer did not periodically reconcile their records while the RPT and SET receivables were not recorded thus, RPT/SET Receivable and Deferred RPT/SET Income accounts as presented in the financial statements are deemed unreliable.

We recommended that the Municipal Mayor direct:

- a. The Municipal Accountant and Municipal Treasurer to reconcile the difference between the RPT and SET Receivables account balances totaling ₱40,038,710.14 and henceforth, conduct periodic reconciliation, together with the Municipal Assessor, of the total collectibles from the Basic and Special Education Tax with the balances of the RPT Receivables and SET Receivables accounts to avoid accumulation of unreconciled differences; and
 - b. The Municipal Treasurer to furnish the Municipal Accountant a duly certified list of taxpayers with the amount due and collectible for the current year as basis for recording the RPT Receivable and SET Receivable accounts in compliance with Section 20 of the NGAS Manual for LGUs, Volume I.
3. The Municipality awarded and paid a contract amounting to ₱2,249,200.00 for the purchase and installation of a solar system to a bidder who did not provide a Single Largest Completed Contract (SLCC), making the transaction irregular and raising concerns about the Municipality's compliance with procurement regulations.

We recommended that the Municipal Mayor:

- a. Conduct a thorough investigation into the circumstances surrounding the BAC's acceptance of the non-compliant bid and the failure to disqualify the bidder who submitted another entity's SLCC;
 - b. Hold the BAC and TWG members including other personnel involved in the procurement transaction accountable for their actions by enforcing suitable sanctions or disciplinary measures in accordance with established procurement regulations and relevant municipal administrative policies;

- c. Instruct the Bids and Awards Committee (BAC) to strictly adhere to the eligibility requirements and other provisions of RA No. 9184 in all future procurements;
- d. Implement sanctions for bidders who submit non-compliant bids or falsified documents to deter unethical practices and maintain the integrity of the bidding process; and
- e. Allow BAC and TWG members and other personnel involved in the procurement process to attend regular training and capacity-building activities to enhance their understanding of procurement rules and regulations and ensure proper implementation.

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

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

	Beginning Balance (As of 01/01/2024)	This Period January 1 to December 31, 2024		Ending Balance (As of 12/31/2024)
		NS/ND/NC	NSSDC	
Notice of Suspension	₱3,981,059.90	₱ 0.00	₱ 0.00	₱3,981,059.90
Notice of Disallowance	595,000.00	0.00	0.00	595,000.00
Notice of Charge	0.00	0.00	0.00	0.00
Total	₱4,576,059.90	₱ 0.00	₱ 0.00	₱4,576,059.90

Status of Implementation of Prior Years' Audit Recommendations

Out of the 54 recommendations embodied in the previous years' Annual Audit Reports, 20 were implemented and the remaining 34 were unimplemented.

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PART I

AUDITED FINANCIAL STATEMENTS



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

INDEPENDENT AUDITOR'S REPORT

HONORABLE ENIEGO C. JABAGAT

Municipal Mayor
Municipality of Bindoy
Province of Negros Oriental

Qualified Opinion

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

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

Bases for Qualified Opinion

As discussed in Part II of this report, the one-time cleansing of the Property, Plant, and Equipment (PPE) account amounting to ₱449,640,288.56 as of December 31, 2024, was not yet implemented by the Municipality due to their failure to complete the physical count and to reconcile the count with the books, thereby the existence of movable properties amounting to ₱52,486,842.32, net of accumulated depreciation and the accuracy of the PPE balances cannot be ascertained, affecting the fair presentation of these accounts in the financial statements.

Moreover, PPE under the Trust fund totaling ₱17,379,465.70 were not transferred to the General Fund nor provided with depreciation allowances, thus resulting in the understatement of the PPE accounts and depreciation expenses in the General Fund.

Furthermore, biological assets with a book balance of ₱11,741,439.97 as of December 31, 2024 is not fairly presented in the financial statements because no inventory report of the breeding stocks and trees with their corresponding prevailing market prices as at reporting date was submitted by the OIC – Municipal Agriculturist to the Municipal Accountant, thereby the existence and condition of these assets as well as the reliability of the balance of

the biological assets account could not be ascertained.

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

Key Audit Matters

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

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

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


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

Auditor's Responsibilities for the Audit of the Financial Statements

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

COMMISSION ON AUDIT

By:

for: 
VERA V. ALJAS
State Auditor IV
Audit Team Leader

May 20, 2025



2024

financial statements

BINDOY, NEGROS ORIENTAL,
PHILIPPINES 6209

STATEMENT OF MANAGEMENT RESPONSIBILITY FOR FINANCIAL STATEMENTS

The management of the Municipality of Bindoy is responsible for all information and representation contained in the accompanying 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, Statement of Comparison of Budget and Actual Amounts and Notes to Financial Statements for the period then ended. The financial statements have been prepared in accordance with and comply with the International Public Sector Accounting Standards (IPSAS) and generally-accepted state accounting principles, 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.

ATTY. KENNY ROVIR M. GADOR, CPA
Municipal Accountant

HON. ENIEGO C. JABAGAT
Municipal Mayor

Date: 07 February 2025

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

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

1. General Agency Profile

On March 8, 1949, the Provincial Board of Negros Oriental acted on the resolution passed by the Municipal Council of Manjuyod to organize some of its barrios into a separate municipality.

The Municipality of Bindoy was organized upon the issuance of Executive Order No. 2 under the name “Payabon”. On June 26, 1959, the name “Payabon” was changed to Bindoy in honor of the former Governor of Negros Oriental Herminigildo Villanueva whose nickname was “Bindoy”.

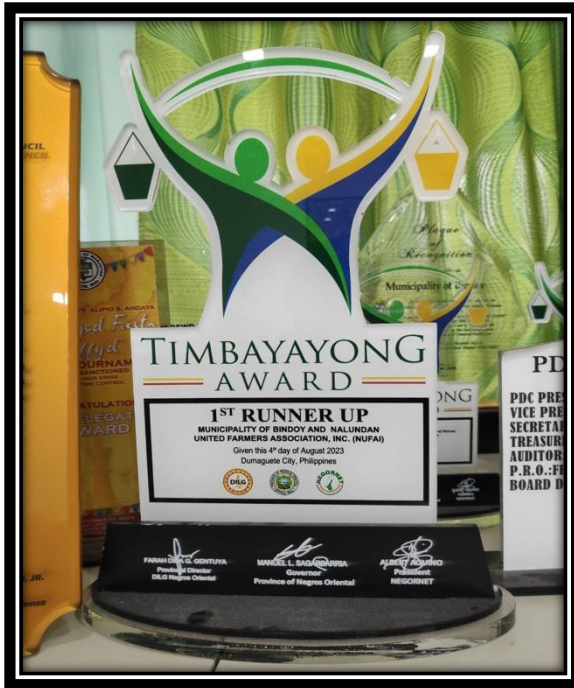
At present, the Municipality of Bindoy is classified as a 3rd class municipality, which comprises 22 barangays under its territorial jurisdiction, with a total land area of 17,652 hectares.

The Municipality of Bindoy is envisioned to be a model for academic excellence, public health and safety, environmental preservation, and good governance, providing equal opportunity for all its constituents in a peaceful, friendly atmosphere through the God-centered leadership of the incumbent and elected officials.

The Municipality of Bindoy was a recipient of the following awards, among others:

1. 2024 *GAWAD KALASAG* SEAL OF EXCELLENCE – Beyond Compliant (Awarded by National Risk Reduction and Management Council)
2. 2023 *GAWAD KALASAG* SEAL OF EXCELLENCE – Beyond Compliant (Awarded by National Risk Reduction and Management Council)
3. 2023 FINALIST OUTSTANDING LOCALLY MANAGED PROTECTED AREA (MPA) – Certificate of Recognition awarded to Tinaogan Seagrass and Mangrove Area
4. 2023 TIMBAYAYONG AWARD – 2nd Placer, represented by NUFAl awarded by the DILG of Negros Oriental
5. 2018 GALING POOK AWARD – Ridge to Reef Program
6. 2018 OUTSTANDING PHILHEALTH LGU PARTNER
7. 2018 ZERO OPEN DEFECATION MUNICIPALITY AWARD
8. 2018 *MALINIS AT MASAGANANG KARAGATAN* AWARD – 1st Prize Regional Winner

9. 2017 OCEAN HEROES AWARD – Best Locally-Managed Marine Protected Area Category
10. 2017 SEAL OF CHILD-FRIENDLY LOCAL GOVERNANCE
11. 2015 BEST FISHERIES AND AQUATIC RESOURCE MANAGEMENT COUNCIL – National Level
12. 2014 DOH RED ORCHID AWARD – Hall of Fame Award
13. 2007 GALING POOK AWARD – Social Health Program



Timbayayong Award – Second Placer



Beyond Compliant Award



Finalist for Outstanding Locally Managed Protected Area (MPA)

Pursuant to Republic Act No. 7160, the Local Government Code of 1991, LGUs have the following goals:

- a. To improve the quality of life of the constituents and alleviate poverty through sustainable activities to meet the minimum basic needs;
- b. To attain economic growth and social equity through agricultural development with a balanced ecology;
- c. To maximize the development of business and industry to generate employment and increase the income and purchasing power of the constituents;
- d. To provide infrastructures and utilities in support of the people's economic, social, political, and ecological, activities as well as develop and create a climate favorable to industrialization;
- e. To ensure effective governance through responsive fiscal and administrative management;
- f. To encourage active participation of Non-Governmental Organizations/Private Organizations (NGOs/POs) and special bodies in planning and implementation of community programs and projects; and
- g. To provide livelihood and employment opportunities.

2. Basis of Financial Statement Preparation

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

3. Summary of Significant Accounting Policies

3.1 Basis of accounting

The 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 transactions, 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:

- General Fund - Proper
- 20% Development Fund

3.3 Revenue recognition

Revenue from non-exchange transactions

Taxes, fees, and fines

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

Transfers from other government entities

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

Revenue from exchange transactions

Rendering of services

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

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

Sale of goods

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

Interest income

Interest income 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 Investment Property

Investment properties are measured initially at cost, including transaction costs. The carrying amount includes the replacement cost of components of an existing investment property at the time that cost is incurred if the recognition criteria are met and exclude the costs of the day-to-day maintenance of an investment property.

Investment property acquired through a non-exchange transaction is measured at its fair value at the date of acquisition. Subsequent to initial recognition, investment properties are measured using the cost model and are depreciated over a 30-year period.

Investment properties are derecognized either when they have been disposed of or when the investment property is permanently withdrawn from use and no future economic benefit or service potential is expected from its disposal. The difference between the net disposal proceeds and the carrying amount of the asset is recognized in the surplus or deficit in the period of derecognition. Transfers are made to or from investment property only when there is a change in use.

3.5 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 LGUs recognize such parts as individual assets with specific useful lives and depreciate them accordingly. Likewise, when a major inspection is performed, its cost is recognized in the carrying amount of the plant and equipment as a replacement if the recognition criteria are satisfied. All other repair and maintenance costs are recognized in surplus or deficit as incurred. Where an asset is acquired in a non-exchange transaction for nil or nominal consideration the asset is initially measured at its fair value.

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

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

Leased assets may consist of vehicles and machinery. The assets' residual values and useful lives are reviewed, and adjusted prospectively, if appropriate, at the end of each reporting period. An asset's carrying amount is written down immediately to its recoverable amount, or recoverable service amount if the asset's carrying amount is greater than its estimated recoverable amount or recoverable service amount. The Municipalities derecognize items of property, plant and equipment, and/or any significant part of an asset upon disposal or when no future economic benefits or service potential is expected from its continuing use. Any gain or loss arising on the derecognition of the asset (calculated as the difference between the net disposal proceeds and the carrying amount of the asset) is included in the surplus or deficit when the asset is derecognized.

Public Infrastructures were not previously recognized in the books. The LGUs availed of the 5-year transitional provision for the recognition of the Public Infrastructure. For the first year of implementation of the PPSAS (2015), the LGUs did not recognize the Public Infrastructure in the books of accounts.

3.6 Impairment of non-financial assets

Impairment of cash-generating assets

At each reporting date, the LGUs assess whether there is an indication that an asset may be impaired. If any indication exists, or when annual impairment testing for an asset is required, the LGUs estimate the asset's recoverable amount. An asset's recoverable amount is the higher of an asset's or cash-generating

unit's fair value less costs to sell and its value in use and is determined for an individual asset unless the asset does not generate cash inflows that are largely independent of those from other assets or groups of assets.

Where the carrying amount of an asset or the cash-generating unit (CGU) exceeds its recoverable amount, the asset is considered impaired and is written down to its recoverable amount. In assessing value in use, the estimated future cash flows are discounted to their present value using a discount rate that reflects current market assessments of the time value of money and the risks specific to the asset. In determining fair value less costs to sell, recent market transactions are taken into account, if available. If no such transactions can be identified, an appropriate valuation model is used.

Impairment losses of continuing operations, including impairment on inventories, are recognized in the statement of financial performance in those expense categories consistent with the nature of the impaired asset.

For assets, an assessment is made at each reporting date as to whether there is any indication that previously recognized impairment losses may no longer exist or may have decreased. If such indication exists, the LGUs estimate the asset's or cash-generating unit's recoverable amount. A previously recognized impairment loss is reversed only if there has been a change in the assumptions used to determine the asset's recoverable amount since the last impairment loss was recognized. The reversal is limited so that the carrying amount of the asset does not exceed its recoverable amount, nor exceed the carrying amount that would have been determined, net of depreciation, had no impairment loss been recognized for the asset in prior years. Such reversal is recognized in surplus or deficit.

Impairment of non-cash-generating assets

The LGUs assess at each reporting date whether there is an indication that a non-cash-generating asset may be impaired. If any indication exists, or when annual impairment testing for an asset is required, the LGUs estimate the asset's recoverable service amount. An asset's recoverable service amount is the higher of the non-cash generating asset's fair value less costs to sell and its value in use.

Where the carrying amount of an asset exceeds its recoverable service amount, the asset is considered impaired and is written down to its recoverable service amount.

In assessing value in use, the LGUs adopted the depreciation replacement cost approach. Under this approach, the present value of the remaining service potential of an asset is determined as the depreciated replacement cost of the asset. The depreciated replacement cost is measured as the reproduction or replacement cost of the asset, whichever is lower, less accumulated depreciation

calculated on the basis of such cost, to reflect the already consumed or expired service potential of the asset. In determining fair value less costs to sell, the price of the assets in a binding agreement in an arm's length transaction, adjusted for incremental costs that would be directly attributed to the disposal of the asset is used. If there is no binding agreement, but the asset is traded on an active market, fair value less cost to sell is the asset's market price less cost of disposal. If there is no binding sale agreement or active market for an asset, the LGUs determine fair value less cost to sell based on the best available information.

For each asset, an assessment is made at each reporting date as to whether there is any indication that previously recognized impairment losses may no longer exist or may have decreased. If such indication exists, the LGUs estimate the asset's recoverable service amount. A previously recognized impairment loss is reversed only if there has been a change in the assumptions used to determine the asset's recoverable service amount since the last impairment loss was recognized. The reversal is limited so that the carrying amount of the asset does not exceed its recoverable service amount, nor exceed the carrying amount that would have been determined, net of depreciation, had no impairment loss been recognized for the asset in prior years. Such reversal is recognized in surplus or deficit.

3.7 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 LGUs determine 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 commit to purchase or sell the asset.

The LGUs financial assets include: cash and short-term deposits; trade and other receivables; loans and other receivables and quoted and unquoted financial instruments.

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.

Loans and receivables

Loans and receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market. After initial measurement, such financial assets are subsequently measured at amortized cost using the effective interest method, less impairment. 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. Losses arising from impairment are recognized in the surplus or deficit.

Held-to-maturity

Non-derivative financial assets with fixed or determinable payments and fixed maturities are classified as held to maturity when the LGUs have the positive intention and ability to hold it to maturity. After initial measurement, held-to-maturity investments are measured at amortized cost using the effective interest method, less impairment. 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. The losses arising from impairment are recognized in surplus or deficit.

Derecognition

The LGUs derecognize a financial asset or, where applicable, a part of a financial asset or part of a group of similar financial assets when:

- (a) The rights to receive cash flows from the asset have expired or is waived;
- (b) The LGU has transferred its rights to receive cash flows from the asset or has assumed an obligation to pay the received cash flows in full without material delay to a third party; and either: (a) the LGUs have transferred substantially all the risks and rewards of the asset; or (b) the LGUs have neither transferred nor retained substantially all the risks and rewards of the asset, but has transferred control of the asset.

