



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

# **ANNUAL AUDIT REPORT**

**ON THE**

**MUNICIPALITY OF VALENCIA  
PROVINCE OF NEGROS ORIENTAL**

For the Year Ended December 31, 2024



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

**LOCAL GOVERNMENT AUDIT SECTOR**  
**AUDIT GROUP LGAS – F, NEGROS ORIENTAL I**  
**OFFICE OF THE SUPERVISING AUDITOR**

June 26, 2025

**HONORABLE EDGAR Z. TEVES, JR.**  
Municipal Mayor  
Municipality of Valencia  
Province of Negros Oriental

RECEIVED MAYOR'S OFFICE  
Date: 06.27.25 Time: 3:49  
Signature: [Signature]  
Name: Juan Pison

**Dear Mayor Teves:**

We are pleased to transmit the Annual Audit Report (AAR) of the Municipality of Valencia 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 June 10, 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 would appreciate being informed of the action(s) taken thereon by submitting the attached duly accomplished Agency Action Plan and Status of Implementation (AAPSI) within 60 days from receipt of this report.

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

Very truly yours,



**KATHERINE Z. VELEZ**  
State Auditor V  
Supervising Auditor

Copy Furnished:

1. The Honorable Sangguniang Bayan Members  
Thru: The Secretary, Sangguniang Bayan  
Municipality of Valencia
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 VALENCIA**  
Province of Negros Oriental

**AGENCY ACTION PLAN AND STATUS OF IMPLEMENTATION**  
Audit Observations and Recommendations  
For the Calendar Year 2024  
As of \_\_\_\_\_

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

**Prepared by:**

\_\_\_\_\_  
Municipal Treasurer

\_\_\_\_\_  
Municipal Accountant

**Noted by:**

\_\_\_\_\_  
Local Chief Executive

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



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

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

**OFFICE OF THE AUDITOR**  
**Audit Team R7-05, LGAS-F, Negros Oriental I**

June 20, 2025

**KATHERINE Z. VELEZ**

Supervising Auditor

LGAS – F, Negros Oriental I

Dumaguete City

**Madam:**

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

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

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

Our comments and observations were communicated to Management through Audit Observation Memoranda and were discussed with agency personnel in an exit conference conducted on June 10, 2025. Their comments were incorporated in this Report, where appropriate.

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

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

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


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

<b>GAI/SAI Focus Area</b>	<b>Remarks</b>
20. Twenty percent Development Fund • Projects completed but not yet recorded • Expenses not related to 20% Development Fund	No sufficient and competent evidence to warrant inclusion of audit observation
21. Payments to Casuals, Job Order, Contractuals and Consultants vis-à-vis the requirements of COA Memorandum No. 2012-010 dated December 28, 2021	No sufficient and competent evidence to warrant inclusion of audit observation
22. DRRM Funds/QRF – Projects completed but not yet recorded and expenses not related to DRRM Funds	With audit finding – AO No. 9 and 10
23. Gender and Development (GAD) Funds – Expenses not related to GAD programs, projects and activities per approved GAD Plan and Budget	With audit finding – AO No. 11, 12
24. National Task Force to End Local Communist Armed Conflict (NTF-ELCAC) Funds	No sufficient and competent evidence to warrant inclusion of audit observation
<b>F. Other Accounts/Thrusts area not included in the GAI/SAI</b>	
1. Lacking information in the Notes to FS	With audit finding – AO No. 4
2. Collection of delinquent real property taxes	With audit finding – AO No. 6
3. Technical Inspection Report Findings	With audit finding – AO No. 7 and 8
4. Compliance to Item 6.1 of DepED, DBM and DILG Joint Circular No. 1, Series of 2017 on monitoring, transparency, and accountability in the allocation and utilization of Special Education Fund (SEF)	With audit finding – AO No. 13

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

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

Very truly yours,

  
**JANICE VERIÑA SARITA**  
 State Auditor III  
 OIC-Audit Team Leader

## EXECUTIVE SUMMARY

### Introduction

The Municipality of Valencia became a town of Negros Oriental by virtue of Republic Act No. 252 dated June 14, 1948. Its original name was Nueva Valencia, which was later changed to Luzuriaga, and finally to Valencia. It is currently classified as a first-class Municipality per Bureau of Local Government Finance (BLGF) Memorandum Circular No. 01-M(30)-5 dated December 16, 2005.

As of December 31, 2024, it had a personnel complement of 913, as shown below:

<i>Nature of Appointment to Office</i>	<i>Quantity</i>
Elective Officials	12
Permanent Positions	153
Casuals/Contractuals	35
Job Orders	707
Co-terminous	6
<b>Total</b>	<b>913</b>

### 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 improvements can be instituted in the areas 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 Valencia for CY 2024. The audit consisted of a review of operating procedures, evaluation of the LGU's programs and projects, interviews with concerned government officials and employees, verifications, reconciliations, confirmations, inspections, and analyses of accounts, and such other procedures considered necessary.

## Financial Highlights

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

Accounts	2024 (in ₱)	2023 (in ₱)	Increase (Decrease)
<b>Statement of Financial Position</b>			
Assets	2,086,866,442.21	1,805,280,070.09	281,586,372.12
Liabilities	1,104,312,596.05	866,179,506.07	238,133,089.98
Government Equity	982,553,846.16	939,100,564.02	43,453,282.14

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

Accounts	2024 (in ₱)	2023 (in ₱)	Increase (Decrease)
<b>Results of Operations</b>			
Revenue	325,442,428.16	290,859,211.16	34,583,217.00
Personnel Services	93,008,022.38	88,601,044.24	4,406,978.14
Maintenance and Other Operating Expenses	152,225,219.98	138,264,788.71	13,960,431.27
Financial Expenses	32,383,496.06	30,188,638.12	2,194,857.94
Non-cash Expenses	1,796,150.66	299,011.28	1,497,139.38
Net Financial Assistance/ Subsidy	(4,557,978.90)	(4,662,833.00)	104,854.10
Net Surplus (Deficit)	41,471,560.18	28,842,895.81	12,628,664.37

The following table illustrates a decrease in the final budget or appropriations and an increase actual amounts or obligations during the year:

Particulars	2024 (in ₱)	2023 (in ₱)	Increase (Decrease)
Final Budget	572,619,441.48	595,027,138.05	(22,407,696.57)
Actual Amounts	389,398,286.62	346,500,559.04	42,897,727.58

## **Independent Auditor's Report on the Financial Statements**

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

1. At least 38 completed projects in CY 2024 under the General Fund and Special Education Fund, totaling ₱58,898,662.36, were erroneously retained under the Construction in Progress (CIP) account instead of being transferred to the appropriate Property, Plant and Equipment (PPE) accounts, due to insufficient monitoring and improper documentation, resulting in an overstatement of the CIP account and an understatement of related PPE and depreciation expense accounts.
2. The Accounts Payable balance of ₱25,680,544.86 was not fairly presented due to the inclusion of undocumented unpaid obligations amounting to ₱2,084,423.19, of which ₱1,761,964.63 remained outstanding for more than two years and were neither reverted to the unappropriated surplus, thus, may no longer represent valid claims.

### **Significant Findings and Recommendations**

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

- 1. The Real Property Tax (RPT) Receivable and Special Education Tax (SET) Receivable for CY 2024, each amounting to ₱53,232,192.80, were recorded only in November 2024 due to the unavailability of the assessment roll at the beginning of the year, compromising the matching principle thus, collections may not align with recorded receivables.**

We recommended that Management coordinate with the iTax System Technician to determine whether the amounts of RPT and SET Receivables established in November 2024, based on the assessment roll received by the Municipal Treasurer on November 12, 2024, would have been the same had the assessment roll been generated and made on or before December 31, 2023.

We further recommended that the Municipal Accountant prepare the necessary adjusting entries, if warranted.

We furthermore recommended that Management adhere to Sections 246 and 248 of Republic Act (RA) No. 7160 and Section 20 of the Manual on the New Government Accounting System (NGAS), Volume I, to ensure the timely and reliable establishment of RPT and SET Receivables.

2. **The Notes to the Financial Statements (FS) for CY 2024 did not correctly present the current appropriation for the Local Disaster Risk Reduction and Management Fund (LDRRMF), resulting in incomplete disclosure of vital information in the financial statements.**

We recommended that, henceforth, the Municipal Accountant take into account the budget revisions made during the year to ensure that the current year appropriations for the LDRRMF are accurately disclosed in the Notes to FS as of December 31.

3. **The Municipality inappropriately invested a total of ₱89,492,517.47 in time deposits without proper compliance with COA Circular No. 92-382, as the funds under the General Fund (GF) did not qualify as idle and documentary support for Land Bank of the Philippines (LBP) placements was lacking, thereby rendering its propriety doubtful.**

We recommended that Management:

- a. Cease the placement of funds in time deposits unless properly supported by a detailed computation showing excess funds beyond the Municipality's normal operating and financial requirements, in accordance with Sections 21 and 22 of COA Circular No. 92-382; and
  - b. Instruct the Municipal Treasurer to retrieve and submit complete supporting documents for all existing time deposit accounts, particularly those under LBP, to validate the legality and appropriateness of such investments.
4. **Delinquent RPT and SET including penalties accruing thereon which accumulated to ₱18,374,734.90 remained uncollected as of December 31, 2024, depriving the Municipality of substantial amount of income which could have been utilized to finance the implementation of various development projects or other major programs/ projects/activities (PPAs).**

We recommended that the Municipal Treasurer strengthen efforts to collect delinquent real property taxes by conducting intensive tax campaigns in each barangay and issuing updated Notices of Delinquency to all delinquent taxpayers, ensuring that these notices include the information mandated under Section 254(b) of RA No. 7160.

We also recommended that Management consider applying the remedies for the collection of real property taxes, in accordance with the pertinent provisions of RA No. 7160.

### 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:

Particulars	Beginning Balance (1/1/2024)	Issued this Period (1/1/2024 to 12/31/2024)		Ending Balance (12/31/2024)
		NS/ND	NSSDC	
Suspensions	₱ 0.00	₱ 0.00	₱ 0.00	₱ 0.00
Disallowances	12,684,785.80	0.00	0.00	12,684,785.80
Charges	0.00	0.00	0.00	0.00

### Status of Implementation of Prior Years' Recommendations

Of the 84 recommendations embodied in the previous years' Annual Audit Reports, 23 were fully implemented and 61 were not implemented.

# TABLE OF CONTENTS

<u>Part</u>	<u>Subject</u>	<u>Page No.</u>
I	Audited Financial Statements	1
II	Audit Observations and Recommendations	36
III	Status of Implementation of Prior Years' Audit Recommendations	69
IV	Appendices	108

**PART I**

**AUDITED FINANCIAL STATEMENTS**



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

## **INDEPENDENT AUDITOR'S REPORT**

### **HONORABLE EDGAR Z. TEVES, JR.**

Municipal Mayor  
Municipality of Valencia  
Province of Negros Oriental

### **Qualified Opinion**

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

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

### **Bases for Qualified Opinion**

As discussed in Part II of this Report:

1. At least 38 completed projects in CY 2024 under the General Fund and Special Education Fund, totaling ₱58,898,662.36, were erroneously retained under the Construction in Progress (CIP) account instead of being transferred to the appropriate Property, Plant and Equipment (PPE) accounts, due to insufficient monitoring and improper documentation, resulting in an overstatement of the CIP account and an understatement of related PPE and depreciation expense accounts.
2. The Accounts Payable balance of ₱25,680,544.86 was not fairly presented due to the inclusion of undocumented unpaid obligations amounting to ₱2,084,423.19, of which ₱1,761,964.63 remained outstanding for more than two years and were neither reverted to the unappropriated surplus, thus, may no longer represent valid claims.

We conducted our audit in accordance with the International Standards of Supreme Audit Institutions (ISSAIs). Our responsibilities under those standards are further described in *Auditor's Responsibilities for the Audit of the Financial Statements* section of our report. We are independent of the agency in accordance with the ethical requirements that are relevant to our audit of the financial statements, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide 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 International Public Sector Accounting Standards, and for such internal control as Management determines necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.


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

### **Auditor's Responsibilities for the Audit of the Financial Statements**

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

### **COMMISSION ON AUDIT**

By:

  
**JANICE VERIÑA SARITA**  
State Auditor III  
OIC – Audit Team Leader

June 20, 2025



Republic of the Philippines  
Province of Negros Oriental  
**MUNICIPALITY OF VALENCIA**

**STATEMENT OF MANAGEMENT RESPONSIBILITY  
FOR FINANCIAL STATEMENTS**

The Management of the **MUNICIPALITY OF VALENCIA** is responsible for all information and representation contained in the Consolidated Statement of Financial Position as of December 31, 2024 and the related Consolidated Statement of Financial Performance, Statement of Changes in Net Assets/Equity, Statement of Cash Flows and Comparison of Budget and Actual Amounts for the period then ended. The financial statements have been prepared in conformity with the Philippine Public Sector Accounting Standards (PPSAS) 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.

  
**ROSELYN I. ARANETA-UBAG**  
Accountant/  
Head of the Finance Dept.

6/23/2025  
Date Signed

  
**EDGAR Z. TEVES, JR.**  
Head of Agency/  
Chief Executive

6/23/2025  
Date Signed

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

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

**Note 1 – Profile**

The LGU was created by virtue of Republic Act No. 252 dated June 14, 1948. North of the Municipality is the town of Sibulan; on the east is the City of Dumaguete; on the south, it shares its borders with the town of Bacong and Dauin; and on the western boundary is the town of Sta. Catalina. The Municipality of Valencia has an area of 148.30 square kilometers. Its population was reported at 34,852 in the latest census conducted by the Philippine Statistics Authority (PSA) as of August 1, 2015.

The LGU is envisioned to be a premiere tourist destination in Negros Oriental, an ideal place to live which is blessed with God-given resources.

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

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

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

**Note 3 – Summary of significant accounting policies**

**3.1 Basis of accounting**

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

### **3.2 Combination/Consolidation**

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

- General Fund Proper
- Market
- Slaughterhouse
- Bayanihan Grant to Cities & Municipalities
- Waterworks System
- Cemetery
- 20% Development Fund
- 80% Share from National Wealth
- LGSEF

### **3.3 Cash and cash equivalents**

Cash and cash equivalents comprise cash on hand and cash in bank, deposits on call and highly liquid investments with an original maturity of three months or less, which are readily convertible to cash and they present insignificant risk of changes in value because of changes in interest rates.

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

### **3.4 Investments**

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

### **3.5 Receivables**

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

### **3.6 Inventories**

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

### **3.7 Prepayments and Deferred Charges**

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

### **3.8 Investment Property**

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

### **3.9 Property, Plant and Equipment**

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

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

The straight-line method is adopted in the computation of depreciation over the useful life of the asset, assigning a residual value of at least 10%. The estimated useful life of the asset is based on the estimated useful life of PPE by classification issued by COA. Depreciation starts on the month following the date of the purchase. Assets acquired prior to CY 2002 are not subjected to depreciation.

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

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

### 3.10 Financial liabilities

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

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

Loans contracted by the Municipality are recognized upon receipt of the proceeds from the creditors.