Impairment of financial assets

The LGUs assess at each reporting date whether there is objective evidence that a financial asset or a group of financial assets is impaired. A financial asset or a group of financial assets is deemed to be impaired if, there is objective evidence of impairment as a result of one or more events that has occurred after the initial recognition of the asset (an incurred ‘loss event’) and that loss event has an impact on the estimated future cash flows of the financial asset or the group of financial assets that can be reliably estimated. Evidence of impairment may include the following indicators:

- (a) The debtors or a group of debtors are experiencing significant financial difficulty;
- (b) Default or delinquency in interest or principal payments;
- (c) The probability that debtors will enter bankruptcy or other financial reorganization; and
- (d) Observable data indicates a measurable decrease in estimated future cash flows (e.g. changes in arrears or economic conditions that correlate with defaults)

Financial assets carried at amortized cost

For financial assets carried at amortized cost, the LGUs first assess whether objective evidence of impairment exists individually for financial assets that are individually significant, or collectively for financial assets that are not individually significant. If the LGUs determine that no objective evidence of impairment exists for an individually assessed financial asset, whether significant or not, it includes the asset in a group of financial assets with similar credit risk characteristics and collectively assesses them for impairment. Assets that are individually assessed for impairment and for which an impairment loss is, or continues to be, recognized are not included in a collective assessment of impairment.

If there is objective evidence that an impairment loss has been incurred, the amount of the loss is measured as the difference between the assets carrying amount and the present value of estimated future cash flows (excluding future expected credit losses that have not yet been incurred). The present value of the estimated future cash flows is discounted at the financial asset’s original effective interest rate. If a loan has a variable interest rate, the discount rate for measuring any impairment loss is the current effective interest rate.

The carrying amount of the asset is reduced through the use of an allowance account and the amount of the loss is recognized in surplus or deficit. If, in a subsequent year, the amount of the estimated impairment loss increases or decreases because of an event occurring after the impairment was recognized, the previously recognized impairment loss is increased or reduced by adjusting the allowance account. If a future write-off is later recovered, the recovery is credited to finance costs 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 LGUs determine 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 LGUs financial liabilities include trade and other payables, 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.

3.8 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.

3.9 Inventories

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

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

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

3.10 Provisions

Provisions are recognized when the LGUs have a present obligation (legal or constructive) as a result of a past event, it is probable that an outflow of resources embodying economic benefits or service potential will be required to settle the obligation and a reliable estimate can be made of the amount of the obligation.

Where the LGUs expect some or all of a provision to be reimbursed, for example, under an insurance contract, the reimbursement is recognized as a separate asset only when the reimbursement is virtually certain.

The expense relating to any provision is presented in the statement of financial performance net of any reimbursement.

Rehabilitation liability

Rehabilitation costs are provided at the present value of expected costs to settle the obligation using estimated cash flows and are recognized as part of the cost of that particular asset. The cash flows are discounted at a current rate that reflects the risks specific to the rehabilitation liability. The unwinding of the discount is expensed as incurred and recognized in the statement of financial performance as a finance cost. The estimated future costs of decommissioning are reviewed annually and adjusted as appropriate. Changes in the estimated future costs or in the discount rate applied are added to or deducted from the cost of the asset.

3.11 Changes in accounting policies and estimates

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

The LGUs recognize the effects of changes in accounting estimates prospectively by including in surplus or deficit.

3.12 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.

3.13 Related parties

The LGUs regard 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 Mayor, Vice-Mayor, Sanggunian Member, Committee Officials and Members, Accountant, Treasurer, Budget Officer, and all Chiefs of Departments/Divisions.

3.14 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 underspending on line items.

3.15 Significant judgments and sources of estimation uncertainty

Judgments

In the process of applying the LGUs' 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 have entered into property leases of certain of its properties. The LGUs have 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 LGUs 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 LGUs. 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 LGUs;
- (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 – cash-generating assets

The recoverable amounts of cash-generating units and individual assets have been determined based on the higher of value-in-use calculations and fair values less costs to sell. These calculations require the use of estimates and assumptions. It is reasonably possible that the assumptions may change, which may then impact management's estimations and require a material adjustment to the carrying value of tangible assets.

The LGUs review and tests the carrying value of assets when events or changes in circumstances suggest that the carrying amount may not be recoverable. Cash-generating assets are grouped at the lowest level for which identifiable cash flows are largely independent of cash flows of other assets and liabilities. If there are indications that impairment may have occurred, estimates of expected future cash flows are prepared for each group of assets. Expected future cash flows used to determine the value in use of tangible assets are inherently uncertain and could materially change over time.

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

The LGUs review 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 LGUs undertake 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.

Fair value estimation – financial instruments

Where the fair value of financial assets and financial liabilities recorded in the statement of financial position cannot be derived from active markets, their fair value is determined using valuation techniques including the discounted cash flow model. The inputs to these models are taken from observable markets where possible, but where this is not feasible, judgment is required in establishing fair values. Judgment includes the consideration of inputs such as liquidity risk, credit risk and volatility. Changes in assumptions about these factors could affect the reported fair value of financial instruments.

Provisions

Provisions were raised and management determined an estimate based on the information available. Provisions are measured at the management's best estimate of the expenditure required to settle the obligation at the reporting date, and are discounted to present value where the effect is material.

Held-to-maturity investments and loans and receivables

The LGUs assess its loans and receivables (including trade receivables) and its held-to-maturity investments at the end of each reporting period. In determining whether an impairment loss should be recorded in surplus or deficit, the LGUs evaluate the indicators present in the market to determine if those indicators are indicative of impairment in its loans and receivables or held-to-maturity investments. Where specific impairments have not been identified the impairment for trade receivables, held-to-maturity investments and loans and receivables is calculated on a portfolio basis, based on historical loss ratios, adjusted for national and industry-specific economic conditions and other indicators present at the reporting date that correlate with defaults on the portfolio. These annual loss ratios are applied to loan balances in the portfolio and scaled to the estimated loss emergence period.

3.16 Impairment Loss

For the year ended December 31, 2015, as the transition period of converting accounting policies from New Government Accounting System (NGAS) to Philippine Public Sector Accounting Standards (PPSAS) there was no recorded provision for impairment of any assets.

3.17 Financial instruments – financial risk management

Exposure to currency, commodity, interest rate, liquidity and credit risks arises in the normal course of the LGUs' operations. This note presents information about the LGUs' exposure to each of the mentioned risks, policies and processes for measuring and managing risk, and the LGUs' management of capital. Further quantitative disclosures are included throughout these financial statements. Fair values set out below, is a comparison by class of the carrying amounts and fair value of the LGUs' financial instruments.

The fair value of the financial assets and liabilities are included at the amount at which the instrument could be exchanged in a current transaction between willing parties, other than in a forced sale or liquidation.

The following methods and assumptions were used to estimate the fair values:

- (a) Cash and short-term deposits, trade receivables, trade payables and other current liabilities approximate their carrying amounts largely due to the short-term maturities of these instruments;
- (b) Long-term fixed-rate and variable-rate receivables / borrowings are evaluated by the LGU based on parameters such as interest rates, individual creditworthiness of the customer and the risk characteristics of the financed project. Based on this evaluation, allowances are taken to account for the incurred losses of these receivables and market related interest rates. As at 31 December 2017 the carrying amounts of such receivables, net of allowances, are not materially different from their calculated fair values;
- (c) Fair value of quoted notes and bonds is based on price quotations at the reporting date. The fair value of unquoted instruments, loans from banks and other financial liabilities, obligations under finance leases, as well as other non-current financial liabilities is estimated by discounting future cash flows using rates currently available for debt on similar terms, credit risk and remaining maturities;
- (d) Fair value of financial assets is derived from quoted market prices in active markets, if available;

- (e) Fair value of unquoted available-for-sale financial assets is estimated using appropriate valuation techniques

Fair value hierarchy

The LGUs use the following hierarchy for determining and disclosing the fair value of financial instruments by valuation technique:

Level 1: Quoted (unadjusted) prices in active markets for identical assets or liabilities;

Level 2: Inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly (i.e., as price) or indirectly (i.e., derived from prices);

Level 3: Techniques which use inputs that have a significant effect on the recorded fair value that are not based on observable market data

Credit risk

Credit risk is the risk of financial loss to the LGUs if customers or counterparties to financial instruments fail to meet their contractual obligations, and it arises principally from the LGUs' investments, loans, receivables, and cash and cash equivalents. The carrying amount of financial assets represents the maximum credit exposure.

Credit quality is assessed risk of default attached to counterparties to which the LGUs extend credit and also those parties with whom the LGUs invests. As such, the credit quality assessed extends to the customers, investments and banks servicing the LGUs.

For financial statement purposes, the investments and balances with banks are limited to the investments, loans receivable and cash and cash equivalents line items in the statement of financial position. The LGUs follow Department Order No. 27-05 of the Department of Finance (DOF) in the maintenance of depository accounts. It also determines credit quality of the investments and banks using information obtained from external rating agencies.

The customer base of the LGUs is diverse and consists of individuals, companies, non-profit organizations and government entities. Credit ratings, from external rating agencies, are not readily available for all customers. Also, it is not financially viable to obtain external credit ratings for all customers due to the nature of the customer base. Furthermore, the LGUs are mandated under Republic Act No. 7160 or the Local Government Code to provide basic services to all its constituents irrespective of their financial standing. As such, the LGUs are required, by legislation, to extend services and extended payment terms to all

customers irrespective of their financial standing. For the purpose of determining the credit quality of customers, the LGUs apply its past experience with customers in determining the risk of default posed by customers. In line with the methodology applied, customers are classified into the following credit quality groups:

- (a) High – Those customers who have no history of defaulting on payments to the LGU and only includes customers who settle their accounts in full and within the prescribed minimum period;
- (b) Medium – Those customers with a history of late payments only. These customers usually arrange ahead of time with the LGU in settling balances in arrears and when payments are made, the outstanding amounts (including interest) are settled in full; and
- (c) Low – Those customers with a significant history of defaults. The balances of these customers are rarely settled in full. The recovery of outstanding balances from these customers is problematic.

The credit quality of the balance of receivables and other receivables is made up, as follows:

Investments

The LGUs limit its exposure to credit risk by investing with only reputable financial institutions that have a sound credit rating (rated BB and above), which are within the specific guidelines set in accordance with the LGUs Finance Committee and the Sanggunian approved investment policy. Consequently, the LGUs do not consider there to be any significant exposure to credit risk.

Receivables

Receivables are amounts owed by consumers, and are presented net of impairment losses. The LGUs have a credit risk policy in place, and the exposure to credit risk is monitored on an ongoing basis. The LGUs are compelled, by its constitutional mandate, to provide all of its residents with basic minimum services, without recourse to an assessment of creditworthiness. There were no material changes in the exposure to credit risk and its objectives, policies and processes for managing and measuring the risk during the year under review.

The LGUs' maximum exposure to credit risk is represented by the carrying value of each financial asset in the statement of financial performance. The LGU has no significant concentration of credit risk, with exposure spread over a large number of consumers, and is not concentrated in any particular sector or geographic area.

The LGUs establish an allowance for impairment that represents its estimate of anticipated losses in respect of receivables.

The average credit period on services rendered is 30 days from date of invoice. Interest is raised at the three-month government bond rate plus 1% on any unpaid accounts after the due date. The LGUs provided fully for all receivables outstanding over 365 days where there was no evidence of expected recovery. Receivables up to 365 days are provided for based on estimated irrecoverable amounts, determined by reference to past default experience.

Cash and cash equivalents

The LGUs limit its exposure to credit risk by investing cash and cash equivalents with only reputable financial institutions that have a sound credit rating, and within specific guidelines set in accordance with the Sanggunian's approved investment policy. Consequently, the LGUs do not consider there to be any significant exposure to credit risk.

Liquidity risk

Liquidity risk is the risk of the LGUs not being able to meet its obligations as they fall due. The LGUs' approach to managing liquidity risk is to ensure that sufficient liquidity is available to meet its liabilities when due, without incurring unacceptable losses or risking damage to the LGUs' reputation.

The LGUs ensure that it has sufficient cash on demand to meet expected operating expenses through the use of cash flow forecasts.

Capital management

The primary objective of managing the LGUs' capital is to ensure that there is sufficient cash available to support the LGUs' funding requirements, including capital expenditure, to ensure that the LGUs remain financially sound. The LGUs monitor capital using a gearing ratio, which is net debt, divided by total capital, plus net debt. In a capital intensive industry, a gearing ratio of 54.5% or less can be considered reasonable. Included in net debt are interests bearing loans and borrowings, payables, less investments.

Currency risk

The LGUs are exposed to foreign-currency risk through the importation of goods and services, either directly or indirectly, through the award of contracts to local importers. The LGUs manage any material direct exposure to foreign-currency risk by entering into forward exchange contracts. The LGUs manage its indirect exposure by requiring the local importer to take out a forward exchange contract at the time of procurement, in order to predetermine the peso value of the

contracted goods or services. The LGUs were not a direct party to any outstanding forward exchange contracts at the reporting date. The movement in the currency was not material to the LGU's procurement.

Market risk

Market risk is the risk of changes in market prices, such as foreign-exchange rates and interest rates, affecting the LGUs' income or the value of its financial instrument holdings. The objective of market risk management is to manage and control market risk exposures within acceptable parameters, while optimizing the return on the risk.

4. Cash and Cash Equivalents

Cash and Cash Equivalents is composed of the following accounts:

Cash on Hand	2024	2023
Cash – Local Treasury	₱ 575,219.26	₱ 2,737,967.12
Cash in Bank – Local Currency		
Cash in Bank – Local Currency, Current Account	140,960,648.74	125,773,608.17
Cash in Bank – Local Currency, Savings Account	1,948,566.70	1,222,351.48
Total Cash and Cash Equivalents	₱ 143,484,434.70	₱ 127,832,535.51

a. *Cash – Local Treasury*

The following are cash collections in CY 2024 which were deposited in CY 2025:

Fund	Date of Deposit	Amount
General Fund	01/03/25	₱ 58,470.20
	01/03/25	62,605.57
	01/03/25	52,283.42
	01/03/25	300.00
	01/07/25	148,503.00
	01/07/25	16,500.00
	01/07/25	888.00
Total		₱ 339,550.19

b. *Cash in Bank – Local Currency, Current Account*

The account **Cash in Bank – Local Currency, Current Account** of **₱140,960,648.74** is composed of the following:

Fund	Authorized Government Depository Bank	Account No.	Amount
General Fund	LBP – Bais	2582-XXXX-72	₱55,599,446.71
	DBP – Dumaguete	00-0-XXXX6-740-0	45,964,100.68
Special Education Fund	DBP – Dumaguete	00-0-XXXX2-740-6	1,105,663.98
Trust Fund	DBP – Dumaguete	00-0-XXXX0-740-0	31,614,580.44
	DBP – Dumaguete	00-0-XXXX7-740-8	3,544,665.98
	LBP – Bais	2582-XXXX-50	2,683,645.63
	LBP – Bais	2582-XXXX-68	448,545.32
Total			₱140,960,648.74

c. *Cash in Bank – Local Currency, Savings Account*

The account **Cash in Bank – Local Currency, Savings Account** of **₱1,948,566.70** is composed of the following:

Fund	Authorized Government Depository Bank	Account No.	Amount
General Fund	DBP – Dumaguete	SSA	₱1,159,778.07
	DBP – Dumaguete	SSA	110,651.51
	DBP – Dumaguete	EGOV	17.91
Trust Fund	DBP – Dumaguete	SSA	678,119.21
Total			₱1,948,566.70

d. *Authorized Government Depository Banks*

The Authorized Government Depository Banks of LGU Bindoy are (1) Land Bank of the Philippines – Bais City Branch and (2) Development Bank of the Philippines – Dumaguete City Branch. The Special Savings Account is maintained at Development Bank of the Philippines – Dumaguete City Branch. Local collections of LGU Bindoy are deposited to DBP General Fund account, while the share of LGU Bindoy from the National Tax Allotment is credited to the LBP General Fund account. Cash in bank earns interest based on the prevailing bank deposit rates.

e. *Closure of Dormant Accounts in compliance with COA AOM No. 2024-02(2023)*

On June 11, 2024, the Sangguniang Bayan of Bindoy passed Resolution No. 2024-121 entitled, “RESOLUTION APPROVING THE CLOSURE AND/OR TERMINATION OF DORMANT ACCOUNTS OF THE LOCAL GOVERNMENT UNIT OF BINDOY AT THE LANDBANK OF THE PHILIPPINES, DUMAGUETE CITY AND BAIS CITY BRANCHES, AND DEVELOPMENT BANK OF THE PHILIPPINES; FURTHER AUTHORIZING FOR THIS PURPOSE THE MUNICIPAL MAYOR, ENIEGO C. JABAGAT AND MUNICIPAL TREASURER, MR. JULIUS B. BOLO, REPRESENTING THE LGU OF BINDOY AND TO EXECUTE AND SIGN THE DOCUMENTS IN RELATION THERETO”. By virtue of which, several dormant accounts of the Local Government Unit of Bindoy were closed and transferred to the General Fund account and/or returned to the source agencies.

5. Receivables, Net

This account is composed of the following:

Loans and Receivable Accounts	2024	2023
Real Property Tax Receivable	₱ 5,152,622.93	₱ 4,578,497.80
Special Education Tax Receivable	3,089,028.20	3,128,130.08
Loans Receivables – Others	2,056,400.00	2,056,400.00
Inter-Agency Receivables		
Due from LGUs	816,379.93	616,379.93
Intra-Agency Receivables		
Due from Other Funds	10,535,771.72	14,535,100.62
Advances		
Advances for Operating Expenses	2,331,171.68	4,126,516.94
Advances for Payroll	518,390.79	492,154.35
Advances to Special Disbursing Officer	500,298.00	500,000.00
Advances to Officers and Employees	1,787,274.17	2,059,017.94
Other Receivables		
Receivables - Disallowances/Charges	63,257.40	63,257.40
Due from NGOs/POs	432,716.00	432,716.00
Other Receivables	2,745,961.80	2,745,961.80
Total	₱ 30,029,272.62	₱ 35,334,132.86
Less: Due from Other Funds (eliminated)	(10,535,771.72)	(14,535,100.62)
Total Receivables, Net	₱ 19,493,500.90	₱ 20,799,032.24

a. *Real Property Tax Receivable*

The Real Property Tax Receivable set-up at the beginning of the year is ₱1,992,359.00, and of which, ₱582,817.96 or 29.25% was collected.

Per *Certified List of All Real Property Tax Delinquencies*, the Real Property Tax Receivable is ₱38,928,367.52. However, the full amount was not recognized in the financial statements, as a substantial portion of the reported receivables is subject to legal constraints, disputes, or other conditions that impair their collectibility. Accordingly, full recognition of the amount would not present a fair valuation of assets and may result in a material overstatement of the Real Property Tax Receivable account.

b. *Special Education Tax Receivable*

For the Special Education Tax Receivable, ₱1,992,359.00 was set-up at the beginning of the year, and of which, ₱558,733.83 or 28.04% was collected.

Per *Certified List of All Real Property Tax Delinquencies*, the Special Education Tax Receivable is ₱38,576,982.52. However, the full amount was not recognized in the financial statements, as a substantial portion of the reported receivables is subject to legal constraints, disputes, or other conditions that impair their collectibility. Accordingly, full recognition of the amount would not present a fair valuation of assets and may result in a material overstatement of the Special Education Tax Receivable account.

c. *Loans Receivable – Others*

Loans Receivable – Others remain dormant for more than 10 years. There is currently no available records/documents to validate or support the claim. The management will request for write-off the aforementioned dormant account pursuant to COA Circular No. 2016-005.

d. *Due from LGUs*

Fund transfers to other Local Government Units for Inter-Local Alliances are recorded in this account. During the current year, the Municipality of Bindoy transferred ₱200,000.00 to the Municipality of Tayasan as counterpart to Bindoy-Ayungon-Tayasan-Manjuyod (BATMan) Alliance – a coastal and fisheries resources management alliance among member coastal LGUs.

e. *Due from Other Funds*

Intra-Agency Receivables and Payables in the amount of TEN MILLION FIVE HUNDRED THIRTY-FIVE THOUSAND SEVEN HUNDRED SEVENTY-ONE PESOS AND 72/100 (₱10,535,771.72) have been eliminated in the preparation of Consolidated Financial Statements, with details as shown below: *(see also Note 12)*.

ACCOUNT TITLE	GENERAL FUND	SPECIAL EDUCATION FUND	TRUST FUND	TOTAL
Due from Other Funds	2,583,701.73	439,049.1	7,513,020.89	₱10,535,771.72
Due to Other Funds	9,356,140.14	27,562.09	1,152,069.49	₱10,535,771.72

f. *Advances to Special Disbursing Officer*

The Advances to Special Disbursing Officer account represents cash advances granted to agency's accountable officers and employees for special purpose undertakings to be liquidated within a specified period. The account **Advances to Special Disbursing Officer** of **₱500,298.00** is composed of the following:

ACCOUNTABLE OFFICER	AMOUNT	PURPOSE	REMARKS
JABAGAT, ENIEGO C.	500,000.00	Confidential Expenses for CY 2024 4 th Quarter	As of report date, the transmittal letter of the liquidation report, duly received by the ICFAU authorized staff, is not yet available, which will serve as the basis of the Agency Accountant to recognize the liquidation in the books.
PONCIANO, MARLOU M.	298.00	Labor payroll for projects undertaken by administration	Balance of unliquidated cash advance

6. Inventories

This account is composed of the following:

Inventory Held for Distribution	2024	2023
Food Supplies for Distribution	₱ 1,045,315.00	₱ 425,215.00
Welfare Goods for Distribution	3,805,500.00	3,805,500.00
Drugs and Medicines for Distribution	245,963.00	245,963.00
Agricultural and Marine Supplies for Distribution	706,985.00	632,000.00
Agricultural Produce for Distribution	1,506,675.00	264,994.00
Inventory Held for Consumption		
Office Supplies Inventory	479,980.70	479,980.70
Accountable Forms, Plates, and Stickers	144,864.50	144,864.50
Medical, Dental, and Laboratory Supplies Inventory	173,105.00	173,105.00
Inventory Held for Consumption	2024	2023
Textbooks and Instructional Materials Inventory	₱ 588,261.75	₱ 588,261.75
Other Supplies and Materials Inventory	920,975.00	851,613.00
Total Inventories	₱ 9,617,624.95	₱ 7,611,496.95

a. *One-Time Cleansing of account balances*

Several inventory items are non-moving for more than 5 years. There are ongoing efforts to reconcile the physical count vis-à-vis the accounting records. For the ensuing year, the Accounting Unit will take up the necessary accounting entries to write-off/drop from the books of accounts the unreconciled inventory items pursuant to COA Circular No. 2020-006.

There were no Summaries of Supplies and Materials Issued (SSMI) prepared to serve as bases in reducing these accounts by the amounts utilized or consumed.

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

7. Property, Plant and Equipment, Net

Property, plant, and equipment amounted to ₱449,640,288.56 and ₱395,682,466.67 for CY 2024 and CY 2023, respectively. See pages 48 to 49 for details.

a. *One-Time Cleansing of account balances*

Several PPE items are non-moving for more than 10 years. There are ongoing efforts to reconcile the physical count vis-à-vis the accounting records. For the ensuing year, the Accounting Unit will take up the necessary accounting entries to write-off/drop from the books of accounts the unreconciled PPE items pursuant to COA Circular No. 2020-006.

b. *Residual Value*

The LGU measured the residual value of all items of property, plant, and equipment, and is set up at five percent (5%) of the acquisition cost. During the current financial year, the LGU reviewed the estimated useful lives and residual values of property, plant, and equipment, where appropriate. No residual value shall be provided for the depreciable components of the road network system.

c. *Method of Depreciation and Estimated Useful Life*

The LGU adopts a straight-line method of depreciation. The estimated useful life of the assets is as follows:

Property, Plant, and Equipment	Estimated Useful Life (in years)
Machinery	10
Office Equipment	5
Information and Communication Technology	5
Agriculture and Forestry Equipment	10
Marine and Fishery Equipment	10
Communication Equipment	10
Construction and Heavy Equipment	10
Disaster Response and Rescue Equipment	10
Military, Police, and Security Equipment	10
Medical Equipment	10
Other Machinery and Equipment	10
Motor Vehicles	7
Watercrafts	10
Furniture and Fixtures	10
Books	10
Other Property, Plant and Equipment	5

d. *Road Networks*

The LGU has a total of 182,683.13 kilometers of roads with a total cost of ₱169,483,340.83. For the year ended, the agency spent a total of ₱18,667,411.77 for local road additions, and ₱479,145.00 for the regular maintenance.

8. Biological Assets

This account is composed of the following:

Bearer Biological Assets	2024	2023
Breeding Stocks	₱ 1,294,856.00	₱ 1,294,856.00
Plants and Trees	10,446,583.97	10,446,583.97
Total Biological Assets	₱ 11,741,439.97	₱ 11,741,439.97

a. *One-Time Cleansing of account balances*

Biological assets of ₱11,741,439.97 are non-moving for more than 5 years. There are ongoing efforts to reconcile the physical count vis-à-vis the accounting records. For the ensuing year, the Accounting Unit will take up the necessary accounting entries to write-off/drop from the books of accounts the unreconciled biological asset items pursuant to COA Circular No. 2020-006.

The above balances are stated in net recoverable value.

9. Intangible Assets

This account is composed of the following:

Computer Software	₱ 784,450.00	₱ 784,450.00
Less: Accumulated Depreciation	(732,095.33)	(732,095.33)
Total Intangible Assets	₱ 52,354.67	₱ 52,354.67

a. *One-Time Cleansing of account balances*

Intangible assets of ₱784,450.00 are non-moving for more than 5 years. There are ongoing efforts to reconcile the physical count vis-à-vis the accounting records. For the ensuing year, the Accounting Unit will take up the necessary accounting entries to write-off/drop from the books of accounts the unreconciled intangible asset items pursuant to COA Circular No. 2020-006.

10. Financial Liabilities

This account is composed of the following:

Financial Liabilities		
Payables		
Accounts Payable	₱ 6,115,865.85	₱ 1,919,135.71

Bills/Bonds/Loans Payable	2024	2023
Loans Payable – Domestic	₱ 379,663.50	₱ 379,663.50
Total Financial Liabilities	₱ 6,495,529.35	₱ 2,298,799.21

a. *Terms of payables*

Trade payables are non-interest bearing and are normally settled on 30- to 60-day terms. Other payables are non-interest bearing and have an average term of six months. Interest payable is normally settled quarterly throughout the financial year.

b. *Loans Payable – Domestic*

On 07 December 2022, the Sangguniang Bayan of Bindoy issued Resolution No. 2022-247 entitled “Resolution Authorizing Municipal Mayor Eniego C. Jabagat to Negotiate and Enter into a Contract of Loan, in behalf of the Local Government Unit of the Municipality of Bindoy, Negros Oriental, with Land Bank of the Philippines for the Grant of Loan not Exceeding the amount of One Hundred Million (₱100,000,000.00) to finance Construction of New Bindoy Waterwork Systems”.

On 23 June 2023, a Loan Agreement was made and executed by and between Land Bank of the Philippines, and the Local Government Unit of the Municipality of Bindoy, represented by Municipal Mayor Eniego C. Jabagat, subject to the following terms and conditions:

Summary of the Terms and Conditions	
a. Name of lending institution	Land Bank of the Philippines
b. Total loan amount (in Php million)	Php 100.00 Million, or contract price, whichever is lower but shall not be more than the net borrowing capacity per BLGF Certification
c. Purpose/s	Construction of New Bindoy Waterwork Systems Mode of Acquisition: Local Purchase
d. Interest rate (in percent per annum)	LANDBANK’s prevailing rate at the time of availment, subject to quarterly repricing. Reference rate: Three (3) month BVAL reference rate plus a spread based on credit rating (Indicative Rate: 5.50% p.a.)
e. Term/tenor (in no. of years)	Fifteen (15) years inclusive of three (3) years grace period on principal
f. Repayment terms and conditions	Principal – Payable in equal quarterly amortization to start at the end of the 13 th quarter after date of initial release

	Interest – Payable quarterly in arrears to start at the end of the first quarter from date of initial release
g. Collateral	Assignment of 20% of LGU's NTA

As of 31 December 2024, the loan proceeds are not yet downloaded to the account of the municipality.

11. Inter-Agency Payables

This account is composed of the following:

Inter-Agency Payables	2024	2023
Due to BIR	₱ 194,702.76	₱ 268,173.11
Due to GSIS	1,361,027.86	1,102,483.56
Due to Pag-IBIG	119,624.96	111,942.59
Due to PhilHealth	354,102.68	311,603.23
Due to NGAs	50,743,599.54	25,319,068.30
Due to LGUs	11,362,425.02	11,032,874.09
Total	₱ 64,135,482.82	₱ 38,146,144.88

a. Statutory Obligations

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

PAYEE	DATE	PARTICULARS	TOTAL
BIR Commissioner	01/10/2025	Remittance to BIR	₱ 194,702.76
GSIS	01/09/2025	Remittance to GSIS	881,773.14
PhilHealth	01/15/2025	Remittance to PhilHealth	157,830.05

Differences in the amounts are still subject to further verification. The remaining accounts represent balances of funds received by the LGU for specific purposes.

12. Intra-Agency Payables

This account is composed of the following:

	2024	2023
Due to Other Funds	₱ 10,535,771.72	₱ 14,535,100.62
Less: Due to Other Funds (eliminated)	(10,535,771.72)	(14,535,100.62)
Total Intra-Agency Payables, Net	₱ 0.00	₱ 0.00

Intra-Agency Receivables and Payables in the amount of TEN MILLION FIVE HUNDRED THIRTY-FIVE THOUSAND SEVEN HUNDRED SEVENTY-ONE PESOS AND 72/100 (₱10,535,771.72) have been eliminated in the preparation of Consolidated Financial Statements. (see also Note 5)

13. Trust Liabilities

This account is composed of the following:

Trust Liabilities	₱ 3,456,943.21	₱ 3,662,706.06
Trust Liabilities – Disaster Risk Reduction and Management Fund	19,289,870.71	18,743,817.86
Guaranty/Security Deposits Payable	526,343.68	129,708.84
Total Trust Liabilities	₱ 23,273,157.60	₱ 22,536,232.76

a. *Trust Liabilities - Disaster Risk Reduction and Management Fund*

The account Trust Liabilities - Disaster Risk Reduction and Management Fund of **₱19,289,870.71** is composed of the following:

YEAR	UNSPENT AMOUNT
CY 2024	₱ 2,548,238.48
CY 2023	4,310,834.67
CY 2022	4,832,172.25
CY 2017-2021	7,598,625.31
Total	₱ 19,289,870.71

14. Other Payables

Other Payables amounted to ₱240,642.17 and ₱525,617.39 for CY 2024 and CY 2023, respectively.

15. Tax Revenue

This account is composed of the following:

Tax Revenue – Individual and Corporation	2024	2023
Community Tax	₱ 361,280.33	₱ 402,650.31
Tax Revenue – Property		
Real Property Tax – Basic	1,992,359.00	1,937,857.50
Special Education Tax	1,992,359.00	1,937,857.50
Tax Revenue – Goods and Services		
Business Tax	3,157,450.91	2,104,265.89
Amusement Tax	85,834.00	80,615.00
Franchise Tax	14,750.00	19,700.00
Tax Revenue – Fines and Penalties		
Tax Revenue – Fines and Penalties – Property Taxes	207,758.35	197,005.23
Tax Revenue – Fines and Penalties – Taxes on Goods and Services	62,266.61	94,545.63
Tax Revenue – Fines and Penalties – Other Taxes	16,404.08	16,703.31
Total Tax Revenue	₱ 7,890,462.28	₱ 6,791,200.37

16. Share from Internal Revenue Collections

Share from Internal Revenue Collections amounted to ₱185,454,391.00 and ₱174,535,544.00 for CY 2024 and CY 2023, respectively.