### 3.11 Equity

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

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

### Note 4 – Cash and Cash Equivalents

	2024	2023
Cash on Hand		
<i>Cash – Local Treasury</i>	₱ 1,220,234.79	₱ 1,797,452.30
Cash in Bank-Local Currency		
<i>Cash in Bank – LCCA</i>	636,073,396.84	556,542,434.08
Investments in Time Deposits		
<i>Cash in Bank – LC Time Deposits</i>	129,492,517.47	129,492,517.47
<b>Total Cash and Cash Equivalent</b>	<b>₱ 766,786,149.10</b>	<b>₱687,832,403.85</b>

The total Cash–Local Treasury of ₱1,220,234.79 is composed of a cash deposit with the Provincial Treasurer's Office of Negros Oriental in the amount of ₱11,004.20, and collections received during the later part of December, 2024, which were deposited on January 2, 6, and 13 in 2025. Cash in Bank earns interest based on the prevailing bank deposit rates.

## Note 5 – Investments

This account consists of the following:

<i>Non-Current:</i>	<b>2024</b>	<b>2023</b>
Guaranty Deposits	₱ 90,549.68	₱ 90,549.68

The account Guaranty Deposits is a guarantee deposit to the DAR Regional Office as cash bond equivalent to 2.5% of the zonal value of the land being applied for land conversion, forest bond deposits for the application of Special Land Use Permit, and deposits on containers.

## Note 6 – Receivables

This account consists of the following:

<i>Current:</i>		
<b>Loans and Receivable Accounts</b>		
Accounts Receivable	₱ 3,542.61	₱ 0.40
Real Property Tax Receivable	53,232,192.80	51,968,031.30
Special Education Tax Receivable	53,232,192.80	51,968,031.30
Interest Receivable	101,468.11	94,002.75
	<b>₱106,569,396.32</b>	<b>₱ 104,030,065.75</b>
<b>Intra-Agency Receivables</b>		
Due from Other Funds	₱ 6,442,369.50	₱ 4,394,129.20
<i>Elimination of Reciprocal Accounts</i>	0.00	(4,390,062.73)
	<b>₱ 6,442,369.50</b>	<b>₱ 4,066.47</b>
<b>Advances</b>		
Advances for Special Disbursing Officer	₱ 4,014,000.01	₱ 4,014,000.00
Advances to Officers and Employees	21,061.00	49,538.00
Due from Officers and Employees	0.01	0.01
	<b>₱ 4,035,061.02</b>	<b>₱ 4,063,538.01</b>
<b>Other Receivables</b>		
Receivables–Disallowances/Charges	₱ 1,904,585.92	₱ 1,955,041.93
Due from NGOs/POs	0.00	195,000.00
	<b>₱ 1,904,585.92</b>	<b>₱ 2,150,041.93</b>
<b>Total Current Receivables</b>	<b>₱ 118,951,412.76</b>	<b>₱ 110,247,712.16</b>
<i>Non-Current:</i>		
<b>Loans and Receivable Accounts</b>		
Accounts Receivable	₱ 112.04	₱ 111.64
Real Property Tax Receivable	151,758,168.42	119,238,034.11
Special Education Tax Receivable	154,694,254.84	122,125,730.48
Loans Receivable – Others	1,497,312.00	1,512,910.50
	<b>₱307,949,847.30</b>	<b>₱ 242,876,786.73</b>

<b>Inter-Agency Receivables</b>	<b>2024</b>	<b>2023</b>
Due from National Government Agencies	₱ 5,095.02	₱ 5,095.02
<i>Allowance for Impairment – Due from NGAs</i>	(5,095.02)	(5,095.02)
Due from Local Government Units	2,143,533.20	2,143,533.20
<i>Allowance for Impairment of Due from LGUs</i>	(2,143,533.20)	(2,143,533.20)
	<b>₱ 0.00</b>	<b>₱ 0.00</b>
<b>Other Receivables</b>		
Other Receivables	62,656.15	62,656.15
<i>Allowance for Impairment – Other Receivables</i>	(36,600.00)	(36,600.00)
	<b>₱ 26,056.15</b>	<b>₱ 26,056.15</b>
<b>Total – Non-Current Receivables</b>	<b>₱ 307,975,903.45</b>	<b>₱ 242,902,842.88</b>
<b>Total Receivables</b>	<b>₱ 426,927,316.21</b>	<b>₱ 353,150,555.04</b>

Due from/Due to Other Funds amounting to ₱4,390,062.73 in CY 2023, being reciprocal accounts, were eliminated in the preparation of Consolidated Financial Statements.

Due from Local Government Units account shows a total amount of ₱2,143,533.20, of which ₱2,108,858.92 represents a claim from the Provincial Government of Negros Oriental as its share in the 1992 Franchise Tax paid by the National Power Corporation.

The Advances to Special Disbursing Officer account of ₱4,014,000.00 represents cash advances for confidential and intelligence expenses granted before the issuance of COA-DBM-DILG-GCG Joint Circular No. 2015-01 dated January 8, 2015. Liquidation of ₱4,013,000.00 was sent to the Commission on Audit Central Office. To date, no credit advice was received by the LGU.

The Advances to Officers and Employees account of ₱21,061.00 represents cash advances for travel granted to personnel of the Municipality. Liquidation of ₱700.00 was made in January 2025, but the remaining ₱20,361.00 remains unliquidated.

The balance of Loans Receivables – Others comprises ₱1,283,562.00 for electrical installation loan granted to qualified electrical consumers residing within the territorial jurisdiction of the Municipality, while the ₱213,750.00 balance represents the loan extended to the Valencia Contract Growers Association, in CY 2013 and prior years.

The account Receivables – Disallowances/Charges, in the amount of ₱1,904,585.92, is the remaining balance of the claim against municipal officials and employees arising from audit disallowances of ₱3,889,422.32, which became final and executory on November 21, 2014. On the other hand, the ₱79,893.30 represents Notice of Disallowance issued in 1997.

## Note 7 – Inventories

This account consists of the following:

	<b>2024</b>	<b>2023</b>
<b><i>Inventory Held for Sale</i></b>		
Merchandise Inventory	₱ 52,492.65	₱ 55,817.65
<b><i>Inventory Held for Distribution</i></b>		
Food Supplies for Distribution	2,159.63	2,159.63
Welfare Goods for Distribution	7,292,378.10	7,292,378.10
Drugs and Medicines for Distribution	4,230,488.56	3,795,226.56
Medical, Dental & Laboratory Supplies for Distribution	23,664.80	23,664.80
Agricultural and Marine Supplies for Distribution	1,402,947.00	177,650.00
Other Supplies & Materials for Distribution	94,228.60	81,417.60
<b><i>Inventory Held for Consumption</i></b>		
Office Supplies Inventory	507,609.25	446,890.55
Accountable Forms, Plates and Stickers	148,561.77	79,300.49
Drugs and Medicines Inventory	5,105,496.10	3,573,485.85
Medical, Dental and Laboratory Supplies Inventory	5,473,302.10	4,153,703.60
Fuel, Oil and Lubricants Inventory	757,448.00	556,918.00
Agricultural and Marine Supplies Inventory	5,221,523.00	2,742,619.00
Textbooks and Instructional Materials Inventory	24,845.00	24,845.00
Military, Police and Traffic Supplies Inventory	46,992.00	46,992.00
Chemical and Filtering Supplies Inventory	429,302.00	234,302.00
Other Supplies and Materials Inventory	5,719,202.85	5,718,681.27
<b><i>Semi-Expendable Machinery and Equipment</i></b>		
Semi-Expendable Office Equipment	240,180.33	0.00
Semi-Expendable Information and Communications Technology Equipment	1,132,281.86	0.00
Semi-Expendable Agricultural and Forestry Equipment	105,280.00	0.00
Semi-Expendable Communications Equipment	30,000.00	0.00
Semi-Expendable Disaster Response and Rescue Equipment	12,000.39	0.00
Semi-Expendable Medical, Dental and Laboratory Equipment	189,560.50	0.00

	<b>2024</b>	<b>2023</b>
Semi-Expendable Sports Equipment	291,750.00	0.00
Semi-Expendable Construction Equipment	73,611.70	0.00
Semi-Expendable Other Machinery and Equipment	679,672.35	0.00
<b><i>Semi-Expendable Furniture, Fixtures and Books</i></b>		
Semi-Expendable Furniture and Fixtures	1,125,255.43	0.00
Semi-Expendable Books	1,000.00	0.00
<b>Total Inventories</b>	<b>₱ 40,413,233.97</b>	<b>₱ 29,006,052.10</b>

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

***Merchandise Inventory***

This account refers to the cost of accountable forms acquired for resale to Barangay Treasurers of the Municipality.

***Welfare Goods for Distribution***

This represents the cost of food items distributed to people affected by calamities and disasters.

***Agricultural and Marine Supplies for Distribution***

This account includes purchases of fertilizers intended for distribution to farmers under the Comprehensive Agricultural and Livelihood Program of the Municipality form part of this account.

***Office Supplies Inventory***

The balance of this account represents the tangible assets with a serviceable life of more than one year but with a value small enough to be classified as PPE.

***Chemical and Filtering Supplies Inventory***

This account pertains to the cost of sodium hypochlorite used for water purification and disinfection.

***Other Supplies and Materials Inventory***

This account is comprises of tangible assets with a serviceable life of more than one year but with a value small enough to be classified as PPE.

## Note 8 – Prepayments and Deferred Charges

This account consists of the following:

	2024	2023
<b>Prepayments</b>		
Advances to Contractors	₱ 2,087,206.30	₱ 6,107,942.39
Prepaid Registration	32,844.81	37,819.82
Prepaid Insurance	440,512.73	316,928.60
<b>Deferred Charges</b>		
Discount on Advance Payment	1,046,400.08	1,170,837.68
<b>Total</b>	<b>₱ 3,606,963.92</b>	<b>₱ 7,633,528.49</b>

The account Advances to Contractors represents advance payments made to contractors, equivalent to 15% of the contract amount.

The balance of the Prepaid Insurance accounts represents the unexpired portion of the insurance premiums for municipal buildings and vehicles.

Discount on Advance Payments refers to the discount given to taxpayers for paying real property taxes in advance.

## Note 9 – Investment Property

Investment Property – Land	₱ 310,200.00	₱ 310,200.00
----------------------------	--------------	--------------

This refers to two lots owned by the Municipality located in Barangay Apolong, Valencia, Negros Oriental, which were developed into a swimming pool as a tourist attraction. On December 17, 2011, the swimming pool was destroyed by Typhoon Sendong. Due to lack of funds to rehabilitate the area, the Municipality decided to enter into a lease contract with Philsouth Properties and Development Corporation, which would undertake the rehabilitation and development, including necessary financing and construction of the project site at no cost on the part of the Municipality. The lessee shall be allowed to recover its investment by operating in the leased premises during the lease period. The term of the lease shall be a maximum of 25 years after the completion of the rehabilitation and development. The base rent for the lease shall be at least ₱20,000.00 per month for the first five years and an increment of 5% of the accumulated monthly rental beginning in the 6<sup>th</sup> year, and every three years thereafter until the 25<sup>th</sup> year.

## Note 10 – Property, Plant and Equipment

(See attached sheet)

Local road accounts amounting to ₱24,213,100.52 were transferred from the Registry of Public Infrastructures to the books of accounts of the LGU in December 2019, in compliance with COA Circular No. 2015-008, which requires the recognition of the account Local Road Networks in the books of accounts.

The following public infrastructures were damaged when the Municipality was severely hit by Typhoon Sendong in December, 2011, for which relief from property accountability has not yet been granted:

	<b>Cost</b>	<b>% of Damage</b>	<b>Amount</b>
Agricultural Water System	₱ 1,941,831.15	35%	₱ 679,640.90
Valencia Agricultural Water System Phase B (Sitio Nagabi)	1,404,318.00	5%	70,215.90
Valencia Waterworks Improvement Project, Phase A (Sitio Nagabi)	4,122,368.35	40%	1,648,947.34
Improvement of Valencia Waterworks System, (Pangi Source)	481,338.00	90%	433,204.20
Level 3. Talines Source Improvement/Rehabilitation Project	484,601.60	30%	145,380.48
Valencia Agricultural Water System, Sitio Maite	2,507,833.67	35%	877,741.78
Brgy. Palinpinon Agricultural Water System Service Tank	634,785.06	100%	634,785.06
Brgy. Palinpinon Agricultural Water System Rehabilitation & Meterization Program	1,533,275.14	20%	306,655.03
Valencia Agricultural Water System Development/Improvement Project (Sitio Nagabi)	13,155,265.65	10%	1,315,526.57
Brgy. Sagbang/ Ogahong Agricultural Water System & Meterization Program	5,046,063.27	12%	605,527.59
Brgy. Palinpinon Agricultural Water System Improvement Program	1,499,348.60	25%	374,837.15
Improvement of Waterworks System Pipeline along Pangi to Apolong Reservoir	2,056,086.30	100%	2,056,086.30
Improvement of Valencia Waterworks (Apolong) – DOE	4,775,699.33	100%	4,775,699.33
Improvement of Valencia Waterworks (Jawa, Balayagmanok & Sitio Nagabi)	1,975,127.55	100%	1,975,127.55

	<b>Cost</b>	<b>% of Damage</b>	<b>Amount</b>
Improvement of Valencia Waterworks System (Catmon, Apolong)	7,396,967.79	100%	7,396,967.79

Likewise, the following Other Structures were also damaged by the said typhoon:

	<b>Cost</b>	<b>% of Damage</b>	<b>Amount</b>
Construction of Valencia Hydraulic System Technologies, Palinpinon	₱ 24,408,403.72	60%	₱ 14,645,042.23
Upgrading & Rehabilitation of Distribution Line 3 Phase line for Hydropower Industrial Plant & for future locators, Brgy. Palinpinon	4,317,194.68	70%	3,022,036.28
Valencia Industrial Park Development	12,304,921.30	20%	2,460,984.26
Industrial Site Development	805,414.14	100%	805,414.14

#### **Note 11 – Biological Assets**

This account consists of the following:

	<b>2024</b>	<b>2023</b>
Breeding Stocks	₱ 2,859,887.16	₱ 559,887.16
Trees, Plant and Crops	2,289,402.77	2,289,402.77
<b>Total</b>	<b>₱ 5,149,289.93</b>	<b>₱ 2,849,289.93</b>

#### **Note 12 – Intangible Assets**

Other Intangible Assets	₱ 82,000.00	₱ 82,000.00
-------------------------	-------------	-------------

#### **Note 13 – Financial Liabilities**

This account consists of the following:

<i>Current:</i>		
Accounts Payable	₱ 25,680,544.86	₱ 33,267,929.66
Due to Officers and Employees	1,285,104.83	1,533,322.38
Loans Payable-Domestic	20,575,883.78	31,776,133.83
<b>Total Liabilities – Current</b>	<b>₱ 47,541,533.47</b>	<b>₱ 66,577,385.87</b>

<i>Non-Current:</i>	<b>2024</b>	<b>2023</b>
Loans Payable – Domestic	31,776,133.83	0.00
<b>Total Liabilities – Non-Current</b>	<b>₱ 31,776,133.83</b>	<b>₱ 0.00</b>
<b>Total</b>	<b>₱ 79,317,667.30</b>	<b>₱ 66,577,385.87</b>

Loans Payable – Domestic account represents the 1<sup>st</sup>, 2<sup>nd</sup>, and 3<sup>rd</sup> releases of the loan obtained by the Municipality from the Development Bank of the Philippines to finance the construction of the Valencia Public Market Building. The amount approved was ₱60,000,000.00 or the winning bid price, whichever is lower, and the term is six (6) years with a fixed interest rate of 3.9% per annum.