17. Service and Business Income

This account is composed of the following:

Service Income		
Permit Fees	₱ 815,071.43	₱ 603,681.11
Registration Fees	361,252.00	485,230.00
Clearance and Certificate Fees	318,400.00	490,320.00
Other Service Income	73,150.00	71,200.00
Business Income		
Rent Income	216,815.00	208,275.00
Waterworks System Fees	8,052,913.41	6,776,955.91
Receipt from Market Operations	973,446.06	1,129,014.82
Receipt from Slaughterhouse Operations	844,114.90	843,601.00
Receipt from Cemetery Operations	59,165.00	23,260.00

Business Income	2024	2023
Garbage Fees	₱ 60,420.00	₱ 45,890.00
Hospital Fees	111,999.68	104,533.00
Interest Income	114,313.84	96,864.26
Other Business Income	521,945.00	25,975.00
Total Service and Business Income	₱ 12,523,006.32	₱ 10,904,800.10

18. Personnel Services

This account is composed of the following:

Salaries and Wages		
Salaries and Wages – Regular	₱ 35,881,229.28	₱ 33,748,232.87
Salaries and Wages – Casual/Contractual	162,432.50	1,678,325.50
Other Compensation		
Personal Economic Relief Allowance	2,267,289.00	2,252,000.00
Representation Allowance	1,804,800.00	1,810,400.00
Transportation Allowance	1,712,800.00	1,566,000.00
Clothing/Uniform Allowance	656,000.00	558,000.00
Subsistence Allowance	274,400.00	280,200.00
Laundry Allowance	24,000.00	24,900.00
Productivity Incentive Allowance	473,000.00	465,000.00
Honoraria	4,879,941.09	8,279,872.57
Hazard Pay	1,269,405.54	1,199,861.67
Overtime and Night Pay	225,855.05	185,563.22
Year-End Bonus	3,497,877.30	2,847,413.10
Cash Gift	472,000.00	474,750.00
Other Bonuses and Allowances	5,398,049.00	4,659,246.00
Personnel Benefits Contributions		
Retirement and Life Insurance Premiums	3,935,261.56	3,719,494.18
Pag-IBIG Contribution	147,700.00	109,000.00
PhilHealth Contribution	855,797.15	668,361.40
Employees Compensation Insurance Premiums	109,500.00	106,600.00
Other Personnel Benefits		
Terminal Leave Benefits	407,649.76	1,306,665.04
Other Personnel Benefits	3,994,618.57	5,257,328.43
Total	₱ 68,449,605.80	₱ 71,197,213.98

19. Maintenance and Other Operating Expenses (MOOE)

This account is composed of the following:

Traveling Expenses	2024	2023
Traveling Expenses – Local	₱ 3,103,230.31	₱ 2,541,766.93
Training and Scholarship Expenses		
Training Expenses	5,108,491.95	3,593,165.58
Supplies and Materials Expenses		
Office Supplies Expense	4,101,391.63	3,156,227.95
Accountable Forms Expenses	412,750.00	472,735.00
Animal/Zoological Supplies Expenses	108,326.00	187,005.00
Food Supplies Expenses	1,680,000.00	0.00
Welfare Goods Expenses	48,925.00	0.00
Drugs and Medicines Expenses	2,430,174.00	129,552.50
Medical, Dental, and Laboratory Supplies Expenses	1,378,188.71	1,188,917.00
Fuel, Oil, and Lubricant Expenses	7,740,498.63	5,404,035.66
Agriculture and Marine Supplies Expenses	1,371,101.65	3,883,360.85
Other Supplies and Materials Expenses	951,853.00	104,125.00
Utility Expenses		
Electricity Expenses	7,574,111.45	5,105,354.02
Communication Expenses		
Postage and Courier Services	6,079.03	4,500.00
Telephone Expenses	470,526.77	439,500.49
Internet Subscription Expenses	348,702.36	353,400.44
Cable, Satellite, Telegraph, and Radio Expenses	0.00	5,665.00
Awards/Rewards and Prizes		
Prizes	0.00	257,000.00
Confidential, Intelligence and Extraordinary Expenses		
Confidential Expenses	500,000.00	0.00
Extraordinary and Miscellaneous Expenses	0.00	16,000.00
Professional Services		
Consultancy Services	280,000.00	99,800.00
Other Professional Services	18,000.00	23,000.00
General Services		
Environment/Sanitary Services	106,590.00	0.00
Other General Services	38,179,941.22	28,951,174.04
Repairs and Maintenance		
Repairs and Maintenance – Infrastructure Assets	337,147.75	536,457.00

Repairs and Maintenance	2024	2023
Repairs and Maintenance – Buildings and Other Structures	₱ 462,523.15	₱ 341,023.15
Repairs and Maintenance – Machinery and Equipment	2,501,228.24	2,007,854.04
Repairs and Maintenance – Transportation Equipment	3,605,122.30	2,690,097.00
Repairs and Maintenance – Other Property, Plant and Equipment	100,899.00	52,194.40
Taxes, Insurance Premiums and Other Fees		
Taxes, Duties and Licenses	36,990.00	129,603.00
Fidelity Bond Premiums	36,375.00	76,500.00
Insurance Expenses	528,610.64	213,714.25
Other Maintenance and Operating Expenses		
Printing and Publication Expenses	8,406.73	2,505.00
Representation Expenses	493,000.00	398,000.00
Membership Dues and Contributions to Organizations	0.00	6,400.00
Donations	39,477,670.00	5,975,100.00
Other Maintenance and Operating Expenses	1,579,460.00	9,814,899.69
Total Maintenance and Other Operating Expenses	₱ 125,086,314.52	₱ 78,160,632.99

a. *Donations*

The account **Donations** of **₱39,477,670.00** is composed of the following:

FUND	PARTICULARS	AMOUNT
General Fund	Social Pension to Qualified Senior Citizens	₱ 1,685,100.00
	Financial Assistance to Qualified Students	1,417,500.00
	Financial Assistance to Individuals in Crisis Situation (AICS)	6,017,370.00
Trust Fund	Social Pension to Qualified Senior Citizens	29,709,000.00
	Financial Assistance to Individuals in Crisis Situation (AICS)	648,700.00
Total		₱ 39,477,670.00

20. Non-Cash Expenses

This account is composed of the following:

Depreciation	2024	2023
Depreciation – Infrastructure Assets	₱ 2,000,382.03	₱ 1,905,986.32
Depreciation – Buildings and Other Structure	918,090.66	483,305.06
Depreciation – Machinery and Equipment	4,623,830.23	4,171,326.58
Depreciation – Transportation Equipment	1,861,979.14	1,783,005.68
Depreciation – Furniture, Fixtures and Book	157,430.26	157,430.26
Depreciation – Other Property, Plant and Equipment	39,709.41	36,287.63
Total	₱ 9,601,421.73	₱ 8,537,341.53

21. Transfers, Assistance and Subsidy From

This account is composed of the following:

Subsidy from Other Funds	₱ 0.00	₱ 5,929,755.01
Transfers from National Government	35,760,831.77	0.00
Transfers from Other Local Government Units	2,384,504.06	0.00
Total	₱ 38,145,335.83	₱ 5,929,755.01

22. Transfers, Assistance and Subsidy To

This account is composed of the following:

Subsidy to Other Local Government Units	₱ 22,000.00	₱ 22,000.00
Transfers of Unspent Current Year DRRM Funds to the Trust Funds	2,748,438.48	3,353,030.00
Transfers for Project Equity Share/LGU Counterpart	0.00	3,285,000.00
Total	₱ 2,770,438.48	₱ 6,660,030.00

23. Other Non-Operating Income

Other Non-Operating Income consisted of miscellaneous income amounting to ₱186,327.00 and ₱586,650.88 for CY 2024 and CY 2023, respectively.

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

Surplus/(Deficit)	₱ 38,291,741.90	₱ 34,192,731.86
Non-cash Transactions		
Depreciation	9,601,421.73	8,537,341.53
Increase/(Decrease) in Payables	30,638,017.70	(111,930,785.56)
(Increase)/Decrease in Current Assets	(16,352,495.85)	104,742,173.08
Increase/(Decrease) in Prior Period Adjustments	1,380,558.14	2,823,942.69
Other Adjustments	15,446,207.01	(74,173,995.86)
Net Cash from Operating Activities	₱ 79,005,450.63	₱ (35,808,592.26)

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

See page 50 for details.

26. Local Disaster Risk Reduction Management Fund (LDRRMF)

The LDRRMF represents the amount set aside by the LGU to support its disaster risk management activities pursuant to R.A. No. 10121 otherwise known as the “Philippine Disaster Risk Reduction and Management Act of 2010”. The amount available for utilization and utilized during the year totaled ₱29,853,680.13 and ₱6,383,384.42, respectively, broken down as follows:

Particulars	Amount		
	Available	Utilized	Balance
Current Year Appropriation:			
Quick Response Fund (QRF)	₱ 3,045,617.37	₱ 1,680,000.00	₱ 1,365,617.37
Mitigation Fund (MF)			
MOOE	2,756,440.53	1,573,819.42	1,182,621.11
Capital Outlay	4,350,000.00	169,575.00	4,180,425.00
Subtotal	₱ 10,152,057.90	₱ 3,423,394.42	₱ 6,728,663.48

Particulars	Amount		
	Available	Utilized	Balance
Special Trust Fund:			
CY 2023	₱ 4,310,834.67	₱ 0.00	₱ 4,310,834.67
CY 2022	4,832,172.25	0.00	4,832,172.25
CY 2017-2021	10,558,615.31	2,959,990.00	7,598,625.31
Subtotal	₱ 19,701,622.23	₱ 2,959,990.00	₱ 16,741,632.23
Total	₱ 29,853,680.13	₱ 6,383,384.42	₱ 23,470,295.71

The Municipality's total Current Year Appropriation for the 5% Local Disaster Risk Reduction and Management Fund is Ten Million One Hundred Fifty-Two Thousand Fifty-Seven Pesos & 90/100 (10,152,057.90). Of this amount, Three Million Four Hundred Twenty-Three Thousand Three Hundred Ninety-Four Pesos & 42/100 (₱3,423,394.42) was utilized for various projects and activities by the Local Disaster Risk Reduction and Management Council.

PART II

AUDIT OBSERVATIONS AND RECOMMENDATIONS

AUDIT OBSERVATIONS AND RECOMMENDATIONS

A. FINANCIAL AND COMPLIANCE AUDIT

One-Time Cleansing of Property, Plant, and Equipment

1. **The one-time cleansing of the Property, Plant, and Equipment (PPE) account amounting to ₱449,640,288.56 as of December 31, 2024, was not yet implemented by the Municipality due to their failure to complete the physical count and to reconcile the count with the books, contrary to pertinent provisions of COA Circular No. 2020-006 dated January 31, 2020, thereby the existence of movable properties amounting to ₱52,486,842.32, net of accumulated depreciation and the accuracy of the PPE balances cannot be ascertained, affecting the fair presentation of these accounts in the financial statements.**
 - 1.1. The existence of enormous amounts of discrepancies in PPE account balances of government agencies has become a perennial issue and caused the uncertainty of the accuracy of the PPE balance presented in the financial statements. Such conditions, if not properly addressed, would invariably cause an exception on the fairness of the presentation of the financial position of government agencies and will deprive the government of reliable and useful information for decision-making and accountability of these assets.
 - 1.2. COA Circular No. 2020-006 dated January 31, 2020, was issued prescribing the guidelines and procedures on inventory-taking, recognition of those found at station, and disposition of inexistent/missing PPE items for the one-time cleansing of PPE accounts of government agencies to establish PPE balances that are verifiable as to existence, condition and accountability.
 - 1.3. Section 5.1 of the said circular states that “Each government agency shall conduct a physical count of all its PPE, whether acquired through purchase or donation, including those constructed by administration and found at station.”
 - 1.4. As of December 31, 2024, the Agency Action Plan and Status of Implementation submitted by the Municipality disclosed that the inventory process remained incomplete. Our interviews and verification indicated that while an Inventory Committee had been established and an initial count conducted, the process was not finalized. Additionally, ledger cards and stock cards have been maintained; however, due to the pending completion of the one-time data cleansing, these records remain incomplete and lack the required accuracy.
 - 1.5. The audit team appreciates the LGU’s preliminary activities in their commitment to fully implement the provisions set forth in the aforementioned circular. However, as of December 31, 2024, a complete physical count of properties was not yet conducted.

- 1.6. The books of accounts of the Municipality showed that, as of December 31, 2024, PPE had a total balance of ₱449,640,288.56, representing 71% of its total assets of ₱634,029,643.75, composed of the following (see **Appendix 1** for details):

Account	Net Book Value
Immovable Properties	
Land	₱ 3,304,645.22
Land Improvements	7,218,829.07
Infrastructure Projects	282,545,730.92
Buildings and Other Structures	100,193,660.29
Leased Asset Improvement	0.00
Construction in Progress	3,890,580.74
Sub-total – Immovable Properties	₱ 397,153,446.24
Immovable Properties	
Machinery and Equipment	₱ 35,026,303.52
Transportation Equipment	15,487,070.42
Furniture, Fixtures, and Books	1,369,389.74
Other Property, Plant, and Equipment	604,078.64
Sub-total – Movable Properties	₱ 52,486,842.32
Total PPE	₱ 449,640,288.56

- 1.7. However, these balances were not properly established and accounted for because of Management’s failure to completely conduct the physical count of PPE and reconcile the count with the books.
- 1.8. In view of the foregoing, the existence of these PPE and the accuracy of balances in the books amounting to ₱449,640,288.56, as of December 31, 2024, cannot be ascertained, affecting the fair presentation of these accounts in the financial statements.
- 1.9. This observation was communicated to Management through Audit Observation Memorandum (AOM) No. 2025-01(2024)-Bindoy dated February 12, 2025.

1.10. We reiterated our recommendation that:

- 1.10.1. Management, thru the Inventory Committee prioritize the conduct of the physical count of all properties and submit to the auditor the Report on Physical Count of PPE/Inventory report, to be done annually henceforth;**
- 1.10.2. The Municipal Accountant and the Municipal Treasurer be required to maintain and subsequently update the Ledger Cards and Stock and Property Cards in order that the reconciliation of the physical count against book balances can be facilitated; and**

1.10.3. The Municipal Accountant and the Municipal Treasurer reconcile the accounting and property records and make the necessary adjustments so that the accounts can be fairly presented in the financial statements.

- 1.11. During the exit conference, the Municipal Treasurer updated the Audit Team that he conducted the inventory per office and submitted the report to the Office of the Municipal Accountant. However, the reconciliation was not completed yet. The Municipal Accountant suggested that a separate committee be formed specifically for the reconciliation.
- 1.12. The Municipal Mayor resolved that a separate committee will be formed to undertake the reconciliation of records consisting of members from all offices of the Municipality in order to complete the one-time cleansing of PPEs. Furthermore, disposal will also be undertaken upon the appraisal of various unserviceable PPEs.

Property, Plant, and Equipment under the Trust Fund

2. Property, Plant, and Equipment (PPE) under the Trust fund totaling ₱17,379,465.70 were not transferred to the General Fund nor provided with depreciation allowances contrary to Sections 97 and 104 (i) on the Manuals on the NGAS for LGUs Volume I, Paragraph 71 of IPSAS 17 and COA Circular No. 2015-008 dated November 23, 2015, thus resulting in the understatement of the PPE accounts and depreciation expenses in the General Fund.

- 2.1. Section 97 on the Manuals on the New Government Accounting Systems for Local Government Units (LGUs) Volume I provides that:

“Project Expenditures. – The construction period theory shall apply for expenditures on infrastructure projects of the Trust Fund. For other projects, expenditures shall be debited to the appropriate expenditure account. Expenditures shall be closed to Project Equity account at year-end or upon project completion, whichever comes first.”

- 2.2. Moreover, Section 104 (i) of the Manuals on the New Government Accounting System requires that completed projects under the Trust Fund be transferred to the General Fund upon submission of full liquidation to the grantor. These completed projects charged to the funds held in trust by the Municipality are then recorded in their respective Property, Plant, and Equipment (PPE) accounts.

- 2.3. As to the depreciation of PPE, paragraph 71 of the International Public Sector Accounting Standard (IPSAS) 17 states:

“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. Depreciation of an asset ceases when the

asset is derecognized. Therefore, depreciation does not cease when the asset becomes idle or is retired from active use and held for disposal unless the asset is fully depreciated. However, under usage methods of depreciation the depreciation charge can be zero while there is no production.”

- 2.4. Moreover, Items IV and V of COA Circular 2015-008 dated November 23, 2015 provides for the accounting and reporting guidelines of Road Networks and this includes the provision of depreciation expenses.
- 2.5. A review of the Trust Fund trial balance as of December 31, 2024, revealed that PPE accounts totaling ₱17,379,465.70 had not been transferred to the General Fund (**Appendix 2**). Our records indicate that these PPE accounts have remained in the Trust Fund even way back in CY 2021 and prior years.
- 2.6. The failure to effect the transfer of the cost of the above PPE accounts from the Trust Fund to the General Fund resulted in the overstatement of the PPE accounts in the Trust Fund and understatement of the same accounts in the General Fund. Moreover, non-provision of depreciation expenses for these PPEs understated the total expenses in the General Fund by an undetermined amount, thus, adversely affecting the fairness of presentation of the financial statements.
- 2.7. This observation was communicated to Management through Audit Observation Memorandum (AOM) No. 2025-05(2024)-Bindoy dated February 14, 2025.
- 2.8. **We recommended and Management agreed that the Municipal Mayor require the Municipal Accountant to record the transfer of the various PPE accounts under the Trust Fund to the General Fund. Corresponding depreciation expenses should then be properly recorded in the books.**

Biological Assets

3. **Biological assets with a book balance of ₱11,741,439.97 as of December 31, 2024 is not fairly presented in the financial statements in accordance with IPSAS No. 27 because no inventory report of the breeding stocks and trees with their corresponding prevailing market prices as at reporting date was submitted by the Municipal Agriculturist to the Municipal Accountant as required under COA Circular 2016-004 dated September 30, 2016, thereby the existence and condition of these assets as well as the reliability of the balance of the biological assets account could not be ascertained.**
 - 3.1. Paragraph 16 of the PPSAS No. 27 requires that “A biological asset shall be measured on initial recognition and at each reporting date at its fair value less costs to sell, except for the case described in paragraph 34 where the fair value cannot be measured reliably.” (Emphasis ours)

- 3.2. Further, paragraph 34 of the same Standard provides that “There is a presumption that fair value can be measured reliably for a biologic asset. However, that presumption can be rebutted only on initial recognition for a biological asset for which market-determined prices or values are not available, and for which alternative estimates of fair value are determined to be clearly unreliable. In such a case, that biological asset shall be measured at its cost less any accumulated depreciation and any accumulated impairment losses. Once the fair value of such a biological asset becomes reliably measurable, an entity shall measure it at its fair value less costs to sell. x x x”
- 3.3. Relative thereto, COA Circular No. 2016-004 dated September 30, 2016 was issued to provide instructions in the conversion of accounts to the new chart of accounts. Section 4.5 thereof requires the Municipal Agriculturist to provide the Municipal Accountant the following reports in order that the biological asset accounts in the financial statements are presented fairly in the financial statements:
- “4.5.1 Provide the inventory of breeding stocks and other biological assets, and the prevailing market price for each item as of reporting date; and
- 4.5.2 Provide information on the prevailing cost to sell of the biological assets.”
- 3.4. Review of the financial statements as of December 31, 2024 showed that the Biological Assets account with a balance of ₱11,741,439.97 was composed of the following:

Particulars	Amount
Breeding Stocks	₱ 1,294,856.00
Plants and Trees	10,446,583.97
Total	₱ 11,741,439.97

- 3.5. We conducted an inventory of the breeding stocks on January 27, 2025. However, the Municipal Agriculture Office had no breeding stocks in its custody. According to the OIC – Municipal Agriculturist, all breeding stocks had been distributed to individual recipient farmers before CY 2024, and no dispersal of breeding stocks took place in CY 2024.
- 3.6. In addition, the Municipal Accountant, in the Notes to the Financial Statements, disclosed that Biological Assets amounting to ₱11,741,439.97 have remained non-moving for over five years. Efforts are currently underway to reconcile the physical count with the accounting records, and the accounting unit will make the necessary adjustments in the books of accounts.
- 3.7. Due to the foregoing, the existence and condition of these biological assets cannot be ascertained. Furthermore, the said accounts were not reported at fair value less cost to sell as of December 31, 2024, in consonance with the aforementioned

IPSAS, thereby not presenting fairly the balances of the Breeding Stocks and Plants and Trees accounts. Therefore, the total Biological Assets reported in the financial statements as at year-end is not reliable.

3.8. This observation was communicated to Management through Audit Observation Memorandum (AOM) No. 2025-02(2024)-Bindoy dated February 12, 2025.

3.9. **We reiterated our recommendation that:**

3.9.1. The OIC – Municipal Agriculturist, conduct an inventory of breeding stocks and plants and trees as of the end of each year and thereafter render a report including the fair market value of these items to the Municipal Accountant, for proper recording in the books of the LGU;

3.9.2. The OIC – Municipal Agriculturist henceforth keep a systematic record of the Municipality’s breeding stocks and trees, reporting births, deaths and disposal, and in case of death and disposal, facilitate request for relief of accountability in accordance with COA Circular No. 92-386 dated October 20, 1992 to appropriately drop the amount from the books; and

3.9.3. The Municipal Accountant disclose the composition of the Biological Assets account in the Notes to the Financial Statements in accordance with IPSAS 27 to provide relevant information that may affect the fairness of the presentation of the financial statements.

3.10. During the exit conference, the OIC – Municipal Agriculturist affirmed that there were no breeding stocks on hand. According to the Municipal Planning and Development Coordinator, the plants and trees pertain to seedlings provided by the Department of Environment and Natural Resources for the National Greening Program. Nonetheless, the Municipal Accountant assured the Audit Team that adjustments will be made in the current year.

Inventory

4. The accuracy and reliability of the inventory account in the total amount of P9,617,624.95 could not be ascertained due to failure to conduct a physical count of inventory items every semester and to prepare the Summary of Supplies and Materials Issued (SSMI), which is the basis for recording the utilization of inventory items, contrary to Sections 121 and 124, Chapter 7 of the New Government Accounting System (NGAS) Manual for Local Government Units, thereby affecting the fair presentation of the account in the financial statements.

4.1. Section 21 121 and 124, Chapter 7 of the NGAS Manual for Local Government Units, set forth the procedures for accounting for supplies or property, as follows:

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

X x x

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

- 4.2. Our review of the financial statements revealed that the inventory account showed a balance of ₱9,617,624.95 as of December 31, 2024. The inventory account is composed of Inventory Held for Distribution and Inventory Held for Consumption (**Appendix 3**).
- 4.3. Accounting records show that the Municipality was unable to utilize the inventory items but our inquiry with the Municipal Treasurer disclosed that these inventory items such as the Welfare Goods for Distribution of ₱3,805,500.00 and Drugs and Medicines for Distribution of ₱245,963.00 were already distributed to the identified constituents.
- 4.4. Furthermore, the Municipal Accountant has affirmed that inventory items were already issued to these recipients but due to the failure of the Municipal Treasurer to submit the Summaries of Supplies and Materials Issued (SSMI), utilization of the inventory items was not recorded thus the balance of the inventory items remain in the books of accounts and has been non-moving for more than 5 years.
- 4.5. Finally, the physical count of inventory items by type was also not conducted semestrally and reported in the Report of the Physical Count of Inventories (RPCI).
- 4.6. In view of all the foregoing, the existence and condition as well as the reliability of the inventory account balance could not be ascertained, thus affecting the fair presentation of the account in the financial statements.
- 4.7. This observation was communicated to Management through Audit Observation Memorandum (AOM) No. 2025-03(2024)-Bindoy dated February 12, 2025.

4.8. We reiterated our recommendation and Management agreed that the Local Chief Executive:

4.8.1. Require the conduct of physical count of inventories every semester and submit a report thereon to the Auditor concerned not later than July 31, and January 31 of each year for the first and second semesters, respectively;

4.8.2. Direct the Municipal Treasurer to submit to the Municipal Accountant weekly the SSMI supported by RIS as basis for recording the utilized inventory items in the books, and

4.8.3. Direct the Municipal Accountant and the Municipal Treasurer to reconcile the accounting and inventory records and make the necessary adjustments so that the accounts can be fairly presented in the financial statements.

Remittances to GSIS, Pag-IBIG, and PhilHealth

5. The Municipality failed to remit GSIS, Pag-IBIG, and PhilHealth contributions, amounting to ₱479,254.72, ₱119,624.96, and ₱196,272.63 respectively, contrary to the provisions of the Implementing Rules and Regulations of R.A. No. 8291, R.A. No. 9679, and R.A. No. 7875 as amended by R.A. No. 9241 and R.A. No. 10606, which may result in the imposition of interests and penalties and may deprive the employees of the benefits due them.

5.1. The Implementing Rules and Regulations (IRR) of Republic Act (R.A.) No. 8291, or the Government Service Insurance System Act of 1997, provides that:

“Section 14. Remittance of Contributions

14.1. Each government agency shall remit directly to the GSIS the employees’ and government agency’s contributions within the first ten (10) days of the calendar month following the month to which the contributions apply. The remittance by the government agency of the contributions to the GSIS shall take priority over and above the payment of any and all obligations, except salaries and wages of its employees.”

5.2. Rule VII – Collection and Remittance of the IRR of R.A. No. 9679 or the Home Development Mutual Fund Law of 2009, otherwise known as Pag-IBIG (Pagtutulungan sa Kinabukasan: Ikaw, Bangko, Industriya at Gobyerno) Fund, further provides that:

“Section 3. Remittance of Collections

- a. All employers shall remit to the Fund their contributions and the contributions of their covered employees as well as the latter's loan amortizations or payment to the Fund, as provided for under Section 2 of this Rule, when applicable, within fifteen (15) days from the date the same were collected unless another period is previously agreed upon between the employer and the Fund, or within such periods as the Fund may prescribe otherwise.

X x x

- b. Every employer required to set aside and remit such contributions as prescribed under R.A. No. 9679 and these Rules shall be liable for their payment, and non-payment thereof shall further subject the employer to a penalty of three percent (3%) per month of the amounts payable from the date the contributions fall due until paid. Every employer who actually deducts from the salary of his employee the latter's loan amortization or payments to the Fund, as provided for under these Rules, shall be liable for their payment, and non-payment thereof shall likewise further subject the employer to a penalty of three percent (3%) per month of the amounts payable from the date the loan amortization or payments fall due until paid.
- c. It shall be mandatory and compulsory for all government instrumentalities, agencies, including government-owned and controlled corporations, to provide the payment of contributions in their annual appropriations. Penal sanctions shall be imposed upon these employers who fail to include the payment of contributions on time, or delay the remittance of the required contributions to the Fund. The heads of offices and agencies shall be administratively liable for non-remittance of the required contributions to the Fund."

5.3. In addition, the IRR of R.A. No. 7875, as amended by R.A. No. 9241 and R.A. No. 10606 or the National Health Insurance Act of 2013, as amended, provides that:

"Section 18. Payment of Premium Contributions

X x x

- b. The monthly premium contribution of employed members shall be remitted by the employer on or before the date prescribed by the Corporation.

X x x

- c. For government agencies, it shall be mandatory and compulsory for the employers to include the payment of contributions in their annual

appropriations. The use of said funds withheld by the government agencies other than for the purpose of remitting Program contributions will hold the erring government employers liable under the pertinent provisions of the Revised Penal Code.”

- 5.4. As of December 31, 2024, the Statement of Financial Position showed that the accounts Due to GSIS, Due to Pag-IBIG, and Due to PhilHealth had balances of ₱1,361,027.86, ₱119,624.96, and ₱354,102.68, respectively. The Notes to Financial Statements disclosed that in January 2025 remittance was made to the aforementioned agencies. The audit team noted that despite the remittance made in January 2025, certain contributions still remained unremitted to GSIS, Pag-IBIG, and PhilHealth, detailed as follows:

Payee	Balance as of December 31, 2024	Remittance January 2025	Unremitted Amount
GSIS	₱1,361,027.86	₱881,773.14	₱479,254.72
Pag-IBIG	119,624.96	0.00	119,624.96
PhilHealth	354,102.68	157,830.05	196,272.63
Total	₱1,834,755.50	₱1,039,603.19	₱795,152.31

- 5.5. Non-remittance of mandatory contributions payable to GSIS, Pag-IBIG, and PhilHealth may result in the imposition of interests and penalties and may deprive the employees of the benefits due them.
- 5.6. This observation was communicated to Management through Audit Observation Memorandum (AOM) No. 2025-04(2024)-Bindoy dated February 12, 2025.
- 5.7. We reiterated our recommendation and Management agreed:**
- 5.7.1. That the Municipal Accountant, coordinate with GSIS, Pag-IBIG, and PhilHealth to determine the outstanding premium contributions of each employee in their records;**
 - 5.7.2. To ensure that mandatory contributions are remitted in accordance with the provisions of R.A. No. 8291, R.A. No. 9679, and R.A. No. 7875 as amended by R.A. No. 9241 and R.A. No. 10606 and its IRRs to avoid the incurrence of interest and penalties; and**
 - 5.7.3. To provide justification for the non-remittance. Any additional interest charges and penalties that may be imposed for late remittances shall be shouldered by the responsible officers.**

Real Property Tax and Special Education Tax Receivables

6. The balances of the Real Property Tax (RPT) Receivable and Special Education Tax (SET) Receivable accounts as of December 31, 2024, between the records of the Municipal Accounting Office (MAO) and the Municipal Treasurer’s Office (MTO) showed a difference of ₱40,038,710.14 because the Municipal Accountant and Municipal Treasurer did not periodically reconcile their records while the RPT and SET receivables were not recorded in accordance with Section 20, Volume I, and Section 10, Volume II of the Manual on the New Government Accounting System (NGAS) thus, RPT/SET Receivable and Deferred RPT/SET Income accounts as presented in the financial statements are deemed unreliable.

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

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

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

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

6.3. Our review of the List of Real Property Tax Delinquencies from the Municipal Treasurer’s Office (MTO) (**Appendix 4**) and the RPT and SET Receivable accounts from the Municipal Accounting Office (MAO) as of December 31, 2024, revealed the following balances:

Account	Per MTO	Per MAO	Difference
RPT Receivable	₱24,282,112.21	₱5,152,622.93	₱33,775,744.59
SET Receivable	23,998,249.06	3,089,028.20	35,487,954.32
Total	₱48,280,361.27	₱8,241,651.13	₱40,038,710.14

- 6.4. As shown in the table above, there is a significant difference of ₱40,038,710.14 between the RPT Receivable and SET Receivable account balances between the MTO and MAO records as of December 31, 2024.
- 6.5. The Municipal Accountant disclosed that the Accounting Office only began establishing RPT and SET Receivables at the start of CY 2020 when they initiated the adoption of the iTax system. Before that, only actual collections were recorded throughout the year.
- 6.6. Currently, the Municipal Accountant records the RPT and SET Receivables at the beginning of the year based on the Report on Real Property Assessment from the Municipal Assessor because the Municipal Treasurer did not furnish the Municipal Accountant with a duly certified list showing the names of taxpayers and the amount due and collectible for the year which will be the basis in recording the RPT/SET receivable. This practice raises concerns about the accuracy and reliability of the recorded receivables and may be one of the causes of discrepancies in the RPT/SET receivable account at year-end.
- 6.7. The Municipal Treasurer on the other hand explained that he could not provide the required report to the Municipal Accountant because he was awaiting the final records from the Assessor. He further clarified that the Municipal Assessor is currently cleansing records, as certain properties are subject to restrictions due to the inability to locate taxpayers despite multiple notices of tax delinquency.
- 6.8. Meanwhile, the Municipal Accountant has not yet adjusted the RPT and SET Receivables from previous years, contributing to the discrepancy. This issue stems from the absence of a reconciliation process between the records of the Municipal Accountants Office (MAO) and the Municipal Treasurer's Office (MTO).
- 6.9. As a result of the foregoing, the balances of the RPT and SET Receivables accounts, as presented in the financial statements at the reporting date, are unreliable.
- 6.10. This observation was communicated to Management through Audit Observation Memorandum (AOM) No. 2025-07(2024)-Bindoy dated February 18, 2025.
- 6.11. We recommended that the Municipal Mayor direct:**
 - 6.11.1. The Municipal Accountant and Municipal Treasurer to reconcile the difference between the RPT and SET Receivables account balances totaling ₱40,038,710.14 and henceforth, conduct periodic reconciliation, together with the Municipal Assessor, of the total collectibles from the Basic and Special Education Tax with the balances of the RPT Receivables and SET Receivables accounts to avoid accumulation of unreconciled differences; and**

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

6.12. During the exit conference, the Municipal Accountant explained that on the first year that he recognized RPT/SET Receivables, he did not recognize the whole amount because it would overstate the assets since he deemed that most of that figure would not actually be collected. With the advice of the then Audit Team Leader, he just disclosed the discrepancy in the Notes to the Financial Statements (FS) and only recorded the current year portion expected to be collected by the Office of the Municipal Treasurer.

6.13. Additionally, the Municipal Treasurer disclosed that the Office of the Municipal Assessor was undertaking cleansing of its records to determine the final value of RPT/SET Receivables.