#### **Note 14 – Inter-Agency Payables**

Due to BIR	₱ 1,296,204.25	₱ 3,134,690.76
Due to GSIS	1,450,679.86	1,061,323.72
Due to Pag-IBIG	198,430.35	149,066.15
Due to PhilHealth	250,255.19	144,613.27
Due to NGAs	125,257,946.72	91,560,691.73
Due to LGUs	9,831,519.02	12,852,807.42
<b>Total</b>	<b>₱ 138,285,035.39</b>	<b>₱ 108,903,193.05</b>

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

#### **Note 15 – Intra-Agency Payables**

Due to Other Funds	₱ 76,798,838.19	₱ 4,892,154.48
<i>Elimination of Reciprocal Accounts</i>	0.00	(4,390,062.73)
	<b>₱ 0.00</b>	<b>₱ 502,091.75</b>

Due from/Due to Other Funds amounting to ₱4,390,062.73 in CY 2023 were eliminated in the preparation of Consolidated Financial Statements.

#### **Note 16 – Trust Liabilities**

Trust Liabilities	₱ 10,633,507.32	₱ 12,057,767.05
Trust Liabilities – Disaster Risk Reduction & Management Fund	26,323,924.00	22,850,661.10
Bail Bonds Payable	105,495.15	105,495.15
Guaranty/Security Deposits Payable	9,299,765.66	8,123,782.55
Customers' Deposits Payable	242,774.05	242,774.05
<b>Total</b>	<b>₱ 46,605,466.18</b>	<b>₱ 43,380,479.90</b>

The Guaranty/Security Deposits Payable account consists of bidder's bonds, performance bonds, and warranty securities.

Customer's Deposits Payable represents the temporary guaranty deposit required for the installation of water service based on Municipal Tax Ordinance No. 1 series of 1992, which is estimated to cover two month's consumption. It shall be refunded only when the concessionaires changes or when the service is permanently close, provided that all outstanding accounts of the depositor, if any, shall first be deducted from the said guaranty.

**Note 17 – Deferred Credits/Unearned Income**

	<b>2024</b>	<b>2023</b>
<i>Current:</i>		
Deferred Real Property Tax	₱ 53,232,192.80	₱ 51,968,031.30
Deferred Special Education	53,232,192.80	51,968,031.30
Other Deferred Credits	54,493,090.14	52,044,802.66
<b>Total Deferred Credits/Unearned Income – Current</b>	<b>₱ 160,957,475.74</b>	<b>₱ 155,980,865.26</b>
<i>Non-Current:</i>		
Deferred Real Property Tax	₱ 151,758,168.42	₱ 119,238,034.11
Deferred Special Education	154,694,254.84	122,125,730.48
Other Deferred Credits	290,374,576.03	244,057,639.19
<b>Total Deferred Credits/ Unearned Income – Non-Current</b>	<b>₱ 596,826,999.29</b>	<b>₱ 485,421,403.78</b>
<b>Total Deferred Credits/Unearned Income</b>	<b>₱ 757,784,475.03</b>	<b>₱ 641,402,269.04</b>

Of the total Other Deferred Credits account, ₱87,830,591.86 represents 50% of the 0.5% real property tax payment made by Green Core Geothermal, Incorporated (GCGI) for CYs 2013 to 2018 and ₱251,250,127.06 represents 0.5% real property tax payment made by Energy Development Corporation (EDC) and GCGI for CYs 2019-2024, which are under protest. The Municipality, represented by the Municipal Treasurer and the Provincial Treasurer, invoked Provincial Tax Ordinance No. 1 series of 1994, and Sections 233 and 235 of RA No. 7160, asserting that the rate of the tax is 2% (1% basic tax and 1% special education fund tax), while GCGI invoked Section 15c of RA No. 9513, or the Renewable Energy Act of 2008, which states that: *“Any law to the contrary notwithstanding, real and other taxes on civil works, equipment, machinery, and other improvements of a Registered re Developer actually and exclusively used for re facilities shall not exceed one and a half percent (1.5%) of their original cost less accumulated normal depreciation or net book value: Provided, that in the case of integrated resource development and generation facility as provided under RA No. 9136, the real property tax shall only be imposed on the power plant.”*

The protest was formally filed by GCGI with the Local Board of Assessment Appeals (LBBA), Province of Negros Oriental, but as of December 31, 2020, the LBBA had not yet rendered a decision.

Based on Article 343 (b) & (c) of the IRR of RA No. 7160, the other fifty percent (50%) of the tax paid under protest for CYs 2013 to 2018 was distributed in accordance with the provisions on the distribution of proceeds. The shares of the Municipality for CY 2013 to CY 2018 were recorded as Prior Period Adjustment and Real Property Tax-Basic/Special Education Tax, respectively.

**Note 18 – Other Payables**

	<b>2024</b>	<b>2023</b>
<i>Current:</i>	₱ 1,451,074.07	₱ 507,111.57
<i>Non-Current:</i>	4,070,039.89	4,906,974.89
<b>Total</b>	<b>₱ 5,521,113.96</b>	<b>₱ 5,414,086.46</b>

**Note 19 – Tax Revenue**

<b><i>Tax Revenue – Individual and Corporation</i></b>		
Community Tax	₱ 1,178,867.39	₱ 1,171,714.19
<b><i>Tax Revenue – Property</i></b>		
Real Property Tax – Basic	8,936,247.40	9,374,518.72
Discount on Real Property Tax – Basic	(1,588,719.87)	(1,638,265.00)
Special Education Tax	11,170,346.66	11,718,166.86
Discount on Special Education Tax	(1,985,900.05)	(2,047,293.88)
<b><i>Tax Revenue – Goods and Services</i></b>		
Business Tax	87,696,125.62	66,807,250.24
Tax on Sand, Gravel and Other Quarry Products	78,000.00	302.40
Amusement Tax	162,503.00	239,634.75
<b><i>Tax Revenue – Fines and Penalties</i></b>		
Tax Revenue – Fines and Penalties – Property Taxes	527,821.55	696,180.35
Tax Revenue – Fines and Penalties – Taxes on Goods and Services	234,728.24	317,434.46
<b>Total</b>	<b>₱ 106,410,019.94</b>	<b>₱ 86,639,643.09</b>

**Note 20 – Share from National Taxes**

Share from Internal Revenue Collections	₱ 175,352,191.00	₱ 165,024,702.00
---	------------------	------------------

**Note 21 – Other Share from National Taxes**

Share from National Wealth	₱ 19,978,076.56	₱ 17,368,775.98
----------------------------	-----------------	-----------------

**Note 22 – Service and Business Income**

This consists of the following:

	<b>2024</b>	<b>2023</b>
<b><i>Service Income</i></b>		
Permit Fees	₱ 5,094,336.81	₱4,368,786.68
Registration Fees	212,465.00	205,384.00
Clearance and Certificate Fees	1,842,126.30	1,949,672.28
Supervision & Regulation Enforcement Fees	16,220.00	48,000.00
Inspection Fees	1,176,841.32	1,169,862.17
Occupation Fees	682,300.00	641,100.00
Fines and Penalties – Service Income	129,140.54	67,869.00
<b><i>Business Income</i></b>		
Rent/Lease Income	975,434.00	75,000.00
Waterworks System Fees	6,735,923.40	7,183,864.33
Parking Fees	248,455.00	254,040.00
Receipt from Market Operations	2,138,665.94	2,324,383.15
Receipt from Cemetery Operations	162,300.00	164,505.00
Garbage Fees	838,200.00	808,400.00
Interest Income	2,249,866.04	2,180,203.93
Fines and Penalties – Business Income	0.00	0.00
Other Business Income	2,178.00	0.00
<b>Total Service and Business Income</b>	<b>₱ 22,504,452.35</b>	<b>₱21,441,070.54</b>

**Note 23 – Transfers, Assistance and Subsidy From**

This consists of the following:

<b><i>Transfers, Assistance and Subsidy</i></b>		
Subsidy from NGAs	₱ 2,000.00	₱748,885.95
Subsidy from Local Government Units	18,000.00	18,000.00
Subsidy from General Fund Proper/ Other Special Accounts	0.00	4,000,000.00
Transfers from General Fund of LGU counterpart /Equity Share	256,967.46	76,956.27
<b>Total</b>	<b>₱ 276,967.46</b>	<b>₱4,843,842.22</b>

The subsidy from the General Fund Proper/Other Special Accounts amounting to ₱10,810,919.28, being a reciprocal account, was eliminated in the preparation of the Consolidated Financial Statements.

**Note 24 – Other Income**

This consists of the following:

	<b>2024</b>	<b>2023</b>
Miscellaneous Income	₱ 1,197,688.31	₱ 385,019.55

**Note 25 – Employee Costs**

This consists of the following:

<b><i>Personnel Services</i></b>		
Salaries and Wages – Regular	₱ 54,122,238.33	₱48,699,329.35
<b><i>Other Compensation</i></b>		
Personal Economic Relief Allowance	3,279,272.94	3,198,363.74
Representation Allowance	2,389,725.00	2,103,187.50
Transportation Allowance	2,391,637.50	2,103,187.50
Clothing/Uniform Allowance	945,000.00	828,000.00
Subsistence Allowance	194,750.00	176,900.00
Laundry Allowance	18,919.90	17,283.54
Productivity Incentive Allowance	690,000.00	640,000.00
Honoraria	2,395,298.60	2,293,390.30
Hazard Pay	1,046,161.65	969,371.50
Longevity Pay	185,000.00	110,000.00
Overtime and Night Pay	2,168,746.08	1,835,259.98
Mid-Year and Year-End Bonuses	4,913,283.85	4,094,677.50
Cash Gift	684,750.00	673,500.00
Other Bonuses and Allowances	4,113,326.00	4,088,406.00
<b><i>Personnel Benefit Contribution</i></b>		
Retirement & Life Insurance Premiums	6,367,171.07	5,718,259.35
Pag-IBIG Contribution	311,400.00	157,400.00
PhilHealth Contribution	1,311,290.51	936,805.83
Employees Compensation Insurance Premiums	163,400.00	158,400.00
<b><i>Other Personnel Benefit</i></b>		
Terminal Leave Benefits	2,438,150.95	7,144,822.15
Other Personnel Benefits	2,878,500.00	2,654,500.00
<b>Total</b>	<b>₱ 93,008,022.38</b>	<b>₱88,601,044.24</b>

**Note 26 – Maintenance and Other Operating expenses**

**Summary of Maintenance and Other Operating Expenses:**

	<b>2024</b>	<b>2023</b>
Traveling Expenses	₱ 4,411,308.63	₱3,046,512.46
Training and Scholarship Expenses	5,168,705.42	2,896,317.27
Supplies and Materials Expenses	12,142,308.71	11,559,966.07
Utilities Expenses	8,162,673.25	7,534,910.38
Communication Expenses	1,097,190.32	1,152,533.99
Awards/Rewards and Prizes	1,421,300.00	1,001,900.00
Survey, Research, Exploration and Development Expenses	44,000.00	81,000.00
Professional Services	3,204,164.78	3,142,324.11
General Services	13,376,622.13	10,661,027.58
Repairs and Maintenance	39,701,137.04	33,922,633.61
Taxes, Insurance Premiums and Other Fees	1,560,572.21	1,735,019.00
Other Maintenance and Operating Expense	61,935,237.49	61,530,644.24
<b>Total</b>	<b>₱ 152,225,219.98</b>	<b>₱138,264,788.71</b>

This consists of the following:

<b><i>Traveling Expenses</i></b>		
Traveling Expenses – Local	₱ 4,411,308.63	₱ 3,046,512.46
<b><i>Training and Scholarship Expenses</i></b>		
Training Expenses	4,273,705.42	2,148,317.27
Scholarship Grants/Expenses	895,000.00	748,000.00
<b>Sub-total</b>	<b>₱ 5,168,705.42</b>	<b>₱ 2,896,317.27</b>
<b><i>Supplies and Materials Expenses</i></b>		
Office Supplies Expenses	₱ 2,614,469.31	₱ 2,990,868.39
Accountable Forms Expenses	470,963.72	519,877.51
Food Supplies Expenses	0.00	188,077.50
Welfare Goods Expenses	0.00	0.00
Drugs and Medicines Expenses	0.00	0.00
Medical, Dental and Laboratory Supplies Expenses	31,436.00	46,095.00
Fuel, Oil and Lubricants Expenses	6,079,721.59	6,225,909.52
Agricultural and Marine Supplies Expenses	0.00	0.00
Military, Police & Traffic Supplies Expenses	0.00	0.00
Chemical and Filtering Supplies Expenses	0.00	
Other Supplies and Materials Expenses	2,945,718.09	1,589,138.15
<b>Sub-total</b>	<b>₱ 12,142,308.71</b>	<b>₱11,559,966.07</b>
<b><i>Utility Expenses</i></b>		
Electricity Expenses	₱ 8,162,673.25	7,534,910.38

	<b>2024</b>	<b>2023</b>
<b><i>Communication Expenses</i></b>		
Postage and Courier Services	₱ 1,155.00	₱ 2,196.00
Telephone Expenses	1,065,637.32	997,119.99
Internet Subscription Expenses	29,988.00	147,888.00
Cable, Satellite, Telegraph and Radio Expenses	410.00	5,330.00
<b>Sub-total</b>	<b>₱ 1,097,190.32</b>	<b>₱ 1,152,533.99</b>
<b><i>Awards/Rewards and Prizes</i></b>		
Awards/Rewards Expenses	₱ 0.00	₱ 0.00
Prizes	1,421,300.00	1,001,900.00
<b>Sub-total</b>	<b>₱ 1,421,300.00</b>	<b>₱ 1,001,900.00</b>
<b><i>Survey, Research, Exploration and Development Expenses</i></b>		
Survey Expenses	44,000.00	81,000.00
<b>Total</b>	<b>₱ 32,447,486.33</b>	<b>₱27,273,140.17</b>

#### **Note 26.1 – Contracted Services**

This consists of the following:

<b><i>Professional Services</i></b>		
Consultancy Services	₱ 0.00	₱ 748,885.95
Other Professional Services	3,204,164.78	2,393,438.16
<b><i>General Services</i></b>		
Environmental/Sanitary Services	7,220,029.70	5,703,383.06
Security Services	6,156,592.43	4,957,644.52
<b>Total</b>	<b>₱ 16,580,786.91</b>	<b>₱13,803,351.69</b>

#### **Note 26.2 – Repairs and Maintenance**

This consists of the following:

Repairs and Maintenance – Infrastructure Assets	₱ 20,898,371.28	₱18,747,137.97
Repairs and Maintenance – Buildings and Other Structures	10,229,503.73	9,159,990.52
Repairs and Maintenance – Machinery and Equipment	2,902,523.86	2,708,140.76
Repairs and Maintenance – Transportation Equipment	5,653,204.17	3,233,676.36
Repairs and Maintenance – Furniture and Fixtures	0.00	0.00
Repairs and Maintenance – Other Property, Plant and Equipment	17,534.00	73,688.00
<b>Total</b>	<b>₱ 39,701,137.04</b>	<b>₱ 33,922,633.61</b>