6.14. The Audit Team likewise instructed the Municipal Accountant to disclose the discrepancy in the Notes to the FS.

Deposit of Collections

7. The Municipal Treasurer did not deposit intact his collections of ₱339,550.22 to the authorized depository bank at the end of the year, contrary to Section 69 of Presidential Decree (P.D.) No. 1445 thereby exposing government funds to the risk of misappropriation and possible loss.

7.1. Section 69 P.D. 1445 or the State Audit Code of the Philippines on deposit of moneys in the treasury provides that:

“(1) Public officers authorized to receive and collect moneys arising from taxes, revenues, or receipts of any kind shall remit or deposit intact the full amounts so received and collected by them to the treasury of the agency concerned and credited to the particular accounts to which the said moneys belong.”

7.2. Furthermore, our verification of the deposit slips and notes to the financial statements disclosed that the cash on hand balance at the end of the year was only deposited on the following dates, which is not the first banking day of the new year:

Fund	Date of Deposit	Amount
General Fund	January 3, 2025	₱ 58,470.20
	January 3, 2025	62,605.57
	January 3, 2025	52,283.42

Fund	Date of Deposit	Amount
General Fund	January 3, 2025	₱ 300.00
	January 7, 2025	148,503.00
	January 7, 2025	16,500.00
	January 7, 2025	888.88
Total		₱ 339,550.19

- 7.3. The Audit Team is concerned that the failure of the Municipal Treasurer to deposit intact his collections on December 27, 2024, not only violates financial regulations but also **increases the risk of fund mismanagement, loss, or unauthorized use.**
- 7.4. It may be mentioned that the Municipal Mayor, being the father of the Municipality, is neither exempt from liability, as provided under Section 102 of P.D. No. 1445 quoted hereunder:
- “Section 102.** Primary and secondary responsibility.
1. The head of any agency of the government is immediately and primarily responsible for all government funds and property pertaining to his agency.
 2. Persons entrusted with the possession or custody of the funds or property under the agency head shall be immediately responsible to him, without prejudice to the liability of either party to the government.”
- 7.5. This observation was communicated to Management through Audit Observation Memorandum (AOM) No. 2025-06(2024)-Bindoy dated February 14, 2025.
- 7.6. **We recommended that the Municipal Mayor direct the Municipal Treasurer to strictly comply with Section 69 of Presidential Decree (P.D.) No. 1445 by ensuring that all collections are deposited intact with the authorized depository bank at the end of each day or within the prescribed period.**
- 7.7. **Additionally, internal controls should be strengthened by implementing regular monitoring, surprise cash inspections to prevent fund misappropriation and mitigate the risk of loss, and to consider appropriate disciplinary actions for any repeated violations.**
- 7.8. During the exit conference, the Municipal Treasurer explained that the collections were not deposited intact due to the absence of the accountable officer who is responsible for depositing the collections. Nevertheless, he assured the Audit Team that collections will be deposited intact and regularly.

Procurement

8. The Municipality awarded and paid a contract amounting to ₱2,249,200.00 for the purchase and installation of a solar system to a bidder who did not provide a Single Largest Completed Contract (SLCC) contrary to Section 23.4.1.3 of the Revised IRR of RA No. 9184, making the transaction irregular and raising concerns about the Municipality's compliance with procurement regulations.

- 8.1. Our post-audit of CY 2024 transactions revealed that the Municipality awarded and paid ₱2,249,200.00 for the purchase and installation of solar systems to a sole bidder, Rav's Enterprises, which did not provide a valid statement of the bidder's SLCC (see **Appendix 5** for the disbursement voucher).
- 8.2. Our inquiry with the Municipal Accountant revealed that during his review of the completeness of supporting documents, he noted that the supplier's initial Statement of Single Largest Completed Contract (SLCC) either had no listed items or simply stated "NONE" for contracts similar to the one being bid. When the Municipal Accountant further questioned the validity of this document, the supplier presented an SLCC from a different company, although it was owned by the same proprietor as the winning bidder.
- 8.3. It is important to emphasize that the Municipal Accountant signed the Disbursement Voucher (DV) with a note regarding the propriety of the SLCC. This decision followed a memorandum issued by the BAC outlining their position on the SLCC submitted by the winning bidder.
- 8.4. Our examination of the said BAC Memorandum No. 2024-32 dated July 23, 2024 showed that it contained the BAC's position on the participation of R CODE Builders and Aggregate Supply as the installer of the solar system supplied by winning bidder, Rav's Enterprises (**Appendix 6**). In this memo, the BAC stated that "Rav's Enterprises is a store and supplier of various materials only including that of solar systems has a sister company, R CODE Builders and Aggregate Supply, who has experience in the solar system installation." Furthermore, the BAC explicitly stated that Rav's Enterprises, having no technical capability to install the system, relied on the technical expertise of its sister company, R CODE Builders and Aggregate Supply. Ultimately, the BAC justified that the SLCC of R CODE Builders and Aggregate Supply is valid since both entities are owned by the same proprietor.
- 8.5. Moreover, during an interview with the BAC Chairman and the BAC TWG Chairman, the Audit Team asked about the basis for awarding the contract to a bidder without an SLCC. They explained that their decision was based on the company's track record and their preference for a supplier from the Municipality of Bindoy. They believed that choosing a local supplier would enable easier coordination and access in case repairs were required.

8.6. The mandatory SLCC requirement is specified in Section 23.4.1.3 of the Revised IRR of RA 9184, which states that:

“The bidder must have completed, within the period specified in the Invitation to Bid, an SLCC that is similar to the contract to be bid, and whose value, adjusted to current prices using the Philippine Statistics Authority (PSA) consumer price indices, must be at least fifty percent (50%) of the ABC.”

8.7. The SLCC is a mandatory technical eligibility requirement designed to assess a bidder’s track record and capacity to meet contractual obligations. It ensures that only eligible and qualified private contractors can participate in public bidding, safeguarding the interests of procuring entities. By requiring bidders to show sufficient experience and a reliable track record, it reduces the risk of awarding contracts to inexperienced parties. This measure provides the government with greater assurance that the prospective bidder is not undertaking such a project for the first time and, therefore, provides the Government a level of security that if awarded the contract, the bidder can successfully fulfill all the contract requirements.

8.8. The eligibility criterion for the SLCC cannot be waived or compromised. This is the position of the Government Procurement Policy Board (GPPB), the entity responsible for formulating and implementing government procurement policies. The GPPB has issued several Non-Policy Matter (NPM) opinions addressing specific procurement issues regarding the SLCC.

8.9. However, this general rule on the SLCC requirement for the procurement of goods is subject to an exception under the second paragraph of Section 23.5.1.3 of the revised Implementing Rules and Regulations (IRR) of Republic Act No. 9184 which states as follows:

“If, at the outset and after conducting market research, the procuring entity can already determine that imposing the same will likely result to: (a) failure of bidding, or (b) monopoly that will defeat the purpose of public bidding, the procuring entity, in lieu of the above, may require the following:

- a) The prospective bidder should have completed at least two (2) similar contracts and the aggregate contract amounts should be equivalent to at least the percentage of the ABC as required above; and
- b) The largest of these similar contracts must be equivalent to at least half of the percentage of the ABC as required above.

For this purpose, the similar contracts mentioned under (a) and (b) above must have been completed within the period specified in the Invitation to Bid. The procuring entity may clarify in the Bidding Documents the definition or description of what it considers to be a similar project.”

8.10. In connection with this, the GPPB, in NPM No. 015-017 dated December 21, 2017, explained the following:

“The purpose of the above-quoted provision is to strike a good balance between protecting the government from inexperienced suppliers and ensuring effective and efficient public procurement. Thus, in the procurement of goods, if it is determined by the procuring entity (PE) that imposing the SLCC requirement will likely result in failure of bidding or monopoly that will defeat the purpose of public bidding, **the exception under the second paragraph of Section 23.4.1.3 of the 2016 IRR of RA 9184 may be utilized, provided that it is clearly indicated in the Invitation to Bid and the Bidding Documents of the PE.**” (Emphasis ours)

8.11. However, upon examining the Invitation to Bid (ITB) and the Bid Data Sheet (BDS) for this particular procurement transaction, the Audit Team noted that it was not indicated therein that the Municipality chose to utilize the exception under the second paragraph of Section 23.4.1.3 of the 2016 IRR of RA 9184 instead of the general rule on the SLCC requirement. Therefore, BAC Memorandum No. 2024-32, dated July 23, 2024, justifying their acceptance of the SLCC of R CODE Builders and Aggregate Supply has no basis.

8.12. Furthermore, since the Bid Evaluation Report signed by the BAC TWG indicated that RAV’s Enterprises did not complete similar contracts, it implies that they did not meet the eligibility requirements. During the eligibility screening, which uses the non-discretionary “pass/fail” criterion – where a bidder is considered “passed” if all the required documents are present and complete and “failed” if any document is missing, incomplete, or insufficient – RAV’s Enterprises should have been automatically rated as “failed” due to the absence of their SLCC.

8.13. While the BAC justified that the owner of Rav’s Enterprises also owns R CODE Builders and Aggregate Supply, the Audit Team asserts that the SLCC submitted to support the procurement transaction must be that of Rav’s Enterprises, and not of his other company. Each company is considered a separate legal entity with its own credentials, liabilities, and performance records. Submitting another entity’s SLCC violates the requirement for bidders to demonstrate their own experience and capabilities. This practice undermines the intent of the law, which aims to assess the individual qualifications of the bidding entity, ensuring that only capable and experienced contractors participate. Adhering to this requirement is crucial to safeguarding the integrity, fairness, and transparency of the procurement process. Most importantly, the GPPB has also clarified in several NPMs that the SLCC track record of another entity cannot be credited in favor of another entity.

8.14. In view of the foregoing, the submission of another entity’s SLCC by the sole bidder was unacceptable and should have led to their automatic disqualification. On the other hand, the BAC’s acceptance of a non-compliant bid resulted in a highly

irregular procurement transaction, raising serious concerns regarding compliance with established procurement regulations and potentially undermining the fairness and integrity of the bidding process.

8.15. This observation was communicated to Management through Audit Observation Memorandum (AOM) No. 2025-08(2024)-Bindoy dated March 13, 2025.

8.16. We recommended that the Municipal Mayor:

8.16.1. Conduct a thorough investigation into the circumstances surrounding the BAC's acceptance of the non-compliant bid and the failure to disqualify the bidder who submitted another entity's SLCC;

8.16.2. Hold the BAC and TWG members including other personnel involved in the procurement transaction accountable for their actions by enforcing suitable sanctions or disciplinary measures in accordance with established procurement regulations and relevant municipal administrative policies;

8.16.3. Instruct the Bids and Awards Committee (BAC) to strictly adhere to the eligibility requirements and other provisions of RA No. 9184 in all future procurements;

8.16.4. Implement sanctions for bidders who submit non-compliant bids or falsified documents to deter unethical practices and maintain the integrity of the bidding process; and

8.16.5. Allow BAC and TWG members and other personnel involved in the procurement process to attend regular training and capacity-building activities to enhance their understanding of procurement rules and regulations and ensure proper implementation.

8.17. During the exit conference, the BAC Chairman admitted that this was an honest mistake on their part and upon receipt of the AOM, they began the process of reviewing their procurement plan so as to avoid the same error.

8.18. However, the Municipal Mayor commended the completed purchase and installation of the project and affirmed that there had been no problems so far.

8.19. The Audit Team reiterated that the AOM was not calling into question the quality of the project and even appreciated that the Municipality endeavored for the use of renewable energy sources. Nevertheless, the proper process and the provisions in place regarding procurement should still be followed. Moreover, complete and proper documents should be submitted by every contractor.

B. OTHER MANDATORY AREAS

Compliance with Mandatory Deductions and Tax Laws

- 9.1. Taxes withheld during the year from salaries, wages and other services, including Value-Added Taxes withheld from suppliers and contractors were remitted to the Bureau of Internal Revenue pursuant to existing Revenue Regulations. The current outstanding balance of the Due to BIR account as of December 31, 2024, amounting to ₱194,702.76, was remitted in January 2025, detailed as follows:

Due to BIR Balance	Date of Remittance	Check No.	Amount
₱ 194,702.76	01/09/2025	963677	₱ 91,489.18
103,213.58	01/09/2025	963678	52,755.97
50,457.61	01/09/2025	963679	50,457.61
0.00			
Total Remittances			₱ 194,702.76

- 9.2. Salary deductions recorded under the accounts Due to GSIS, Due to Pag-IBIG, and Due to PhilHealth had balances of ₱1,361,027.86, ₱119,624.96, and ₱354,102.68, respectively, which are still subject to further verification. Remittances for the month of December amounted to ₱881,773.14, ₱51,232.41, and, ₱157,830.05, for the accounts Due to GSIS, Due to Pag-IBIG, and Due to PhilHealth, respectively, detailed as follows:

Due to GSIS Balance	Date of Remittance	Check No.	Amount
₱ 1,361,027.86	01/09/2025	ADA	₱ 881,773.14
479,254.72			
Total Remittances			₱ 881,773.14
Due to Pag-IBIG Balance	Date of Remittance	Check No.	Amount
₱ 170,857.37	12/27/2024	963605	₱ 13,232.41
157,624.96	12/27/2024	963606	38,000.00
119,624.96			
Total Remittances			₱ 51,232.41
Due to PhilHealth Balance	Date of Remittance	Check No.	Amount
₱ 354,102.68	01/15/2025	ADA	₱ 157,830.05
196,272.63			
Total Remittances			₱ 157,830.05

C. SETTLEMENT OF ACCOUNTS

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

	Beginning Balance (As of 01/01/2024)	This Period January 1 to December 31, 2024		Ending Balance (As of 12/31/2024)
		NS/ND/NC	NSSDC	
Notice of Suspension	₱3,981,059.90	₱ 0.00	₱ 0.00	₱3,981,059.90
Notice of Disallowance	595,000.00	0.00	0.00	595,000.00
Notice of Charge	0.00	0.00	0.00	0.00
Total	₱4,576,059.90	₱ 0.00	₱ 0.00	₱4,576,059.90

D. OTHER MATTERS

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

PART III

STATUS OF IMPLEMENTATION OF PRIOR YEARS' AUDIT RECOMMENDATIONS

STATUS OF IMPLEMENTATION OF PRIOR YEARS' AUDIT RECOMMENDATIONS

Of the 54 prior years' recommendations, 20 were implemented and 34 were unimplemented as shown in the results of validations presented below:

Ref.	Observation	Recommendations	Management Comments/Actions	Status of Implementation
2023 AAR, AO No. 1, page 46	The correctness of Cash in Bank balance per books in the amount of ₱126,995,959.55 as of December 31, 2023, could not be ascertained due to unreconciled amounts between the financial statements and confirmed bank balances, which is not in accordance with Section 74 of P.D. 1445, resulting in an understatement of the Cash in Bank Balance of ₱5,296,064.44.	1. We recommended and the Municipal Accountant agreed to reconcile the records per books with the results of the bank confirmation and to prepare the necessary adjusting entries in the books of accounts to present the correct balance of the Cash in Bank account as of year-end.	Adjusting entry was prepared via Journal Entry Voucher (JEV) No. ADJ-2024-001 dated July 31, 2024.	Implemented
2023 AAR, AO No. 2, page 47; 2015 AAR, AO No. 1, page 28; 2010 AAR, AO No. 5	Cash – Local Treasury account balance per general ledger of ₱836,575.86 as of December 31, 2023, does not reconcile with the cashbook balance of ₱715,909.96, resulting in an unreconciled difference of ₱120,665.90, thus affecting the fair presentation of the recorded	2. We recommended and the Municipal Treasurer and the Municipal Accountant agreed to reconcile their records monthly so that any error in recording can be adjusted and corrected immediately.	Regular reconciliation had been practiced.	Implemented