**Note 26.3 – Taxes, Insurance Premiums and Other Fees**

This consists of the following:

	<b>2024</b>	<b>2023</b>
Taxes, Duties and Licenses	₱ 619,703.50	₱ 738,100.81
Fidelity Bond Premiums	257,100.00	201,750.00
Insurance Expenses	683,768.71	795,168.19
<b>Total</b>	<b>₱ 1,560,572.21</b>	<b>₱ 1,735,019.00</b>

**Note 26.4 – Other Maintenance and Operating Expense**

This consists of the following:

Advertising Expenses	₱ 250,000.00	₱ 75,500.00
Printing and Publication Expenses	426,486.00	180,990.00
Rent/Lease Expenses	19,400.00	167,131.00
Membership Dues and Contributions to Organizations	0.00	20,000.00
Subscription Expenses	0.00	0.00
Donations	37,287,130.35	40,955,923.90
Other Maintenance and Operating Expenses	23,952,221.14	20,131,099.34
<b>Total</b>	<b>₱ 61,935,237.49</b>	<b>₱ 61,530,644.24</b>

The Donations account of ₱37,287,130.35 for CY 2024 is composed of the following:

Electric Subsidy	₱ 14,009,741.88
Annual Financial Assistance to Registered Senior Citizens and Mortuary Cash Assistance to family of deceased Senior Citizens	8,582,400.00
Donations to Valencia Health Care Program Beneficiaries	6,934,757.43
Donations to indigent families, persons in Crisis situation, persons with disabilities, disadvantaged women, Children in conflict with the law which Amount came from DSWD – Local	7,760,231.04
<b>Total</b>	<b>₱ 37,287,130.35</b>

## Note 27 – Non-Cash Expenses

This consists of the following:

	2024	2023
<b><i>Depreciation and Amortization</i></b>		
Depreciation – Land Improvements	₱ 935,263.14	₱ 829,915.73
Depreciation – Infrastructure Assets	9,796,686.91	8,897,829.34
Depreciation – Buildings and Other Structures	8,572,241.08	7,355,915.10
Depreciation – Machinery and Equipment	9,267,009.86	9,549,890.89
Depreciation – Transportation Equipment	1,993,171.17	1,704,732.53
Depreciation – Furniture, Fixtures and Books	827,085.20	811,185.81
Depreciation – Other Property, Plant and Equipment	992,038.70	1,039,168.72
<b>Total</b>	<b>₱ 32,383,496.06</b>	<b>₱30,188,638.12</b>

## Note 28 – Financial Expenses

Interest Expenses	₱ 1,611,230.66	₱ 0.00
Bank Charges	184,920.00	299,011.28
Other Financial Expenses	0.00	0.00
<b>Total</b>	<b>₱ 1,796,150.66</b>	<b>₱299,011.28</b>

## Note 29– Transfer, Assistance and Subsidy To

This consists of the following:

Subsidy to Other Local Government Units	₱ 174,000.00	₱ 174,000.00
Subsidy to General Fund Proper/Special Accounts	0.00	4,000,000.00
Transfers of Unspent Current Year DRRM Funds to the Trust Funds	4,403,978.90	3,832,675.22
Transfers for Project Equity Share/ LGU Counterpart	256,967.46	1,500,000.00
<b>Total</b>	<b>₱ 4,834,946.36</b>	<b>₱ 9,506,675.22</b>

Subsidy to General Fund Proper/Special Accounts amounting to ₱10,810,919.28, being a reciprocal account, was eliminated in the preparation of the Consolidated Financial Statements.

**Note 30 – Reconciliation of Net Cash Flows from Operating Activities to Surplus/Deficit**

	<b>2024</b>	<b>2023</b>
Surplus for the period	₱ 41,471,560.18	₱ 28,842,895.81
Depreciation	32,383,496.06	30,188,638.12
Loss on Assets	0.00	0.00
Increase in payables	426,331,687.28	506,311,869.63
Decrease in Payables	(38,964,803.61)	27,622,857.08
Increase in current assets	(318,177,926.57)	(36,152,901.70)
Increase in receivables	(1,080,056.50)	(454,134,170.85)
Decrease in Receivables	62,501,654.24	0.00
<b>Net Cash Flow from Operating Activities</b>	<b>₱ 204,465,611.08</b>	<b>₱102,679,188.09</b>

**Note 31 – 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 RA No. 10121, otherwise known as the “Philippine Disaster Risk Reduction and Management Act of 2010”. The amount available and utilized during the year totaled ₱50,604,982.85 and ₱19,653,991.38 respectively, broken down as follows:

<b>Particular</b>	<b>Amount Available</b>	<b>Amount Utilized</b>	<b>Balance</b>
Current Appropriation:			
Quick Response Fund (QRF)			
MOOE	₱ 4,070,640.64	₱ 0.00	₱ 4,070,640.64
Capital Outlay			
Mitigation Fund (MF)			
MOOE	998,161.51	664,823.25	333,338.26
Capital Outlay	8,500,000.00	483,060.00	8,016,940.00
<b>Total</b>	<b>₱13,568,802.15</b>	<b>₱ 1,147,883.25</b>	<b>₱ 12,420,918.90</b>
Continuing Appropriation:	<b>₱19,665,767.35</b>	<b>₱11,186,108.13</b>	<b>₱ 8,479,659.22</b>
Special Trust Fund			
CY 2023	₱ 3,832,675.22	₱ 0.00	₱ 3,832,675.22
CY 2022	4,372,732.75	3,989,431.07	383,301.68
CY 2021	7,774,322.53	3,118,702.53	4,655,620.00
CY 2020	681,606.40	211,866.40	469,740.00
CY 2019	709,076.45	0.00	709,076.45
<b>Total</b>	<b>₱17,370,413.35</b>	<b>₱ 7,320,000.00</b>	<b>₱ 10,050,413.35</b>
<b>Total</b>	<b>₱50,604,982.85</b>	<b>₱19,653,991.38</b>	<b>₱ 30,950,991.47</b>

The Municipality's total Current Year Appropriation for the 5% Local Disaster Risk Reduction and Management Fund (LDRRMF) is ₱13,568,802.15. This amount was programmed for various projects and activities by the Local Disaster Risk Reduction and Management Council.

In compliance with COA Circular No. 2012-002, a total amount of ₱4,403,978.90, representing the unexpended/unobligated balance of the Quick Respond Fund and 70% Pre-Disaster Preparedness Program, was transferred to the Trust Fund books on December 31, 2024.

**CY 2024 5% Local Disaster Risk Reduction and Management Fund**

Annual Budget	₱ 13,568,802.15
Supplemental Budget	0.00
<b>Total</b>	<b>₱ 13,568,802.15</b>
A. 30% Quick Response Fund	₱ 4,070,640.64
B. 70% Pre-Disaster Preparedness Program	₱ 9,498,161.51
Less: Amount Utilized	1,147,883.25
<b>Balance of the CY 2024 DRRMF</b>	<b>₱ 12,420,918.90</b>
Less: Balance of the Capital Outlay	8,016,940.00
<b>Amount Transferred to the Special Trust Fund</b>	<b>₱ 4,403,978.90</b>

Note 10

<b>Property, Plant and Equipment</b>							
<b>Property, Plant and Equipment</b>	<b>January 1, 2023</b>	<b>Additions</b>	<b>Transfers/ Adjustments</b>	<b>December 31, 2023</b>	<b>Additions</b>	<b>Transfers/ Adjustments</b>	<b>December 31, 2024</b>
<b>Land</b>							
Land	97,956,248.00	3,636,000.00		101,592,248.00			101,592,248.00
<b>Land Improvements</b>							
Other Land Improvements	22,555,828.24			22,555,828.24			22,555,828.24
<b>Infrastructure Projects</b>							
Road Networks	149,146,864.35		14,087,593.77	163,234,458.12		7,102,295.41	170,336,753.53
Flood Control Systems	5,759,348.65		1,300,235.12	7,059,583.77			7,059,583.77
Water Supply Systems	35,862,724.50			35,862,724.50			35,862,724.50
Power Supply Systems	3,233,001.19			3,233,001.19			3,233,001.19
Other Infrastructure Assets	4,479,191.67		1,966,405.82	6,445,597.49		987,589.52	7,433,187.01
<b>Buildings and other Structures</b>							
Buildings	16,839,827.55		2,634,870.60	19,474,698.15			19,474,698.15
School Buildings	18,599,011.15		814,366.00	19,413,377.15		1,342,888.41	20,756,265.56
Hospitals and Health Centers	22,443,742.69			22,443,742.69			22,443,742.69
Markets	7,952,199.66			7,952,199.66		6,385,082.04	14,337,281.70
Slaughterhouses	14,700.35			14,700.35			14,700.35
Other Structures	137,412,505.96		3,260,175.61	140,672,681.57		9,470,004.06	150,142,685.63
<b>Machinery and Equipment</b>							
Office Equipment	8,915,980.35	1,037,670.00		9,953,650.35	867,868.00		10,821,518.35
Information and Communication Technology Equip.	21,368,941.04	1,325,610.00		22,694,551.04	2,197,878.00		24,892,429.04
Agriculture and Forestry Equipment	3,201,864.85			3,201,864.85			3,201,864.85
Communications Equipment	2,157,616.20	129,000.00		2,286,616.20			2,286,616.20
Construction and Heavy Equipment	58,211,452.17	3,988,000.00		62,199,452.17	7,459,751.89		69,659,204.06
Disaster Response and Rescue Equipment	8,729,268.50	6,194,987.00		14,924,255.50	7,320,000.00		22,244,255.50
Military, Police and Security Equipment	796,750.00			796,750.00			796,750.00
Medical Equipment	4,614,998.40	98,000.00		4,712,998.40	803,000.00		5,515,998.40
Sports Equipment	575,295.38			575,295.38			575,295.38
Technical and Scientific Equipment	736,733.00			736,733.00			736,733.00
Other Machinery And Equipment	5,936,260.00			5,936,260.00	95,000.00		6,031,260.00
<b>Transportation Equipment</b>							
Motor Vehicles	24,105,535.90	1,520,630.00		25,626,165.90	4,779,000.00		30,405,165.90
Other Transportation Equipment	2,200,000.00			2,200,000.00			2,200,000.00
<b>Furniture, Fixtures and Books</b>							
Furniture and Fixtures	7,217,686.66	518,675.75		7,736,362.41			7,736,362.41
Books	102,744.83			102,744.83			102,744.83
<b>Construction in Progress</b>							
Construction in Progress - Land Improvements	4,910,519.87			4,910,519.87			4,910,519.87
Construction in Progress - Infrastructure Assets	96,561,670.32	48,282,470.62	(17,354,234.71)	127,489,906.23	31,656,656.17	(8,089,884.93)	151,056,677.47
Construction in Progress - Buildings & Other Structures	57,052,814.86	51,870,286.46	(6,709,412.21)	102,213,689.11	92,316,761.85	(17,197,974.51)	177,332,476.45
<b>Other Property, Plant and Equipment</b>							
Work/Zoo Animals	49,990.00			49,990.00			49,990.00
Other Property, Plant and Equipment	15,348,684.85	747,551.00		16,096,235.85	4,062,828.55		20,159,064.40
<b>Total</b>	<b>845,050,001.14</b>	<b>119,348,880.83</b>	<b>-</b>	<b>964,398,881.97</b>	<b>151,558,744.46</b>	<b>-</b>	<b>1,115,957,626.43</b>

**Depreciation and Impairment**

Property, Plant and Equipment	January 1, 2023		December 31, 2023		December 31, 2024
	Accum. Depr.	Depreciation	Accum. Depr.	Depreciation	Accum. Depr.
<b>Land Improvements</b>					
Other Land Improvements	9,084,189.03	829,915.73	9,914,104.76	935,263.14	10,849,367.90
<b>Infrastructure Projects</b>					
Road Networks	26,918,013.72	6,714,475.68	33,632,489.40	7,313,138.88	40,945,628.28
Flood Control Systems	787,905.82	259,170.84	1,047,076.66	376,191.84	1,423,268.50
Water Supply Systems	2,040,779.91	1,613,762.50	3,654,542.41	1,638,773.59	5,293,316.00
Power Supply Systems	518,032.56	145,485.12	663,517.68	145,485.12	809,002.80
Other Infrastructure Assets	662,814.50	164,935.20	827,749.70	323,097.48	1,150,847.18
<b>Buildings and other Structures</b>					
Buildings	2,528,391.20	580,791.84	3,109,183.04	699,361.44	3,808,544.48
School Buildings	3,411,188.76	444,957.48	3,856,146.24	1,116,743.05	4,972,889.29
Hospitals and Health Centers	5,898,670.50	692,941.80	6,591,612.30	692,941.68	7,284,553.98
Markets	2,747,135.69	168,234.48	2,915,370.17	168,234.27	3,083,604.44
Other Structures	67,872,116.31	5,468,989.50	73,341,105.81	5,894,960.64	79,236,066.45
<b>Machinery and Equipment</b>					
Office Equipment	5,129,249.13	713,336.42	5,842,585.55	712,009.07	6,554,594.62
Information and Communication Technology Equipment	11,465,274.15	1,715,990.93	13,181,265.08	1,799,435.79	14,980,700.87
Agricultural and Forestry Equipment	753,266.22	517,500.00	1,270,766.22	517,500.00	1,788,266.22
Communications Equipment	1,630,667.71	46,457.30	1,677,125.01	56,457.00	1,733,582.01
Construction and Heavy Equipment	30,619,495.62	3,942,954.99	34,562,450.61	3,881,361.37	38,443,811.98
Disaster Response and Rescue Equipment	4,760,335.50	1,103,940.37	5,864,275.87	848,490.83	6,712,766.70
Military, Police and Security Equipment	571,177.50	35,730.00	606,907.50	48,963.33	655,870.83
Medical Equipment	1,502,757.70	422,948.46	1,925,706.16	386,633.37	2,312,339.53
Sports Equipment	114,338.28	15,694.02	130,032.30	15,444.60	145,476.90
Technical and Scientific Equipment	281,643.73	29,732.40	311,376.13		311,376.13
Other Machinery and Equipment	2,969,563.50	1,005,606.00	3,975,169.50	1,000,714.50	4,975,884.00
<b>Transportation Equipment</b>					
Motor Vehicles	13,745,140.61	1,506,732.53	15,251,873.14	1,795,171.17	17,047,044.31
Other Transportation Equipment	1,386,000.00	198,000.00	1,584,000.00	198,000.00	1,782,000.00
<b>Furniture, Fixtures and Books</b>					
Furniture and Fixtures	3,912,832.44	811,185.81	4,724,018.25	827,085.20	5,551,103.45
Books	33,981.87		33,981.87		33,981.87
<b>Other Property, Plant &amp; Equipment</b>					
Other Property, Plant & Equipment	8,539,790.89	1,039,168.72	9,578,959.61	992,038.70	10,570,998.31
<b>Total</b>	<b>209,884,752.85</b>	<b>30,188,638.12</b>	<b>240,073,390.97</b>	<b>32,383,496.06</b>	<b>272,456,887.03</b>
<b>Cost</b>	<b>845,050,001.14</b>		<b>964,398,881.97</b>		<b>1,115,957,626.43</b>
<b>Accumulated Depreciation</b>	<b>209,884,752.85</b>		<b>240,073,390.97</b>		<b>272,456,887.03</b>
<b>Net Book Value</b>	<b>635,165,248.29</b>		<b>724,325,491.00</b>		<b>843,500,739.40</b>

**PART II**  
**AUDIT OBSERVATIONS AND**  
**RECOMMENDATIONS**

## AUDIT OBSERVATIONS AND RECOMMENDATIONS

### A. FINANCIAL AND COMPLIANCE AUDIT

#### *Property, Plant, and Equipment*

1. **At least 38 completed projects in CY 2024 under the General Fund and Special Education Fund, totaling ₱58,898,662.36, were erroneously retained under the Construction in Progress (CIP) account instead of being transferred to the appropriate Property, Plant and Equipment (PPE) accounts, due to insufficient monitoring and improper documentation, contrary to Section 50 of the NGAS Manual for LGUs, Volume I and IPSAS No. 17, resulting in an overstatement of the CIP account and an understatement of related PPE and depreciation expense accounts.**
  - 1.1. Section 50 of the New Government Accounting System (NGAS) Manual for Local Government Units (LGUs), Volume I, requires that during the construction period, Property, Plant, and Equipment (PPE) shall be classified as “Construction in Progress” (CIP) with the appropriate asset classification. Upon completion, the CIP accounts shall then be transferred to their appropriate asset accounts. The CIP account is used to record the value of work performed in accordance with the terms of applicable construction contracts.
  - 1.2. Furthermore, with the adoption of the International Public Sector Accounting Standards (IPSAS), infrastructure assets shall be taken up as PPE. The annual consumption of their service potential, along with any loss of value due to depreciation and impairment, shall also be recognized.
  - 1.3. Under IPSAS 17, depreciation is defined as the systematic allocation of the depreciable amount of an asset over its useful life. Paragraph 71 of IPSAS No. 17 provides that *“depreciation of an asset begins when it is available for use i.e., when it is in the location and condition necessary for it to be capable of operating in the manner intended by management.”*
  - 1.4. In addition, Item 4.1 of the Philippine Application Guideline (PAG) for IPSAS 17 states that *“xxx For simplicity and to avoid proportionate computation, depreciation shall be for one month if the PPE is available for use on or before the 15th of the month. However, if the PPE is available for use after the 15th of the month, depreciation shall be for the succeeding month.”*
  - 1.5. As of December 31, 2024, the balances of the CIP–Land Improvements, CIP–Infrastructure Assets and CIP–Buildings and Other Structures amounted to ₱4,910,519.87, ₱151,056,677.47, and ₱177,332,476.45, respectively. However, our verification of these accounts revealed that at least 38 completed projects, with a total cost of ₱58,898,662.36, remained erroneously recorded under Construction in

Progress account despite their completion within the year. The detailed list of these projects is presented in *Appendix I*.

- 1.6. Inquiry with the Municipal Accountant revealed that the CIP–Land Improvements amounting to ₱4,910,519.87 may pertain to reforestation projects implemented in CYs 2011 and 2015. She further stated that she is still trying to determine the current status of the project's implementation.
- 1.7. Our review of the CY 2024 Report of Checks Issued showed that final payments for these completed projects were made as early as January 2024. The Disbursement Vouchers (DVs) supporting the final payments of each project included Certificates of Completion signed by the Municipal Engineer, along with Accomplishment/Inspection Reports indicating 100% completion. Despite this, these projects continued to be recorded under CIP-Infrastructure Assets or CIP-Buildings and Other Structures in the Municipality’s books as of year-end.
- 1.8. According to the Municipal Accountant, the transfer of completed projects from the CIP account to the appropriate PPE accounts is not based solely on final payment and accompanying documentation. Instead, she waits for another Accomplishment/Inspection Report from the Municipal Engineer containing a notation on any additional administrative charges. She explained that in a previous instance, the costs of completed projects were already transferred to PPE accounts following final payment, only for the Engineering Office to later submit documents reflecting additional charges. Since then, she refrained from transferring CIP balances until receipt of the aforementioned additional documentation.
- 1.9. As a result of these deficiencies, the CIP-Infrastructure Assets and CIP-Buildings and Other Structures accounts under the General Fund were overstated by at least ₱23,206,013.91 and ₱19,586,240.86, respectively. Additionally, the CIP-Buildings and Other Structures account under the Special Education Fund was overstated by at least ₱16,106,407.59. Consequently, depreciation expenses were understated, leading to understated Accumulated Depreciation accounts and an overstated surplus account.

**1.10. We recommended that the Municipal Accountant:**

- 1.10.1. Coordinate with the Municipal Engineer in identifying the projects that have been completed but remained recorded under the CIP accounts;**
- 1.10.2. Record the transfer of the costs of the completed projects from the CIP accounts to the respective PPE accounts once these are identified;**
- 1.10.3. Record the corresponding depreciation expenses for the current and prior years; and**

- 1.10.4. Determine the status of implementation of the projects recorded under the CIP–Land Improvements account and prepare the necessary adjusting entries accordingly.**
- 1.11. We further recommended that the Municipal Accountant and the Municipal Engineer establish a regular monitoring process of the Municipality’s CIP accounts to ensure the timely transfer of completed projects to the appropriate PPE accounts.**
- 1.12. The Municipal Accountant has already started transferring projects from the CIP accounts to their appropriate PPE accounts and has promised to record the corresponding current and prior year depreciation expenses by the end of CY 2025. She added that they will begin transferring the projects from the CIP account immediately after the final payment to the contractor, supported by the required documents.

*Accounts Payable*

- 2. The Accounts Payable balances of ₱25,680,544.86 was not fairly presented due to the inclusion of undocumented unpaid obligations amounting to ₱2,084,423.19, of which ₱1,761,964.63 remained outstanding for more than two years and were neither reverted to the unappropriated surplus, contrary to Section 98 of Presidential Decree No. 1445 and Section 9, Volume I, of the New Government Accounting System (NGAS) Manual, thus, may no longer represent valid claims.**
- 2.1. The NGAS Manual for Local Government Units (LGUs) was prescribed to ensure proper accounting of all financial transactions of the LGUs. Section 116 thereof provides the requisition procedures for supplies, while Section 121 provides the reporting on the issuance of supplies/materials, viz:
- 2.2. COA Circular No. 2015-009 dated December 1, 2015, defines Accounts Payable as an account used to record the receipt of goods or services on account in the normal course of trade and business operations. Accordingly, Accounts Payable are considered current liabilities, as they meet the criteria set forth under paragraph 83 of the International Public Sector Accounting Standard (IPSAS) 1, which states that a liability should be classified as current when it is expected to be settled in the normal course of the entity’s operating cycle or is due to be settled months after the reporting date.
- 2.3. Relative thereto, Section 98 of the P.D. No. 1445 provides that any unliquidated balance of accounts payable in the books may be reverted to the unappropriated surplus of the general fund, provided that these have been outstanding for two years or more and against which no actual claims, administrative or judicial, have been filed or which are not covered by perfected contracts on record.

2.4. While we are aware that the above provisions pertain specifically to the unliquidated balances of accounts payable in the books of the national government, Honorable Celso D. Gangan, former Chairman of the Commission on Audit, as stated in his 5<sup>th</sup> Indorsement dated September 2, 1998, reads in part:

“ *Every statute be construed in connection with those already existing in relation to the same subject matter and should be made to harmonize and stand tighter if they can be done by fair and reasonable interpretation. (City of Naga vs Agna SCRA 176) x x x.*”

2.5. As of December 31, 2024, the Municipality’s Accounts Payable balance amounted to ₱25,680,544.86, as shown in the table below:

Fund	Total	Current	Over 1 - 2 yrs.	Over 2 - 10 yrs.	Over 10 yrs.
<b>General Fund</b>					
CY 2024	₱21,207,437.64	₱21,207,437.64	₱ -	₱ -	₱ -
CY 2023	254,307.29	-	254,307.29	-	-
CY 2022	67,856.17	-	-	67,856.17	-
CY 2021 & prior	1,677,430.45	-	-	1,677,430.45	-
<b>Sub-total</b>	<b>23,207,031.55</b>	<b>21,207,437.64</b>	<b>254,307.29</b>	<b>1,745,286.62</b>	<b>-</b>
<b>Special Education Fund</b>					
CY 2024	2,388,684.03	2,388,684.03	-	-	-
CY 2023	68,151.27	-	68,151.27	-	-
CY 2017	0.01	-	-	0.01	-
CY 2014	16,368.00	-	-	-	16,368.00
<b>Sub-total</b>	<b>2,473,203.31</b>	<b>2,388,684.03</b>	<b>68,151.27</b>	<b>0.01</b>	<b>16,368.00</b>
<b>Trust Fund</b>					
CY 2021	<b>310.00</b>	-	-	310.00	-
<b>Total</b>	<b>₱25,680,544.86</b>	<b>₱23,596,121.67</b>	<b>₱322,458.56</b>	<b>₱1,745,596.63</b>	<b>₱16,368.00</b>

2.6. Analysis of the account showed that ₱2,084,423.19, or 8.12% of the total, was not properly supported with appropriate documentation. Moreover, ₱1,761,964.63 of this amount remained outstanding for more than two years, as summarized in the table below:

Age of Accounts Payable		Amount
Current		₱ 23,596,121.67
Over 1 - 2 years		₱ 322,458.56
Over 2 years – 10 years	₱1,745,596.63	₱ 2,084,423.19
Over 10 years	₱ 16,368.00	
<b>Total</b>		<b>₱ 25,680,544.86</b>

2.7. Inquiry with the Municipal Treasurer’s Office revealed that all documents related to obligations for CY 2024 and prior years that were processed for payment have already been fully paid. Furthermore, the office confirmed that it is no longer in possession of any unpaid vouchers or invoices from previous years.

- 2.8. Additionally, an inquiry with the Municipal Accountant and a review of the Accounts Payable supporting schedule for prior years revealed that certain obligations were recorded based solely on obligation requests, rather than on Inspection and Acceptance Reports (IARs) and/or suppliers' invoices, which serve as evidence of actual delivery and acceptance of goods or services by Management.
- 2.9. This practice is inconsistent with Section 9, Volume 1 of the NGAS Manual, which requires that obligations be recorded in the books only upon submission of complete supporting documents to the Budget Officer for certification. Moreover, Section 4(s), Volume 1 of the same Manual, states that "Liability shall be recognized at the time goods and services are accepted or rendered and supplier/creditor bills are received." Therefore, the recording of obligations must be supported by perfected contracts, billing statements, delivery receipts, inspection and acceptance reports, and other pertinent documents to ensure the validity of the claims.
- 2.10. The absence of these supporting documents indicates that the accounts recorded were not valid claims at the time of recognition. This observation is further supported by the fact that the Accounting Office reverted similar obligations to the unappropriated surplus in CY 2018 and intends to conduct another reversion in CY 2025.
- 2.11. Due to the lack of availability of supporting documents to substantiate the AP amounting to ₱2,084,423.19, of which ₱1,761,964.63 has been outstanding for more than two years, we could not ascertain the validity of the accounts. These accounts were also doubtful because it is unlikely that the suppliers or claimants would wait for a long time to be paid or claim what was supposedly due to them. Consequently, the financial statements might not have been fairly presented because a substantial amount may no longer represent valid claims.
- 2.12. We recommended that the Municipal Accountant coordinate with the Municipal Budget Officer and the Municipal Treasurer to determine whether the Accounts Payable totaling ₱2,084,423.19, aged from over one year to more than 10 years, were recorded based on obligation requests duly supported by supplier bills/invoices and accomplished Inspection and Acceptance Reports, to ensure the validity and accuracy of the liability account presented in the financial statements.**
- 2.13. We further recommended that, henceforth, the Municipal Accountant recognize liabilities only at the time goods and services are accepted or rendered and supplier or creditor bills are received, based on valid claims that are adequately supported by sufficient and appropriate evidence.**

- 2.14. The Municipal Accountant promised to coordinate with the Municipal Budget Officer, Municipal Treasurer, and other heads of offices to verify if the Disbursement Vouchers and payrolls under Accounts Payable have been cancelled.
- 2.15. The Municipal Budget Officer clarified that her duty is to ensure all Obligation Requests (OBRs) are supported by complete and valid documents before approval. She added that they consistently return OBRs with incomplete supporting documents to the requisitioning office for compliance. She also acknowledged that the undocumented obligations may no longer represent valid claims and require immediate action to ensure the fair presentation of the financial statements. Furthermore, she expressed her willingness to coordinate with other heads of offices to thoroughly review all undocumented Accounts Payable entries and validate the legitimacy of each claim before initiating fund reversion and cancelling those that are invalid or non-existent.

#### *RPT and SET Receivables*

### **3. Inconsistent with Sections 246 and 248 of Republic Act (RA) No. 7160 and Section 20 of the Manual on the New Government Accounting System (NGAS), Volume I, the Real Property Tax (RPT) Receivable and Special Education Tax (SET) Receivable for CY 2024, each amounting to ₱53,232,192.80, were recorded only in November 2024 due to the unavailability of the assessment roll at the beginning of the year, compromising the matching principle thus, collections may not align with recorded receivables.**

- 3.1. COA Circular No. 2012-001 prescribes the revised documentary requirements for common government transactions. Section 1.1 thereof provides the following documentary requirements common to all cash advances except for travels:
- 3.2. Section 246 of RA No. 7160 provides that, “**The real property tax for any year shall accrue on the first day of January** and from that date it shall constitute a lien on the property which shall be superior to any other lien, mortgage, or encumbrance of any kind whatsoever, and shall be extinguished only upon the payment of the delinquent tax.” (Emphasis ours.)
- 3.3. Moreover, Section 248 of the same Act states that, “The provincial, city or municipal assessor shall prepare and submit to the treasurer of the local government unit, on or before the thirty-first (31<sup>st</sup>) day of December each year, an assessment roll containing a list of all persons whose real properties have been newly assessed or reassessed and the values of such properties.”
- 3.4. In relation to the foregoing, Section 20, Volume I of the NGAS Manual partly 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 supplied.)