Ref.	Observation	Recommendations	Management Comments/Actions	Status of Implementation
	balance of the Cash – Local Treasury account in the financial statements.			
2023 AAR, AO No. 3, page 48	Eleven depository accounts with a total deposit of ₱6,482,251.79 were not found in the subsidiary records of the LGU because the Municipal Treasurer neglected to monitor and maintain a complete inventory of depository accounts and reconcile these with the accounting records, thus the accuracy of Cash in Bank balance is doubtful, affecting the fair presentation of the Cash in Bank account in the financial statements and exposing government funds to risk of loss or misapplication. It likewise resulted in the dormancy of five of these accounts.	<p>3. We recommended and the Municipal Treasurer agreed to examine the nature of the deposits that are not in the records of the LGU and furnish the Municipal Accountant with the complete list of the depository accounts to update the subsidiary ledger of the Cash in Bank account.</p> <p>4. If the purpose of the deposit is already served, close the account and transfer the deposit to the main depository account of the General Fund or return the deposit to the funding agency in the case of a Trust Fund.</p> <p>5. We further recommended and the Municipal Accountant agreed to</p>	<p>The complete list of the depository accounts had been submitted by the Municipal Accountant.</p> <p>SB Resolution No. 2024-121 was passed approving the closure and/or termination of dormant accounts of the LGU.</p> <p>Adjusting entry was prepared via JEV No. ADJ-2024-001 dated July 31, 2024.</p>	<p>Implemented</p> <p>Implemented</p> <p>Implemented</p>

Ref.	Observation	Recommendations	Management Comments/Actions	Status of Implementation
		update the records of the depository accounts and prepare the necessary adjusting entries in the books of accounts to present the correct balance of the Cash in Bank account as of year-end.		
2023 AAR, AO No. 4, page 50	General Fund cash amounting to ₱1,944,500.95 which could not be firmly established as idle funds were deposited in time deposit accounts and were invested without authority from the Sangguniang Bayan as required under Section 21 of COA Circular No. 92-382 dated July 3, 1992, creating a risk that there may not be enough available cash for the municipality's operational expenses or other urgent needs, which could impede the smooth delivery of government services.	6. We recommended that the Municipal Treasurer discontinue the placement in time deposits of funds that are not determined to be idle and henceforth secure prior authority from the Sangguniang Bayan to invest idle funds in time deposit accounts.	Authority from the Sangguniang Bayan for discontinuance of time deposits had not yet been secured.	Unimplemented
2023 AAR, AO No. 5, page 52	Eleven checks totaling ₱145,663.89 which have remained outstanding for	7. We recommended that the Municipal Treasurer cancel the stale checks	Stale checks were cancelled.	Implemented

Ref.	Observation	Recommendations	Management Comments/Actions	Status of Implementation
	<p>more than six months to 31 months from date of issue have not been cancelled contrary to Section 59 of the NGAS Manual for LGUs, Vol. I and Section 97 of P.D. No. 1445, thus adversely affecting the accuracy of the Cash in Bank account balances.</p>	<p>and send written notices to the respective payees of the cancellation thereof.</p> <p>8. We further recommended that the Municipal Treasurer monitor the age of unclaimed checks and send written notices to the payees at least one month before the checks become stale and coordinate with the Municipal Accountant for the necessary adjustments in the books of account.</p>	<p>Adjusting entries were made via JEV No. ADJ-2024-002 dated July 31, 2024. Additionally, the age of unclaimed checks had been monitored.</p>	<p>Implemented</p>
<p>2023 AAR, AO No. 7, page 55; 2021 AAR, AO No. 6, page 55</p>	<p>The disbursing officer was granted cash advances even if the previous cash advance was not fully liquidated resulting in an accumulation of 53 unliquidated cash advances amounting to ₱749,286.27 for CY 2023, which is contrary to COA Circular No. 97-002 dated February 10, 1997, thereby exposing government funds</p>	<p>We recommended and the Municipal Mayor agreed to:</p> <p>9. instruct the disbursing officer to immediately liquidate her cash advances,</p> <p>10. reconcile her record with the accounting records,</p> <p>11. and direct the Municipal</p>	<p>The disbursing officer made partial liquidation of her cash advances.</p> <p>Records had been reconciled.</p> <p>Granting and settlement of</p>	<p>Unimplemented</p> <p>Implemented</p> <p>Implemented</p>

Ref.	Observation	Recommendations	Management Comments/Actions	Status of Implementation
	to the risk of loss through misapplication.	<p>Treasurer to closely monitor the granting and settlement of cash advances.</p> <p>12. We further recommended and the Municipal Mayor agreed to appoint or designate new disbursing officers until the incumbent disbursing officer has fully liquidated her cash advances.</p> <p>13. In addition, we recommended and Management agreed to strictly follow the provisions outlined in COA Circular 97-002 to prevent government funds from possible loss through misapplication.</p>	<p>cash advances granted to the new DO had been closely monitored by the Municipal Treasurer.</p> <p>A new DO had been designated and the current DO had been relieved of her cash-handling duties.</p> <p>For the new DO, multiple cash advances had no longer been granted.</p>	<p>Implemented</p> <p>Implemented</p>
2023 AAR, AO No. 8, page 56; 2021 AAR, AO No. 2, page 46	Delinquent Real Property Taxes (RPT) and Special Education Taxes (SET), including penalties accruing thereon, which accumulated to ₱69,205,888.77, remained	14. We recommended that the Municipal Treasurer enforce the collection of delinquent RPT by availing of the remedies in collecting delinquent	Collection of delinquent RPT still had not been enforced due to non-availability of personnel.	Unimplemented

Ref.	Observation	Recommendations	Management Comments/Actions	Status of Implementation
	<p>uncollected as of December 31, 2023, thus depriving the Municipality of a substantial amount of income which could have been utilized to finance the implementation of various development projects or other major programs/projects/activities (PPAs).</p>	<p>RPT provided in Sections 256 to 260 of RA No. 7160, which is by administrative action through levy on real property or judicial action.</p>		
<p>2023 AAR, AO No. 9, page 59</p>	<p>The members of the Bids and Awards Committee (BAC), its Technical Working Group (TWG), and the Secretariat were paid honoraria for their participation in government procurement activities despite having insufficient funds, which was inconsistent with DBM Budget Circular No. 2007-3 dated November 29, 2007.</p>	<p>15. We recommended and the BAC members, its TWG, and the Secretariat agreed that payment of honoraria be limited to collections from procurement activities enumerated in Section 3.1.1 of DBM Budget Circular No. 2007-3 dated November 29, 2007, or from the agency's savings for the year.</p>	<p>Honoraria paid to the BAC members, its TWG, and the Secretariat had now been charged to the proper fund sources.</p>	<p>Implemented</p>
<p>2023 AAR, AO No. 10, page 60</p>	<p>Honoraria paid to some members of the BAC, its TWG, and the Secretariat for their participation in government procurement activities exceeded the limit</p>	<p>16. We recommended and Management agreed that the BAC Chairman and the Municipal Accountant ensure that honoraria to be paid to</p>	<p>The Municipal Accountant ensured that honoraria paid to the BAC members, its TWG, and the Secretariat are now within the allowable limit of 25 per cent of the</p>	<p>Implemented</p>

Ref.	Observation	Recommendations	Management Comments/Actions	Status of Implementation
	set under DBM Budget Circular No. 2004-5A dated October 7, 2005, resulting in a total overpayment of ₱79,147.00.	members of the BAC, its TWG, and Secretariat are within the allowable limit of 25 per cent of the basic monthly salary.	basic monthly salary.	
2022 AAR, AO No. 3, page 49	The accuracy and reliability of the Road Networks account totaling ₱137,187,857.22 could not be ascertained due to: (a) failure to conduct an inventory of local roads and non-preparation of the Report on the Physical Count of Local Road Network (RPCLRN); (b) non-maintenance of the Local Road Network Ledger Card (LRNLC) and Local Road Network Property Card (LRNPC); (c) non-provision of depreciation for Local Road Network account and (d) non-disclosure of the total road networks in the Notes to the Financial Statements, contrary to COA Circular No. 2015-008 dated November 23, 2015, thereby affecting the fair presentation	<p>17. We recommended that Management enjoin the concerned department heads to strictly comply with the accounting and reporting guidelines on the local roads asset management system and earnestly perform their respective duties and responsibilities set forth under COA Circular No. 2015-008 dated October 23, 2015.</p> <p>18. We further recommended that the Inventory Committee should</p>	<p>The Municipal Accountant recognized depreciation for some of the items for Road Networks account. The total road networks and other details had also been disclosed in the Notes to the Financial Statements.</p> <p>The Local Road Inventory and Road Map and Local Road Network Property Card had not been maintained by the Municipal Treasurer.</p> <p>The Municipal Engineer had provided the complete description and cost segregation of road components of current year road projects.</p> <p>The RPCLRN had not been submitted and the ledger cards had not been</p>	<p>Unimplemented</p> <p>Unimplemented</p>

Ref.	Observation	Recommendations	Management Comments/Actions	Status of Implementation
	of the account in the financial statements.	conduct an annual physical count of all LRN and report the results thereof in the RPCLRN to be submitted to the Auditor and Accounting unit not later than January 31 of each year. The RPCLRN shall be reconciled with the accounting records, and the necessary adjusting entries are prepared before the statement date.	completed.	
2022 AAR, AO No. 5, page 56; 2019 AAR, AO No. 1, page 38; 2018 AAR, AO No. 1, page 40; 2016 AAR, AO No. 2, page 35; 2015 AAR, AO No. 2, page 30;	Cash advances totaling ₱8,328,898.22 remained unliquidated as of December 31, 2022, contrary to COA Circular No. 97-002 dated February 10, 1997, thus, expenses were not properly recognized on periods these were incurred, affecting the fair presentation of the financial statements at year-end. Moreover, no request for write-off of dormant cash advances was made contrary to COA Circular No. 2016-	19. We reiterated our recommendation that the Municipal Accountant demand the immediate liquidation of all outstanding cash advances by issuing final demand letters directed to the accountable officers concerned, otherwise, if no liquidation is made, impose the sanction of withholding the salaries of those who still fail to	Ongoing reconciliations and salary deductions had been made to concerned personnel still connected with the agency. No demand had been made to those who are no longer connected with the agency.	Unimplemented

Ref.	Observation	Recommendations	Management Comments/Actions	Status of Implementation
<p>2013 AAR, AO No. 4, page 24; 2012 AAR, AO No. 5, page 24; 2011 AAR, AO No. 8, page 16; 2009 AAR</p>	<p>005 dated December 19, 2016.</p>	<p>settle their accounts after due notice.</p> <p>20. We further recommended that Management file the request for authority to write-off dormant receivables together with all the documentary requirements as enumerated under Section 8.3 of COA Circular No. 2016-005 to address the overstatement of receivable accounts in the financial statements due to the remote possibility of their settlement.</p>	<p>No request for write-off had been submitted as of December 31, 2024.</p>	<p>Unimplemented</p>
<p>2021 AAR, AO No. 3, page 47; 2019 AAR, AO No. 6, page 48</p>	<p>Due to inadequate planning and monitoring, the Municipality only fully implemented one of 20 projects programmed under the 20% Development Fund, contrary to Section 5 of DILG-DBM Joint Memorandum Circular No. 2011-1 dated April 13, 2011,</p>	<p>X x x</p> <p>21. The Municipal Accountant and Municipal Treasurer reconcile the difference between the RPT and SET Receivables account balances totaling ₱68,459,106.09 and</p>	<p>Some projects still lacked the dates they were started and completed.</p>	<p>Unimplemented</p>

Ref.	Observation	Recommendations	Management Comments/Actions	Status of Implementation
	thus, delaying the achievement of desirable socio-economic development and environmental outcomes.	henceforth, conduct periodic reconciliation, together with the Municipal Assessor, of the total collectibles from the Basic and Special Education Tax with the balances of the RPT Receivables and SET Receivables accounts to avoid accumulation of unreconciled differences;		
2021 AAR, AO No. 4, page 49	The payroll covering the payment of COVID-19 Hazard Pay to personnel of the Municipality in the total amount of ₱1,907,250.00 was not substantially supported with complete documentary requirements, contrary to Section 4(6) of Presidential Decree (P.D.) No. 1445, precluding the Auditor from ascertaining the propriety and regularity of the grant during the period of the implementation of the Modified Enhanced Community Quarantine (ECQ).	22. We recommended that Management submit to the Auditor the following documents to substantiate the grant of Hazard Pay: a. Inter-Agency Task Force for the Management of Emerging Infectious Diseases Resolution of the Risk Certification in the workplace; b. Authority from the head of agency/office to render service	None of the lacking documents had been submitted since some of the documents in the stock room are voluminous and recovery of the pertinent documents requires ample time.	Unimplemented

Ref.	Observation	Recommendations	Management Comments/Actions	Status of Implementation
		<p>during the period of the ECQ stating the prescribed official working hours as well as the entitlement of the COVID-19 Hazard Pay; and</p> <p>c. The lacking documents noted in Annex 17.</p>		
2021 AAR, AO No. 5, page 50	Expenses were paid through reimbursement which included payments for regular and recurring expenses, and disbursements which were not supported with complete documentation contrary to COA Circular No. 97-002 dated February 10, 1997, thereby rendering the validity of the charges doubtful.	<p>23. We recommended that Management instruct the Municipal Treasurer to avoid using the cash advance for petty operating expenses to pay for regular and recurring expenses.</p> <p>24. We also recommended that Management instruct the Municipal Accountant and Municipal Treasurer to comply with the provisions COA Circular No. 2012-001 as to the documentary requirements necessary</p>	<p>Cash advances were no longer drawn for regular and recurring expenses.</p> <p>Complete documentary requirements had been attached to disbursement vouchers regarding cash advances.</p>	<p>Implemented</p> <p>Implemented</p>

Ref.	Observation	Recommendations	Management Comments/Actions	Status of Implementation
		<p>in order to fully establish the validity of claims against government funds.</p> <p>X x x</p>		
2021 AAR, AO No. 7, page 57	The Acting Disbursing Officer (DO) was allowed to draw multiple cash advances in one day for the payment of salaries and wages, honoraria and other similar payments because the Municipality has only one DO, contrary to Section 4.1.2 of COA Circular No. 97-002 dated February 10, 1997, resulting in the overlapping of cash advances, unnecessarily exposing government funds to risk of loss through misapplication.	25. We recommended that the Municipal Mayor appoint or designate additional DO to avoid the granting of multiple cash advances to the incumbent DO.	A new DO was designated and the incumbent DO no longer handled cash.	Implemented
2020 AAR, AO No. 2, page 47	The Perpetual Inventory Method was not adopted in accounting of supplies and materials in CY 2020 totaling ₱34,753,367.02, contrary to Volume 1 of the New Government Accounting System (NGAS)	<p>X x x</p> <p>26. Finally, we recommended that the Office of the Municipal Mayor propose the creation of the GSO to the Sangguniang Bayan</p>	The creation of the GSO had not been prioritized because it is not a mandatory position.	Unimplemented

Ref.	Observation	Recommendations	Management Comments/Actions	Status of Implementation
	for Local Government Units (LGUs) which indicated weak control on the procurement, utilization and recording thereof, and putting in doubt the correctness of the amounts of the various supplies and materials expenses and the presentation of the inventory accounts.	and appoint a permanent General Services Officer in accordance with the qualification cited in Section 490(a) of R.A. No. 7160 and the Civil Service laws, rules and regulations.		
2020 AAR, AO No. 4, page 54	Due to the absence of internal control mechanism on inventories, the Municipality failed to properly monitor and recognize the receipts, recording, issuances, and management of food items procured for relief distribution in relation to the COVID-19 pandemic totaling ₱21,053,019.72, contrary to various existing regulations.	<p>We recommended that the Management:</p> <p>27. render proper accounting of the difference noted from the purchased and distributed food items;</p> <p>28. install sound internal control mechanism in the repacking of goods to monitor the release of items for repacking and account the packed relief items to ensure that these are safeguarded from possible theft, loss and wastage;</p>	<p>No proper accounting had been done.</p> <p>Internal control mechanism had not been installed.</p>	<p>Unimplemented</p> <p>Unimplemented</p>

Ref.	Observation	Recommendations	Management Comments/Actions	Status of Implementation
		<p>29. require the MDRRMO or property officer to prepare reports on the inventory and monitoring of all procured and donated supplies, materials, equipment, and relief goods in accordance with COA Circular No. 2014-002 dated April 15, 2014; and</p> <p>X x x</p>	<p>No reports submitted.</p>	<p>Unimplemented</p>
<p>2020 AAR, AO No. 5, page 57</p>	<p>The absence of adequate documentation and appropriate profiling of beneficiaries in the implementation of the Emergency Subsidy Program (ESP) through the Social Amelioration Program (SAP) of the Department of Social Welfare and Development (DSWD) resulted in the failure to comply with the pertinent provisions of DSWD Memorandum Circular No. 2020-09, hence, the eligibility of beneficiaries and the propriety and</p>	<p>X x x</p> <p>30. henceforth, require Management to establish a system in the distribution of SAP and similar cash assistance programs wherein the guidelines issued by the DSWD are followed and that proper validation and appropriate profiling of beneficiaries are performed before disbursement.</p>	<p>A system for cash assistance was established through Municipal Ordinance No. 2023-01 dated March 1, 2023.</p>	<p>Implemented</p>