- 3.5. However, records showed that in CY 2024, the Municipality’s RPT and SET receivables, each amounting to ₱53,232,192.80, were established only in November 2024, covered by JEV Nos. 100-2024-11-6285-Z-18 and 200-2024-11-632-E. The Municipal Accountant explained that, despite her request at the beginning of the year, the Municipal Treasurer did not furnish her with a duly certified list showing the names of the taxpayers and the amounts due and collectible for the year.
- 3.6. It may be mentioned that collections for CY 2024 RPT and SET Receivables started in January 2024. Hence, credits to both receivable accounts representing collections were recorded even though the corresponding receivables have not yet been established.
- 3.7. Furthermore, we noted that the assessment roll from the Municipal Assessor was submitted to the Municipal Treasurer only on November 12, 2024. A personnel from the Municipal Assessor’s Office explained that they were unaware of the requirement for the Municipal Assessor to prepare and submit the assessment roll to the Municipal Treasurer on or before December 31 of each year. They assumed that submission was unnecessary since the Municipal Treasurer had access to their iTax System, a taxation software acquired by the Municipality from a private service provider.
- 3.8. Although the RPT and SET Receivables were set up on November 12, 2024, these accounts should have been established at the beginning of the year in accordance with Section 20 of the NGAS Manual. Establishing them late in the year, after collections had already been made, would affect the accuracy of the receivable balances as of December 31, 2024, since collections from January to November were recorded without corresponding receivables being in place. The year-end balances may include distortions or mismatches in reported deferred income and receivable accounts. This timing discrepancy results in unreliable and potentially misstated receivable figures in the financial statements.
- 3.9. **We recommended that Management coordinate with the iTax System Technician to determine whether the amounts of RPT and SET Receivables established in November 2024, based on the assessment roll received by the Municipal Treasurer on November 12, 2024, would have been the same had the assessment roll been generated and made on or before December 31, 2023.**
- 3.10. **We further recommended that the Municipal Accountant prepare the necessary adjusting entries, if warranted.**

- 3.11. We furthermore recommended that Management adhere to Sections 246 and 248 of Republic Act (RA) No. 7160 and Section 20 of the Manual on the New Government Accounting System (NGAS), Volume I, to ensure the timely and reliable establishment of RPT and SET Receivables.**
- 3.12. The Municipal Accountant committed to preparing the necessary adjusting entries if there is any difference between the amounts established and the assessment roll, had it been generated on or before December 31, 2023.
- 3.13. The Municipal Assessor stated that the Municipality's iTax System provides real-time updates for all approved transactions and can be accessed by the Municipal Treasurer's Office. Hard copies can be easily printed if needed.
- 3.14. According to the Municipal Treasurer, he received the Assessment Roll in January 2024 and instructed the Municipal Assessor to provide it to the Municipal Accountant as the basis for establishing the RPT and SET receivables.
- 3.15. During the exit conference, the department heads mentioned that they had checked and found no difference in the receivable amount, had it been generated earlier in the year.
- 3.16. The Auditor wishes to clarify that, contrary to the claim made by the Municipal Treasurer that he received the Assessment Roll in January 2024, supporting evidence attached to JEV No. 100-2024-11-6285-Z-18, specifically, a photocopy of the Assessment Roll, indicates that it was actually received and signed by the Treasurer on November 12, 2024. This document pertains to the recording of the RPT Receivable for CY 2024 in November 2024.

*Notes to Financial Statements*

**4. Inconsistent with Section 127 of International Public Sector Accounting Standards (IPSAS) No. 1, the Notes to Financial Statements (FS) for CY 2024 did not correctly present the current appropriation for the Local Disaster Risk Reduction and Management Fund (LDRRMF), resulting in incomplete disclosure of vital information in the financial statements.**

- 4.1. Paragraph 127 of IPSAS No. 1- Presentation of Financial Statements states that the notes shall:

- “(a) Present information about the basis of preparation of the financial statements and the specific accounting policies used.*
- (b) Disclose the information required by IPSASs (International Public Sector Accounting Standards) that is not presented on the face of the financial position, statement of financial performance, statement of changes in net asset and equity, or cash flow statement; and*

(c) *Provide additional information that is not presented on the face of the financial position, statement of financial performance, statement of changes in net asset and equity, or cash flow statement that is relevant to an understanding of any of them.*”

4.2. In relation to this, Annex D of COA Circular No. 2012-002 dated September 12, 2012, provides a sample disclosure that should be included in the Notes to FS. It specifically requires the presentation of the amount and details of the unexpended balance of the LDRRMF, as follows:

“*Note \_\_\_\_. 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 RA No. 10121 otherwise known as the “Philippine Disaster Reduction and Management Act of 2010.” The amount available and utilized during the year totaled ₱ \_\_\_\_\_ and ₱ \_\_\_\_\_, respectively, broken down as follows*

<i>Particulars</i>	<i>Amount</i>		
	<i>Available</i>	<i>Utilized</i>	<i>Balance</i>
<i>Current Year Appropriation:</i>			
<i>Quick Response Fund (QRF)</i>	<i>₱</i>	<i>₱</i>	<i>₱</i>
<i>Mitigation Fund (MF)</i>			
<i>MOOE</i>			
<i>Capital Outlay</i>			
<i>Total</i>			
<i>Continuing Appropriation:</i>	<i>₱</i>	<i>₱</i>	<i>₱</i>
<i>Special Trust Fund</i>			
<i>CY 20</i>	<i>₱</i>	<i>₱</i>	<i>₱</i>
<i>CY 20</i>			
<i>CY 20</i>			
<i>CY 20</i>			
<i>Total</i>			
<i>Total</i>	<i>₱</i>	<i>₱</i>	<i>₱</i>

4.3. However, we noted that the amount of the LDRRMF Current Year Appropriation presented in the Notes to FS reflected only the initial annual appropriation of ₱13,568,802.15. The budget revisions made during the year were not considered. In fact, the final amount of the LDRRMF appropriation for CY 2024, as indicated in the LDRRMFIP (2nd Revision) dated October 16, 2024, was ₱18,119,594.98. Thus, a difference of ₱4,550,792.83 was not disclosed in the Notes to FS as of December 31, 2024.

- 4.4. A review of the first and second revised LDRRMFIPs showed additional appropriations. However, there were no corresponding numerical or narrative disclosures in the Notes to FS to reflect these adjustments.
- 4.5. The Notes to FS provide explanatory details on accounts and accounting policies that enhance the relevance, clarity, and transparency of the financial statements. As the preparation of the FS, including the Notes, is the responsibility of Management, it must be carried out with due diligence and accuracy, both in form and substance.
- 4.6. **We recommended that, henceforth, the Municipal Accountant take into account the budget revisions made during the year to ensure that the current year appropriations for the LDRRMF are accurately disclosed in the Notes to FS as of December 31.**
- 4.7. The Municipal Accountant submitted an updated disclosure that includes the previously omitted amounts, along with the resolutions and reports used as the basis for the final amount.

#### *Time Deposits*

5. **The Municipality inappropriately invested a total of ₱89,492,517.47 in time deposits without proper compliance with COA Circular No. 92-382, as the funds under the General Fund (GF) did not qualify as idle and documentary support for Land Bank of the Philippines (LBP) placements was lacking, thereby rendering its propriety doubtful.**
  - 5.1. Section 21 of COA Circular No. 92-382 dated July 3, 1992, states that provinces, cities, and municipalities may deposit idle funds from the General Fund into time deposit accounts with authorized depository banks, subject to prior authorization from the local sanggunian and the approval of the local chief executive.
  - 5.2. Moreover, Section 22 of the Circular defines idle funds in excess of normal operating requirements as the level of funds an entity can freely invest in government securities and/or fixed-term deposits. This determination should account for provisions needed to cover regular and recurring operating expenses, such as salaries and wages, repairs and maintenance, inventories and supplies, debt servicing, and other obligations within the context of the entity's cash operating cycle. Notably, unremitted national collections and funds earmarked for obligations to government corporations or cooperatives shall not be considered part of the idle funds of local government units.
  - 5.3. As of December 31, 2024, the Municipality held a total of ten time deposits totaling ₱129,492,517.47 under the account Cash-in Bank-Local Currency, Time Deposits (CIB-LCTD), as shown on the next page.

Bank	Account No.	Fund	Balance	Date Opened/ Subscribed	Term	Maturity Date	Remaining Term
PVB	880-470-000106	GF	1,000,000.00	5/2/2019	91 days	1/20/2025	20 days
LBP	0291-2196-16	GF	1,879,820.20	7/9/2003	91 days	2/3/2025	34 days
LBP	0291-2372-20	GF	5,183,986.80	12/10/2006	91 days	2/3/2025	34 days
LBP	0291-2543-49	GF	5,000,000.00	7/24/2013	91 days	2/3/2025	34 days
LBP	0291-2545-78	GF	15,314,344.00	9/3/2013	91 days	2/3/2025	34 days
LBP	0291-2562-52	GF	2,125,651.40	6/23/2014	91 days	2/3/2025	34 days
DBP	0740-12633-160	GF	41,373,010.00	1/22/2014	30 days	1/17/2025	17 days
DBP	0740-12633-160	GF	12,582,487.05	12/19/2014	30 days	1/17/2025	17 days
DBP	0740-12633-160	GF	5,033,218.02	12/28/2017	30 days	1/22/2025	22 days
DBP	0740-12633-160	SEF	40,000,000.00	12/15/2015	91 days	3/3/2025	62 days

5.4. These time deposits can be rolled over or renewed upon maturity. The table above is summarized as follows:

Funds	LBP	DBP	PVB	Total
General Fund (GF)	₱29,503,802.40	₱58,988,715.07	₱1,000,000.00	₱ 89,492,517.47

5.5. The review and analysis of the CIB-LCTD revealed the following deficiencies concerning its compliance with the provisions of the Circular:

**Funds invested in time deposits under the GF were not idle**

5.6. The Municipal Treasurer, with the concurrence of the Municipal Mayor, issued a Certification dated April 21, 2025, stating that the Municipality had idle funds available for investment in a High-Yield (Special) Savings Account. However, the certification lacked supporting computations or analysis to substantiate the availability of such idle funds.

5.7. Upon further inquiry with the Municipal Treasurer’s Office, it was revealed that a portion of the funds placed in time deposit came from real property tax payments under protest, due to disputes over varying tax rates. However, as clearly outlined in Section 22 of COA Circular No. 92-382, unremitted national collections and funds earmarked for obligations to government corporations or cooperatives are not to be considered idle funds of local government units.

5.8. A detailed cash analysis revealed that the Municipality’s available cash balance as of December 31, 2024, 2023, and 2022 was insufficient to cover total obligations, as well as regular and recurring operating expenses, including salaries, wages, maintenance costs, and debt servicing.

5.9. The analysis is summarized below:

<b>Particulars</b>	<b>2024</b>	<b>2023</b>	<b>2022</b>
Cash, Local Treasury	₱ 829,143.67	₱ 1,094,084.43	₱ 807,454.82
Cash, Cash in Bank	395,434,996.02	322,297,645.10	297,624,407.93
<b>Total Cash Available</b>	<b>₱ 396,264,139.69</b>	<b>₱ 323,391,729.53</b>	<b>₱ 298,431,862.75</b>
<b>Deductions:</b>			
Total Obligations and Budgeted Capital Outlay	431,837,179.13	394,314,622.81	330,932,360.40
Total Operating Expenses	233,916,152.77	216,664,081.53	193,723,683.87
<b>Cash Available for Investment</b>	<b>₱ (269,489,192.21)</b>	<b>₱ (287,586,974.81)</b>	<b>₱ (226,224,181.52)</b>

5.10. These figures show negative cash available for investment in all three years. As such, the placement of funds in time deposits did not meet the criteria for idle funds as defined in Section 22 of COA Circular No. 92-382. Idle funds must represent surplus cash remaining after accounting for regular and recurring financial obligations.

5.11. Moreover, the absence of supporting computations and the evident cash shortfall cast doubt on the appropriateness and compliance of the investment decision. This raises concerns regarding the Municipality's adherence to sound financial management practices and regulatory requirements.

### **Lack of Supporting Documents for the LBP Time Deposits**

5.12. Aside from the absence of idle funds, there is a lack of supporting documentation for the time deposits placed with the LBP. To validate the legitimacy and purpose of these deposits, the Audit Team requested the relevant authorizing documents from the Municipal Treasurer's Office. In response, the following were provided:

5.12.1 SB Resolution No. 104 s. 2013, which authorized the replacement of deposits under a Deed of Assignment with Hold-Out with a special savings deposit at the Development Bank of the Philippines (DBP) in relation to a ₱15 million DBP Loan;

5.12.2 SB Resolution No. 183 s. 2017, which approved the transfer of ₱1 million from the First Consolidated Bank, Inc. (FCB) to a time deposit with the Philippine Veterans Bank (PVB); and

5.12.3 Photocopies of passbooks, submitted in lieu of Certificates of Time Deposit

5.13. The time deposits with DBP were originally intended to serve as hold-out collateral for the aforementioned ₱15 million loan. However, the loan has already been fully settled. Bank confirmation from DBP revealed that the time deposits are currently being held against a different outstanding loan, one not covered by the referenced SB Resolution, raising concerns about the lack of updated authorizations.

- 5.14. As for the time deposit with PVB, it was confirmed to have originated from a transfer of funds previously held with FCB. This deposit was likewise originally designated as a hold-out for employee loans.
- 5.15. Regarding the LBP time deposits, an inquiry with the Municipal Treasurer's Office revealed that no supporting resolutions or authorization could be located, either by the Municipality or the bank. The accounts in question were reportedly opened more than 10 years ago. The Treasurer's Office, however, asserted that LBP would not have opened such accounts without proper authorization from the Municipality at the time.
- 5.16. Due to the lack of submitted documents, the purpose of the time deposit placement could not be fully verified.

**5.17. We recommended that Management:**

- 5.17.1 Cease the placement of funds in time deposits unless properly supported by a detailed computation showing excess funds beyond the Municipality's normal operating and financial requirements, in accordance with Sections 21 and 22 of COA Circular No. 92-382; and**
- 5.17.2 Instruct the Municipal Treasurer to retrieve and submit complete supporting documents for all existing time deposit accounts, particularly those under LBP, to validate the legality and appropriateness of such investments.**
- 5.18. The Municipal Treasurer mentioned that despite their efforts to locate the necessary documents, they could only submit those related to bank accounts opened during his term, as the other accounts were opened by the previous Municipal Treasurer. He added that the deposits earn the Municipality substantial interest income due to higher interest rates compared to a regular savings account. He further explained that they considered these funds idle, as they are under protest and remain unutilized pending resolution. Nevertheless, he agreed to comply with the termination of the time deposits and the transfer of these to regular savings accounts once they mature.

*Delinquent RPT and SET*

- 6. Delinquent Real Property Taxes (RPT) and Special Education Taxes (SET) including penalties accruing thereon which accumulated to ₱18,374,734.90 remained uncollected as of December 31, 2024, depriving the Municipality of substantial amount of income which could have been utilized to finance the implementation of various development projects or other major programs/projects/activities (PPAs).**

6.1. Section 254 of Republic Act (RA) No. 7160 provides that:

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

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

6.2. Furthermore, Section 270 of the same Act provides that the collection of basic RPT and any other tax levied should be made within five (5) years from the date they become due and that no action for the collection of the tax, whether administrative or judicial, shall be instituted after the expiration of such period.

6.3. The balances of delinquent Real Property Tax (RPT) and Special Education Tax (SET), as shown in the summary of delinquencies per barangay as of December 31, 2024, are summarized as follows (see details in *Appendix 2*):

	<b>Tax</b>	<b>Penalty</b>	<b>Total</b>
Real Property Tax	₱ 5,506,793.20	₱ 3,680,574.25	₱ 9,187,367.45
Special Education Tax	5,506,793.20	3,680,574.25	9,187,367.45
<b>Total</b>	<b>₱ 11,013,586.40</b>	<b>₱ 7,361,148.50</b>	<b>₱ 18,374,734.90</b>

- 6.4. An inquiry with the Municipal Treasurer (MT) and the personnel in charge of the RPT revealed that in CY 2024, they began sending Notices of Realty Tax Delinquency to delinquent taxpayers starting in April 2024. However, not all delinquent taxpayers were notified, as some were unreachable or had changed residences without informing the Municipality.
- 6.5. The personnel in charge added that the Municipality also offered compromise agreements for the settlement of tax dues. However, some of these agreements were revoked, as many taxpayers, especially those who no longer reside in the Municipality, still failed to settle their obligations.
- 6.6. The MT mentioned that they posted the notices of delinquency at the main entrance of the municipal hall and in conspicuous places around the Municipality. He also stated that they conducted tax campaigns in the barangays and requested opportunities to speak at public gatherings to remind constituents of their tax obligations. However, the notices of delinquency were not published once a week for two (2) consecutive weeks in a newspaper of general circulation in the Municipality, as required.
- 6.7. We also observed that the notices of tax delinquency issued by the Office of the Municipal Treasurer lacked certain information required under Section 254(b) of RA No. 7160. Including the mandated details would help inform delinquent taxpayers of the potential consequences of non-payment and would lend greater authority and enforceability to the notices.
- 6.8. The continued non-collection of the delinquent RPT and SET deprived the Municipality of substantial revenues which could have been used to finance the implementation of various development projects or other major PPAs.
- 6.9. We recommended that the Municipal Treasurer strengthen efforts to collect delinquent real property taxes by conducting intensive tax campaigns in each barangay and issuing updated Notices of Delinquency to all delinquent taxpayers, ensuring that these notices include the information mandated under Section 254(b) of RA No. 7160.**
- 6.10. We also recommended that Management consider applying the remedies for the collection of real property taxes, in accordance with the pertinent provisions of RA No. 7160.**
- 6.11. The Municipal Treasurer said that they did their best to send RPT Delinquency Notices and attended various meetings around the Municipality to inform taxpayers. He added that they had already conducted tax information campaigns through social media, radio programs, tarpaulin postings, and leaflet distribution. He mentioned that although they were eager to collect the delinquencies, it ultimately depended on the willingness of taxpayers to settle their delinquent taxes.

- 6.12. The Municipal Treasurer further explained that as the president of the Negros Oriental Local Treasurers Association, he had already pointed out to the Provincial Government the need to avail of judicial and administrative remedies for RPT delinquencies. However, his recommendation was not given preferential attention.

*Technical Inspection Report on Road Concreting*

**7. Due to Management’s oversight in conducting proper detailed engineering works and adequately monitoring and evaluating project implementation, the road concreting project in Barangay Balili, reported as fully completed with a contract cost of ₱1,391,537.64, was constructed in a location different from that specified in the approved Program of Work and the original and as-built plans, resulting in the irregular and unauthorized disbursement of public funds.**

- 7.1. The conduct of detailed engineering works is mandated under Section 17.6 of the Revised Implementing Rules and Regulations (IRR) of RA No. 9184, which states that **“No bidding and award of contract for Infrastructure Projects shall be made unless the detailed engineering investigations, surveys and designs, for the project have been sufficiently carried out and duly approved in accordance with the standards and specifications prescribed by the HoPE concerned or his duly authorized representative,** pursuant to the recommendation of the end-user or implementing unit and in accordance with the provisions of Annex “A” of this IRR.” (Emphasis ours.)
- 7.2. Annex A of the said IRR provides that work under detailed engineering includes, but is not necessarily limited to, the preparation of a Program of Work. It further states that **no program of work for any project shall be approved without detailed engineering.** The program of work shall include, among other things, estimates of the work, items, quantities, and costs, and a PERT/CPM network of the project activities.
- 7.3. Additionally, Section 476(b)(4) of RA No. 7160 assigns the Municipal Planning and Development Coordinator the responsibility to monitor and evaluate the implementation of local development programs and projects in accordance with the approved development plan.
- 7.4. It is worth mentioning that the disbursement of public funds is strictly governed by existing laws, rules and regulations. A fundamental requirement under these legal frameworks is the presence of lawful appropriation before any expenditure may be incurred. Foremost among these is Section 85(1) of Presidential Decree No. 1445, which provides that no contract involving the expenditure of public funds shall be entered into unless there is an appropriation therefor, the unexpended balance of which, free of other obligations, is sufficient to cover the proposed expenditure.

- 7.5. This requirement is further reinforced by Section 305 (a) of the RA No. 7160, which states that “No money shall be paid out of the local treasury except in pursuance of an appropriations ordinance or law.”
- 7.6. On April 5, 2023, the Municipality entered into a contract for the project entitled “Concreting of Barangay Balili Road at Purok 5 to Purok 6,” with a total contract cost of ₱1,391,537.64.
- 7.7. The Contractor and the Municipal Government reported the project as 100% complete as of August 1, 2023, as reflected in the Statement of Work Accomplished (SWA) and the Accomplishment/ Inspection Report, respectively. These documents were attached to the final billing payment, which was covered by Check No. 88476142 and Disbursement Voucher (DV) No. 100-2023-12-5349 dated December 13, 2023.
- 7.8. Furthermore, the Certificate of Completion and Certificate of Final Inspection, both dated August 1, 2023, and prepared by the former Municipal Engineer, certified that **“the project has been satisfactorily completed in accordance with plans and specifications of the contract.”** (Emphasis supplied.)
- 7.9. The Program of Work prepared by the same Municipal Engineer explicitly stated that the road concreting project was to be implemented from Purok 5 to Purok 6 in Barangay Balili, Valencia, Negros Oriental. This was corroborated by the as-built plan, which also indicated that the completed project was constructed in the same area.
- 7.10. However, during an inspection on September 10, 2024, conducted by the Technical Audit Specialist (TAS), it was discovered that the project was not constructed at the approved location specified in both the original and as-built plans. The TAS reported that the former Municipal Engineer acknowledged the absence of a Deed of Donation for the right-of-way at the intended location, which had prevented the project’s implementation at the site. Despite this, and without securing the necessary revisions to the Program of Work and seeking a re-appropriation of funds, Management decided to proceed with the project at an alternative location within the general vicinity of Purok 5 to Purok 6, since the contract had already been awarded. This deviation was later confirmed by the current Municipal Engineer during a telephone inquiry.
- 7.11. Based on the foregoing, it is evident that the original plan for the road concreting project, covered by an appropriation of ₱1,500,000.00, was not implemented as intended. Conversely, the project that was actually completed and inspected on September 10, 2024, was executed at a location not covered by the approved appropriation and, therefore, lacked the necessary legal basis for public disbursements.

- 7.12. The foregoing condition showed a significant deficiency in project planning and implementation. Management's oversight in conducting adequate, detailed engineering and right-of-way validation prior to the finalization of the POW and its lack of proper monitoring and evaluation during project implementation directly led to the execution of the project in an unauthorized location. Moreover, the absence of any documented reprogramming, realignment, or supplemental appropriation for the revised location renders the expenditure of public funds irregular and unauthorized.
- 7.13. We recommended that Management ensure compliance with detailed engineering requirements under the IRR of RA No. 9184 by conducting thorough investigations, including site validation and verification of right-of-way availability, prior to preparing and approving the Program of Work and before initiating the bidding and award process for infrastructure projects.**
- 7.14. We further recommended and the Municipal Planning and Development Coordinator agreed to strengthen monitoring and evaluation efforts to ensure that all development projects are implemented in accordance with the approved plans, specifications, and designated locations.**
- 7.15. The Municipal Budget Officer clarified that her main role is to certify the existence of an approved and available appropriation. She confirmed that there was an approved ordinance for the project and that the documents she received were compliant, prompting her to approve the Obligation Request. She explained that she relied on certifications from other offices and does not have direct access to on-site reports or any technical decisions related to the project. She also mentioned that her office was not informed of any operational changes regarding the project's progress, as the former Municipal Engineer made these.
- 7.16. The Municipal Engineer explained that the project was implemented by the previous Municipal Engineer and that, despite negotiations by the Punong Barangay with the landowners, they could not obtain the required document for the road right-of-way within the project timeline. Thus, to avoid delays and ensure the project's completion, an alternative location was selected after careful evaluation of accessibility and community impact. He also submitted a final as-built plan of the project for consideration. Management believes that the chosen alternative location effectively addresses the project objectives while adhering to best practices.
- 7.17. The Auditor wants to highlight that the above deficiency could have been avoided if Management had carried out proper, detailed engineering work, along with adequate monitoring and evaluation of project implementation. Had they truly adhered to best practices, the project would have been properly implemented and free of any adverse audit findings.

*Technical Inspection Report on Installation of Streetlights*

- 8. The completion of two infrastructure projects, both titled “Installation of Solar Street Lighting for Various Barangay,” with contract amounts of ₱2,712,000.00 and ₱2,929,287.00, respectively, was reported at 100% completion in CY 2022. However, upon inspection by a COA Technical Audit Specialist, it was determined that the actual physical accomplishments were only 75.61% and 77.06%, respectively, resulting in a total overpayment of ₱1,333,500.00.**
- 8.1. On June 29, 2022, the Municipality entered into a contract for the installation of solar street lights in Barangays Bong-ao, East Balabag, and Balugo, with a contract amount of ₱2,712,000.00.
  - 8.2. The project was reported to be 100% complete as of August 11, 2022, based on the Statement of Work Accomplished (SWA) attached to the payment of final billing covered by Check No. 86268455 and Disbursement Voucher (DV) No. 100-2023-09-3929 dated September 12, 2023.
  - 8.3. Additionally, the Certificate of Inspection/Completion and Acceptance dated August 11, 2022, signed by the General Foreman, the former Municipal Engineer, and Municipal Mayor, certified that the project was satisfactorily completed in accordance with the approved plans and specifications.
  - 8.4. Similarly, on July 27, 2022, the Municipality entered into another contract amount of ₱2,929,287.00, for the installation of solar street lights in Barangays North and South Poblacion.
  - 8.5. This second project was also reported as 100% complete as of October 14, 2022, as reflected in the Statement of Work Accomplished (SWA) submitted with the final billing, which was paid through Check No. 88475944 and Disbursement Voucher (DV) No. 100-2023-11-5118 dated November 28, 2023.
  - 8.6. The Certificate of Inspection, likewise dated October 14, 2022, and signed by the General Foreman and the former Municipal Engineer, stated that the project was completed 100% in accordance with the plans and specifications of the contract.
  - 8.7. However, an ocular inspection conducted by the COA Technical Audit Specialist (TAS) on September 10, 2024, revealed significant discrepancies. According to the Inspection Reports dated October 7, 2024, the actual accomplishment for the two projects was only 75.61 percent and 77.06 percent, respectively, which is far below the reported 100 percent completion.

8.8. The discrepancy between the reported and verified accomplishment is detailed in the table below:

Work Items Involved		Agency's Reported Accomplishment			COA Verified Accomplishment		
No.	Description	Amount	% Completed	Wt%	% Completed	Wt. %	Amount
<b>Project with contract amount of ₱2,712,000.00</b>							
<i>A</i>	<i>Barangay Bongao (Purok Gabi)</i>						
	Solar Lamp Accessories	₱ 744,000.00	100	27.434	68	18.529	₱ 502,500.00
<i>B</i>	<i>Barangay East Balabag (Purok 4 to 6)</i>						
	Solar Lamp Accessories	₱ 505,000.00	100	18.621	65	12.039	₱ 326,500.00
<i>C</i>	<i>Barangay Balugo (Purok 2 to 6)</i>						
	Solar Lamp Accessories	₱ 696,000.00	100	25.664	65	16.759	₱ 454,500.00
	<b>Total</b>	<b>₱1,945,000.00</b>		<b>71.719</b>		<b>47.327</b>	<b>₱1,283,500.00</b>
<b>Project with contract amount of ₱2,929,287.00</b>							
<i>A.</i>	<i>Barangay North Poblacion</i>						
	Solar Lamp Accessories	₱1,034,930.00	100	35.330	66	23.143	₱ 677,930.00
<i>B.</i>	<i>Barangay South Poblacion</i>						
	Solar Lamp Accessories	₱ 904,020.00	100	30.861	65	20.108	₱ 589,020.00
	<b>Total</b>	<b>₱1,938,950.00</b>		<b>66.191</b>		<b>43.251</b>	<b>₱1,266,950.00</b>

8.9. The respective Inspection Reports from the COA TAS for the above projects noted several deficiencies observed during the site inspection. Specifically, the stiffeners installed were not in accordance with the approved plans and specifications, having been substituted with deformed bars instead of the required materials. Moreover, it was observed that the bolts and base plates were not properly treated with anti-rust and aluminum paint, resulting in visible corrosion. This condition poses a risk to the structural integrity of the lamp posts, as corrosion at the base may lead to premature deterioration or weakening. Immediate remedial action is therefore necessary to prevent further damage. Due to these deficiencies, the lamp post with base plate, anchor bolt/knots, and washers with red oxide and aluminum paint 3"0 x 20 ft. were not considered in the COA Verified Accomplishment.

8.10. As a result, a variance of 24.39 percent and 22.94 percent was noted between the reported and the verified accomplishments for the two projects, respectively. This discrepancy corresponds to a total overpayment of ₱1,333,500.00, as shown in the following table.

	Difference	
	Wt%	Amount
<b>Project with contract amount of ₱2,712,000.00</b>		
Agency's Reported Accomplishment	71.719	₱ 1,945,000.00
COA Verified Accomplishment	47.327	₱ 1,283,500.00
<b>Difference</b>	<b>24.392</b>	<b>₱ 661,500.00</b>

	Difference	
	Wt%	Amount
<b>Project with contract amount of ₱2,929,287.00</b>		
Agency's Reported Accomplishment	66.191	₱ 1,938,950.00
COA Verified Accomplishment	43.251	₱ 1,266,950.00
<b>Difference</b>	<b>22.94</b>	<b>₱ 672,000.00</b>
<b>Total Difference</b>		<b>₱ 1,333,500.00</b>

- 8.11. In view of the foregoing, the accessories and components of the solar lamp posts with noted deficiencies were inappropriately included in the final billings and fully paid, despite being non-compliant with contract specifications at the time of inspection.
- 8.12. The premature certification of project completion, followed by full payment despite the noted deficiencies, resulted in an overpayment amounting to ₱1,333,500.00. This undermines the credibility of the completion reports submitted by the implementing office and raises concerns about the effectiveness of project monitoring and validation procedures prior to payment. It also reflects lapses in internal control, particularly in the verification and inspection processes, which may expose public funds to the risk of loss or misuse.
- 8.13. We recommended that the Municipal Mayor and the Municipal Engineer inform the contractor of the deficiencies noted and require them to either undertake the necessary corrective works or to refund the amount corresponding to the uncompleted and non-compliant items, totaling ₱1,333,500.00.**
- 8.14. We further recommended and Management agreed to strengthen its monitoring and validation procedures by ensuring that all work items are physically verified and accounted for prior to certifying project completion and processing of final payment.**
- 8.15. The Municipal Engineer acknowledged that some accessories were not installed due to unforeseen field conditions. He mentioned that, based on his initial investigation, the contractor and the previous Municipal Engineer held detailed discussions to assess the situation and determine the best course of action, which included an alternative installation method and potential cost implications. He also requested ample time to investigate the matter and develop the most effective and cost-efficient solution. He added that he had already contacted the contractor to discuss their plan of action.
- 8.16. The Auditor would like to remind Management to implement projects in accordance with the approved plans and specifications. Any deviations must be recommended by the Municipal Engineer and approved by the Municipal Mayor. Upon project completion, the contractor must submit as-built plans reflecting all deviations from the original plans.