Ref.	Observation	Recommendations	Management Comments/Actions	Status of Implementation
	authenticity of the payments could not be verified.			
2020 AAR, AO No. 7, page 65	The payroll covering the payment of COVID-19 Special Risk Allowance (SRA) to 190 public health workers (PHWs) in the total amount of ₱437,614.50 was not substantially supported with complete documentary requirements, contrary to Section 4(6) of Presidential Decree (P.D.) No. 1445, precluding the Auditor from ascertaining the propriety and regularity of the grant during the period of the implementation of the Enhanced Community Quarantine (ECQ).	<p>31. We recommended that Management require the Municipal Health Officer to submit to the Auditor the following documents to substantiate the grant of SRA:</p> <ul style="list-style-type: none"> a. Inter-Agency Task Force for the Management of Emerging Infectious Diseases Resolution of the Risk Certification in the workplace; b. Authority from the head of agency/office to render service during the period of the ECQ stating the prescribed official working hours as well as the entitlement of the SRA; c. Individual approved daily time record or 	The pertinent documents had not been submitted.	Unimplemented

Ref.	Observation	Recommendations	Management Comments/Actions	Status of Implementation
		<p>daily report of attendance indicating the dates and time they physically reported for work; and</p> <p>d. Daily status/monitoring report on COVID-19 patients, PUIs or PUMs quarantined in the Municipality's COVID-19 facility, in the homes, and in other isolation facilities covering the same period of the ECQ.</p>		
2020 AAR, AO No. 9, page 70	The Municipality did not prepare the Annual Procurement Plan (APP) and the Project Procurement Management Plan (PPMP) in accordance with the provisions of Republic Act No. 9184 and its Revised Implementing Rules and Regulations as well as the standards prescribed by the Government Procurement	<p>We recommended that Management:</p> <p>X x x</p> <p>32. Require the Budget Office to thoroughly evaluate and review the submitted PPMPs in terms of amount and coherence with the proposed budget of the</p>	The PPMPs of individual offices had not been consolidated into a single APP for CY 2024.	Unimplemented

Ref.	Observation	Recommendations	Management Comments/Actions	Status of Implementation
	<p>Policy Board (GPPB), thus, relevance and usefulness of APP as a planning and control tool was not attained, resulting in uncoordinated procurements that do not promote efficiency, economy and transparency. The APP was likewise not submitted to the GPPB and posted in accordance with Section 1(1) of Executive Order (EO) No. 662, series of 2017, as amended.</p>	<p>LGU.</p> <p>33. Require the BAC through the BAC Secretariat to consolidate the PPMPs into a comprehensive, workable, and realistic APP, which will serve as basis for procurement, in accordance to the applicable provisions of RA No. 9184 using the prescribed format under GPPB Circular No. 07-2015.</p> <p>34. Submit the duly approved copy of the APP to the GPPB in accordance with AO No. 46, series of 2015.</p>	<p>The PPMPs of individual offices had not been consolidated into a single APP for CY 2024.</p> <p>The PPMPs of individual offices had not been consolidated into a single APP for CY 2024.</p>	<p>Unimplemented</p> <p>Unimplemented</p>
<p>2020 AAR, AO No. 10, page 73</p>	<p>Revised Annual Procurement Plan (APP) was not prepared by the Municipality, contrary to the provisions of GPPB Circular No. 01-2020 dated April 6, 2020, therefore, procurement of various COVID-related expenses</p>	<p>35. We recommended that Management submit the updated or revised APP, in the prescribed format, duly approved and effecting the actual method of procurement undertaken pursuant to</p>	<p>The PPMPs of individual offices had not been consolidated into a single APP for CY 2024.</p>	<p>Unimplemented</p>

Ref.	Observation	Recommendations	Management Comments/Actions	Status of Implementation
	totaling ₱22,984,734.60 might result to irregular expenditures.	<p>the process and documentary requirements as provided in GPPB Circular 01-2020 relative to procurements under the Bayanihan Act for review and evaluation by the audit team.</p> <p>36. We also recommended that the Municipal Accountant and Treasurer justify the payment of the transactions despite the absence the original copy of the notarized Omnibus Sworn Statement for those procurements with ABC above ₱500,000.00.</p>	No justification had been submitted.	Unimplemented
2020 AAR, AO No. 11, page 75	The Bids and Awards Committee (BAC), through its Secretariat, did not post the Notices of Award (NOAs), contracts or purchase orders, updated Annual Procurement Plan (APP), including other pertinent documents for the	<p>X x x</p> <p>37. We also recommended that Management comply with future posting requirements for accountability and transparency.</p>	Posting requirements for accountability and transparency, namely posting to the PhilGEPS website, had been complied with for CY 2024.	Implemented

Ref.	Observation	Recommendations	Management Comments/Actions	Status of Implementation
	<p>procurement of goods & services totaling ₱22,984,734.60 in the GPPB Online Portal for Emergency Procurement contrary to Item Nos. 3.2 and 3.6 of GPPB Circular No. 01-2020 dated April 6, 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.</p>			
<p>2020 AAR, AO No. 12, page 78</p>	<p>Bids and Awards Committee (BAC) resolution and its approval by the Head of the Procuring Entity (HoPE) on the use of the alternative methods of procurement was not complied, as required under GPPB Resolution No.</p>	<p>We recommended that Management require the Chairperson and members of the Bids and Awards Committee to: 38. always indicate in the APP the appropriate mode of procurement</p>	<p>The PPMPs of individual offices had not been consolidated into a single</p>	<p>Unimplemented</p>

Ref.	Observation	Recommendations	Management Comments/Actions	Status of Implementation
	<p>03-2020 dated March 9, 2021 indicating procedural lapses and deficiencies in the procurement process of the Municipality, thereby, rendering the legality and regularity of the transactions doubtful. Moreover, the procurement of COVID-related expenditures amounting ₱23,693,034.60 were paid despite lack of supporting documents in violation to Section 4(6) of Presidential Decree (P.D.) No. 1445, and COA Circular No. 2012-001 dated June 14, 2012, thus, casting doubt on the regularity, validity, and propriety of the disbursement.</p>	<p>X x x</p> <p>39. Moreover, we recommended that Management submit the lacking required documents to the Office of the Auditor, and comply with the documentary requirements under COA Circular No. 2012-001 for future disbursements.</p>	<p>APP for CY 2024.</p> <p>The pertinent documents had not been submitted.</p>	<p>Unimplemented</p>
<p>2020 AAR, AO No. 13, page 81</p>	<p>Registry of Appropriations, Allotments and Obligations (RAAO) were not maintained by the Municipal Budget Officer as prescribed in Section 04, paragraph (h) Volume I of COA Circular No. 2002-003 dated June 20, 2002 and as amended in</p>	<p>40. We recommended that Management advise the Municipal Budget Officer to maintain the Registries of Appropriations, Allotments and Obligations. The format of these forms can be</p>	<p>RAAO was not submitted by the Municipal Budget Officer.</p>	<p>Unimplemented</p>

Ref.	Observation	Recommendations	Management Comments/Actions	Status of Implementation
	COA Circular No. 2006-002 dated January 31, 2006, thus, amounts for Appropriations, Allotments, and Obligations cannot be validated.	referred to in Annexes 13, 14, 15 and 16 of Volume II of the MNGAS. At the back of these forms are instructions on how it shall be accomplished.		
2019 AAR, AO No. 3, page 42	The Municipality paid all of its 15 Public Health Workers (PHWs), 2 Social Workers and 2 Agriculturists hazard pay at maximum rates of 25% of their basic monthly salary, except for the Municipal Health Officer (MHO) and the 2 Social Workers who were paid at maximum rates of 10% and 20%, respectively, and did not support the payroll with the required proof of actual exposure to hazards and hardships as required under DBM-DOH Joint Circular No. 1, series of 2012 dated November 29, 2012, as amended, the Revised IRR of RA 7305, and DBM-DSWD Joint Circular No. 1, series 2018, as well as the	41. We recommended that the Municipal Accountant require all PHWs and other entitled personnel to support their claims for hazard pay with proof of actual exposure to specific health hazards and occupational risks, certifications from appropriate agencies and the documents required under Section 5.8 of COA Circular No. 2012-001 dated June 14, 2012 in order to establish validity of payments.	No appropriate certification was submitted by the PHWs.	Unimplemented

Ref.	Observation	Recommendations	Management Comments/Actions	Status of Implementation
	documentary requirements prescribed under COA Circular No. 2012-001 dated June 14, 2012, thus the validity and propriety of the payments could not be determined.			
2017 AAR, AO No. 5, page 41; 2016 AAR, AO No. 9, page 47; 2015 AAR, AO No. 8, page 39; 2014 AAR, AO No. 8, page 25	Penalties for late payment of motor vehicle registration were charged to municipal funds contrary to Sections 305(a) and 336 of Republic Act (R.A.) 7160, resulting to illegal expenditures amounting to ₱30,927.50.	42. We recommended that the Municipal Mayor determine the person responsible for the renewal of registration of motor vehicles and require him/her to refund immediately the corresponding penalties erroneously charged to government funds. X x x	Ongoing payment.	Unimplemented
2016 AAR, AO No. 1, page 33	Cash advances for operating expenses and payroll totaling ₱4,888,612.91, of which ₱2,552,591.65 is the accountability of a former Disbursing Officer, remained unliquidated as of December 31, 2016 contrary to Sections 5.7 and 5.8 of COA Circular No. 97-002 dated February	43. We recommended that Management immediately demand settlement of these unliquidated cash advances and initiate measures to recover the same otherwise the sanctions provided under existing COA rules and	No settlement had been made.	Unimplemented

Ref.	Observation	Recommendations	Management Comments/Actions	Status of Implementation
	10, 1997 thus exposing government funds to risk of misappropriation.	regulations will have to be imposed.		
2016 AAR, AO No. 10, page 48	Payment of annual membership dues to the Vice Mayor's League of the Philippines (VMLP) in the amount of ₱10,000.00 was acknowledged by printed receipt of the organization instead of an official receipt of the Republic of the Philippines are required under Sanctions 42 and 44, Chapter 7, Title I (13) Book V of the Administrative Code of 1987 and Section 505(b) of R.A. No. 7160, thus eliminating accounting thereof as government funds and the audit thereof by the Commission on Audit.	44. We recommended that the Municipal Vice Mayor, as representative of the Municipality of Bindoy, request the treasurer of the Vice Mayor's League of the Philippines to acknowledge its payment (as well as collections from other members) with government accountable form No. 51 in order that the funds may be subject to government accounting and auditing rules and regulations.	For this particular transaction, the then Vice Mayor (currently the Municipal Mayor) committed to refund the amount instead. However, no refund had been made yet.	Unimplemented
2014 AAR, AO No. 3, page 16	Funds amounting to ₱2,250,000.00 were granted as financial assistance to the Millennium Challenge Corporation without having complied with the conditions for the grant of financial assistance to NGOs/POs as	45. We required the liquidation of funds released to the DSWD-MCC KALAHI-CIDSS Trust Fund during calendar year 2014 amounting to ₱2,250,000.00 and to	Retrieval of documents ongoing.	Unimplemented

Ref.	Observation	Recommendations	Management Comments/Actions	Status of Implementation
	outlined under COA Circular No. 2007-1 dated October 5, 2007. Releases of funds were recorded in the books as expense instead of receivables subject to liquidation, resulting to the understatement of assets and overstatement of expenses and the absence of evidences of project accomplishment.	<p>show project accomplishment for validation.</p> <p>46. We further recommended that henceforth, the LGU comply with the procedures in the availment, release and utilization of funds to NGOs/POs as outlined under COA Circular No. 2007-01 dated October 25, 2007 to monitor project accomplishment.</p> <p>47. We further recommended that the accountant be required to set up receivables from KALAHI-CIDSS.</p>	<p>None.</p> <p>No entry had been set up.</p>	<p>Unimplemented</p> <p>Unimplemented</p>
2014 AAR, AO No. 5, page 20	Management did not implement the project Repair and Rehabilitation of Farm to Market Road, in accordance with the approved program of work, resulting to non-completion of the project and misappropriation of funds amounting to ₱298,205.00.	48. Required the Project Engineer and the Municipal Engineer to submit the Revised Program of Work and As-built plans and drawings of the project and a written justification for the implementation of the	No submission by the Municipal Engineer.	Unimplemented

Ref.	Observation	Recommendations	Management Comments/Actions	Status of Implementation
		project that is not in accordance with the corresponding approved plans and program of work.		
2014 AAR, AO No. 6, page 21	The grant of CY 2014 Productivity Enhancement Incentive of ₱12,000.00 each to the municipal officials and employees exceeded the amount of ₱5,000.00 allowed under Executive Order No. 80 dated July 20, 2012 as implemented by Budget Circular No. 2013-3 dated November 21, 2013 resulting to an overpayment of ₱595,000.00.	49. We recommended that Management require all employees concerned to refund the overpayment of Productivity Enhancement Incentive for CY 2014 and to henceforth observe strictly the applicable regulations on the grant of any fringe benefits.	Accountable personnel who are still connected with the agency have already fully paid. However, balance still exists. Some of these balances pertain to previous employees now deceased while others are no longer connected with the Municipality.	Unimplemented
2012 AAR, AO No. 4, page 22	No cashbooks were maintained by the various Collecting Officers of the Municipal Treasurer's Office contrary to the Handbook on Cash Examination, thus accountabilities of accountable officers could not be immediately and readily determined as of any given time while providing opportunities for possible	We recommended that Management: 50. Immediately require all collecting officers including all field collectors to maintain and update the entries in the cashbooks where all their transactions will be recorded pursuant to the above-cited provisions	Cashbooks had been maintained.	Implemented

Ref.	Observation	Recommendations	Management Comments/Actions	Status of Implementation
	manipulation and loss of funds.	<p>on the Handbook on Cash Examination.</p> <p>51. Effect regular quarterly reconciliation between the cashbooks to be maintained by the collecting officers and the subsidiary ledgers kept by the Accounting Unit.</p>	Regular reconciliation had been done.	Implemented
2007 AAR	Honoraria in the total amount of ₱54,000.00 were paid to the Board of Canvassers and other LGU personnel that assisted during the May 14, 2007 elections contrary to Section 10 of the Omnibus Election Code of the Philippines (Batas Pambansa Blg. 881) thus, resulting to the illegal use of funds.	<p>52. Required the officials and other personnel concerned to refund immediately and in full the difference between the honorarium they received from the local government unit and the reasonable cost of meals and transportation allowance to which they are entitled under COMELEC Resolution dated March 27, 2007.</p> <p>X x x</p>	No refund had been made.	Unimplemented
2007 AAR	The absence of subsidiary records for the land account recorded in the books at	<p>X x x</p> <p>53. the Municipal Assessor's</p>	Titling ongoing.	Unimplemented

Ref.	Observation	Recommendations	Management Comments/Actions	Status of Implementation
	<p>₱2,030,195.22 as of December 31, 2007 makes it difficult to determine the proper composition thereof. Moreover, various parcels of land acquired from previous years up to present are not yet covered by transfer certificates of title in favor of the Municipality of Bindoy, thus the Municipality still has no tangible evidence of ownership on these properties.</p>	<p>Office to prioritize the filing of application for titling of all real properties acquired by the municipal government so that transfer certificates of title in favor of the Municipality of Bindoy can be issued to establish the Municipality's ownership thereto.</p>		
2007 AAR	<p>The LGU did not create the Internal Audit Service (IAS) as mandated per Administrative Order No. 70 dated April 14, 2003 of the President of the Philippines, resulting to a less effective fiscal administration and performance of agency and functions.</p>	<p>54. We recommended that LGU Management should evaluate and take into consideration the advantages in creating an Internal Audit Service, so that Management may achieve efficient and effective fiscal administration and performance of its affairs and functions.</p>	<p>Initial discussion in the Sangguniang Bayan was held for the operationalization of the Internal Audit Services however, no IAS had been created as of CY 2024.</p>	Unimplemented

Fourteen audit recommendations appearing in the PY AAR were revised and included in Paragraphs 1.10, 3.9, 4.8, 5.7, 6.11, 7.6, and 7.7 Part II/A of this report.

PART IV
APPENDICES

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