*LDRRMFIP*

9. **The Municipality's Local Disaster Risk Reduction and Management Council (LDRRMC) and the LDRRM Officer (LDRRMO) did not include in the CY 2024 LDRRM Fund Investment Plan (LDRRMFIP) the list of projects and activities to be funded from the unexpended LDRRMF from prior years amounting to ₱17,370,413.35, which is inconsistent with COA Circular No. 2012-002 dated September 12, 2012, thereby risking delays in fund utilization during the year due to the absence of prior appropriation and approval.**

9.1. COA Circular No. 2012-002 dated September 12, 2012, provides the accounting and reporting guidelines for the LDRRMF of Local Government Units (LGUs), National DRRMF transferred to LGUs, funds received from other LGUs, and other sources, starting with the unspent balance of the funds for DRRM for CY 2011 and years thereafter. Sections 4.4, 5.1.2, and 5.1.15 thereof provide:

“4.4 The unexpended LDRRMF shall accrue to a special trust fund solely for the purpose of supporting disaster risk reduction and management activities of the LDRRMC within the next five years. **The LDRRMCs shall decide on the use of the unexpended balance of the LDRRMF which shall be incorporated in the LDRRMFIP.**

5.1.2 A LDRRMFIP for the DRRM program shall be prepared annually. It shall present the 30% allocation for QRF in lumpsum and the allocation for disaster mitigation, prevention and preparedness with details as to projects and activities to be funded. **The LDRRMFIP shall also include under a separate caption, the list of projects and activities charged to the unexpended LDRRMF of previous years.**

5.1.15 **The LDRRMFIP shall be reviewed and updated annually to include the activities to be funded from the unexpended QRF and DRRMF-MOOE of the previous years which were transferred to the Special Trust Fund.”** (*Emphasis supplied.*)

9.2. However, records showed that in CY 2024, the LDRRMC and the LDRRMO did not review and update the LDRRMFIP annually. The programs, projects, and activities (PPAs) to be funded from the unexpended Quick Response Fund (QRF) and Disaster Risk Reduction Management (DRRM)-Maintenance and Other Operating Expenses (MOOE) from previous years, which were transferred to the Special Trust Fund, were not included in the LDRRMFIP.

- 9.3. The LDRRMFIP only included PPAs chargeable to the CY 2024 70% Mitigation Fund amounting to ₱9,498,161.51, intended for disaster prevention and mitigation, preparedness, response, rehabilitation, and recovery program and activities. It also included the 30% Quick Response Fund, or stand-by fund, amounting to ₱4,070,640.64, for relief and recovery efforts.
- 9.4. However, PPAs chargeable to the unexpended LDRRMF from prior years, including the implementation timeframe and specific expected outputs, were not reflected in the Plan.
- 9.5. As of December 31, 2024, the total unexpended LDRRMF from previous years' appropriations, recorded under the Special Trust Fund (STF), amounted to ₱17,370,413.35, as follows:

<b>Year</b>	<b>Amount</b>
CY 2023	₱ 3,832,675.22
CY 2022	4,372,732.75
CY 2021	7,774,322.53
CY 2020	681,606.40
CY 2019	709,076.45
<b>Total</b>	<b>₱ 17,370,413.35</b>

- 9.6. It is emphasized that the unutilized balances of the prior years' LDRRMF in the STF may only be released and used upon the inclusion of their corresponding PPAs in the annually prepared LDRRMFIP. The LDRRMFIP serves as the basis for the preparation of the Annual Investment Plan (AIP), which must be approved by the local Sanggunian. This indicates the need for conducting an annual review and update of the LDRRMFIP to include PPAs to be funded from the unexpended LDRRMF of previous years.
- 9.7. We are concerned that if the LDRRMC and LDRRMO continue the practice of not reviewing and updating the LDRRMFIP annually, it may cause delays in the utilization of unexpended LDRRMF from previous years, particularly when urgent needs arise during the year, as these funds were not duly appropriated and approved at the beginning of the year. This deficiency defeats the purpose of the LDRRMF, which is to ensure the availability of funds for the timely and effective implementation of LDRRM related PPAs.
- 9.8. We recommended and the LDRRMC and LDRRMO agreed to review and update the LDRRMFIP annually to include projects and activities chargeable to prior years' unexpended LDRRMF in accordance with COA Circular No. 2012-002 dated September 12, 2012, to ensure the availability of funds for the timely implementation of LDRRM programs, projects, and activities.**

## *LDRRMF Utilization*

**10. Out of the total available Local Disaster Risk Reduction and Management Funds (LDRRMF) for the 70% Mitigation Fund, Continuing Appropriations, and unexpended LDRRMF from previous years totaling ₱51,085,135.04 for CY 2024, only ₱19,653,991.38 or 38.47% was utilized for the implementation of LDRRMF programs/projects/activities (PPAs). Thus, the use of the fund was not maximized to strengthen the capacity of the Municipality to reduce and manage the adverse effects in times of disasters or calamities.**

- 10.1. Pursuant to Republic Act (RA) No. 10121, otherwise known as the Philippine Disaster Risk Reduction and Management Act of 2010, not less than five percent (5%) of the estimated revenue from regular sources shall be set aside as the LDRRMF to support disaster risk management activities. These include, but are not limited to, pre-disaster preparedness programs such as training, procurement of life-saving rescue equipment, supplies and medicines, post-disaster activities, and payment of premiums on calamity insurance.
- 10.2. Anent thereto, the National Disaster Risk Reduction and Management Council (NDRRMC), Department of Budget and Management (DBM), and Department of the Interior and Local Government (DILG) issued Joint Memorandum Circular (JMC) No. 2013-1 dated March 25, 2013, which provides guidelines for LDRRMF allocation and utilization. It explicitly provides the necessary measures to avoid, lessen, or limit potential adverse impacts of hazards and related disasters. It also capacitates governments, communities, and individuals to effectively anticipate and manage all types of emergencies and achieve orderly transitions from response to sustained recovery.
- 10.3. Sections 5.1 to 5.4 of the JMC define disaster prevention and mitigation, disaster preparedness, disaster response, and disaster rehabilitation and recovery. The same sections enumerate the PPAs under the four thematic areas of disaster risk reduction and management for which the LDRRMF may be utilized.
- 10.4. In addition, DILG Memorandum Circular No. 2012-73 dated April 17, 2012, provides a detailed list of allowable PPAs for which the LDRRMF may also be utilized.
- 10.5. In CY 2024, the Municipality had a total available appropriation for LDRRMF amounting to ₱55,155,775.65, which includes ₱4,070,640.64 appropriated for the 30% Quick Response Fund. This left a balance of ₱51,085,135.04 available for the implementation of LDRRM PPAs, consisting of the 70% Mitigation Fund, Continuing Appropriations, and unexpended LDRRMF from previous years. However, of this amount, only ₱19,653,991.38 or 38.47% was utilized during the year.

10.6. The details of the appropriations and utilization are presented in the following table:

Year	Appropriations	Utilization
CY 2024 Appropriations		
30% Quick Response Fund (QRF) ₱ 4,070,640.64		
70% Mitigation Fund (MF) 14,048,954.34	₱ 18,119,594.98	₱ 1,147,883.25
Continuing Appropriations	19,665,767.35	11,186,108.13
Special Trust Fund		
CY 2023 ₱ 3,832,675.22		
CY 2022 4,372,732.75		
CY 2021 7,774,322.53		
CY 2020 681,606.40		
CY 2019 709,076.45	17,370,413.35	7,320,000.00
<b>Totals</b>	<b>₱ 55,155,775.68</b>	<b>₱ 19,653,991.38</b>
<b>Total Available Appropriations excluding 30% QRF</b>	<b>₱ 51,085,135.04</b>	
<b>Percentage of Utilization</b>		<b>38.47%</b>

10.7. This shows that a substantial amount of the LDRRMF remained unutilized at the end of the year. Delays in the implementation of the planned LDRRM PPAs may hinder timely disaster response efforts and extend recovery period for affected communities during calamities.

10.8. Section 3 of RA No. 10121 allows the LDRRMF utilization for disaster preparedness and prevention activities, such as, among others, the construction of dams or embankments that eliminate flood risks, as well as the conduct of training aimed to build the capacities needed to respond to disasters.

10.9. Moreover, the abovementioned NDRRMC, DBM, and DILG JMC No. 2013-1 envision projects and activities that “completely avoid potential adverse impacts through action taken in advance, such as construction of dams and embankments that eliminate flood risks,” among others.

**10.10. We recommended that Management maximize the utilization of the LDRRMF by promptly implementing the planned programs, projects, and activities aimed at eliminating flood risks, reducing the adverse impacts of hazards and calamities, and enhancing the capacity of the LGU, communities, and individuals to effectively anticipate and manage all types of emergencies, thereby ensuring an orderly transition from response to sustained recovery.**

10.11. The LDRRMO mentioned that the PPAs related to the 70% Mitigation Fund and Continuing Appropriations were properly implemented during the year. However, the disbursements were made in the succeeding year, which affected the fund utilization rate for CY 2024. He submitted a utilization report with remarks indicating which projects were paid for in 2025.

10.12. The Auditor would like to remind the LDRRMO that unexpended balances are also expected to be utilized. It is also worth noting that, based on the utilization report submitted, with remarks; one of the CY 2024 projects was only awarded in CY 2025, which is already outside the prescribed implementation period.

*GAD Utilization*

**11. Because programs, projects, and activities in the CY 2024 GAD Plan and Budget were either not implemented or only partially implemented by year-end, the amount appropriated was not fully utilized, leaving an unexpended balance of ₱8,666,817.03, representing 60.80 percent of the total annual GAD appropriations of ₱14,255,045.35, defeating the intent of the program to advance women’s empowerment and gender equality.**

11.1. Section C.1.1 of PCW, DILG, DBM, and NEDA Joint Memorandum Circular No. 2013-01 requires LGUs to formulate and implement a GAD plan by allocating at least five percent (5%) of their total budget appropriations for this purpose. It further mandates that the LGU’s annual GAD plan be developed within the framework of their mandates to ensure gender mainstreaming across their policies, programs, and projects. In addition, Section C.1.3 states that GAD planning and budgeting should align with the desired outcomes and goals embodied in the Magna Carta of Women (MCW), the Philippine Plan for Gender-Responsive Development (PPGD), other GAD-related laws, policies and term plans, as well as the United Nations Convention on the Elimination of All Forms of Discrimination Against Women (UN CEDAW) and other relevant international commitments.

11.2. In CY 2024, the Municipality appropriated ₱14,255,045.35 for the implementation of various GAD programs, projects, and activities, detailed as follows:

<b>Item No.</b>	<b>Name of Programs, Projects, and Activities</b>	<b>Amount of Appropriation</b>
1	Support/Enhancement to Day Care Services/Social Services	₱ 3,300,000.00
2	Reproductive Health Program	750,000.00
3	Provision of social services for solo parents and their children	2,615,000.00
4	Support to Valencia Local Council of Women	1,000,000.00
5	Support to Committee on Anti-Trafficking and Violence Against Women/LCAT-VAWC Programs and VAW Desk Officers	200,000.00
6	Skills and Livelihood Development	1,400,000.00
7	GAD Profiling for Gender Analysis	₱ 1,200,000.00
8	Governance	400,000.00
9	Operation of GAD Office	1,305,000.00
10	Updating Municipal Poverty Database/Socio-economic profiling	2,085,045.35
<b>Total</b>		<b>₱ 14,255,045.35</b>

- 11.3. However, the approved Annual GAD Accomplishment Report for CY 2024 showed that, out of the total GAD appropriations amounting to ₱14,255,045.35, only ₱5,588,228.32 was utilized, reflecting a utilization rate of 39.20 percent. Consequently, a substantial amount totaling ₱8,666,817.03, or 60.80 percent of the total GAD appropriations, remained unexpended at the end of the year.
- 11.4. As a result, some of the GAD programs, projects, and activities remained unimplemented, resulting in the corresponding objectives not being substantially achieved, thereby depriving the intended beneficiaries of the benefits that should have been properly accorded to them.
- 11.5. We recommended and the GAD Focal Point agreed to ensure the effective implementation of GAD programs, projects, and activities as planned, in order to achieve the GAD objectives.**
- 11.6. We further recommended and Management agreed to maximize the utilization of GAD funds to ensure that the intended outcomes are fully realized and that beneficiaries receive the appropriate support and services.**

*GAD Plan and Budget and Accomplishment Report Submission*

- 12. The GAD Plan and Budget (GPB) and GAD Accomplishment Report (AR) were not submitted to the PPDO, DILG Provincial Office, and the concerned Audit Team within the prescribed period, for the alignment of the Municipality's GAD PPAs to the priorities of the Province and for review and endorsement, respectively, contrary to Section 4.0 of the PCW, DILG, DBM and NEDA JMC No. 2016-01 dated January 12, 2016 and COA Circular No. 2014-001 dated March 18, 2014, thus, gender responsiveness of the programs and activities was not assured.**
- 12.1. The Philippine Commission on Women (PCW), Department of the Interior and Local Government (DILG), Department of Budget and Management (DBM) and National Economic and Development Authority (NEDA) Joint Memorandum Circular (JMC) No. 2016-01 dated January 12, 2016 was issued to amend parts of PCW-DILG-DBM-NEDA JMC No. 2013-01 to clarify the process of costing, allocation and attribution of the GAD budget, as well as the duties and functions of the DILG as the lead agency in the review, endorsement and monitoring of submission of GPB and GAD AR of Local Government Units (LGUs).

12.2. Section 4.0 of the JMC partly states, thus:

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

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

- 1) January (a year before budget year) - The Local chief Executive (LCE) shall issue directive (i.e., memo or executive order) to all LGU department/offices for the preparation of their annual GPB and annual GAD AR (eg., LGU FY 2017 GPB and FY 2015 GAD AR).
- 2) January-February - All LGU departments/offices including barangays shall formulate their GAD AR of the preceding year. Based on its accomplishments in the preceding year and the results of the conduct of gender analysis to determine the existing gender issues of the locality, the LGU departments/offices shall prepare its GPB proposal for the succeeding year for submission to the LGU GAD Focal Point System (GFPS). The LGU GFPS Technical working Group (TWG) shall review and consolidate the inputs submitted by the LGU departments/offices for the preparation of the LGU GPB and GAD AR.
- 3) March - The consolidated GPBs, together with the GAD ARs, shall be submitted to the City/Municipal Planning Development office (C/MPDO) in the case of barangays; and to the Provincial Planning Development office (PPDO) in the case of component cities and municipalities to ensure the alignment of the GAD PPAs of the concerned LGU to the priorities of the LGU exercising jurisdiction over it. Afterwards, the GPBs shall be submitted not later than March 31 to the DILG City/Municipal Local Government Operations Officer (C/MLGOOI) in the case of barangays, and the DILG Provincial Office in the case of component cities and municipalities for review and endorsement.”

12.3. However, in the audit of its GAD Programs, we noted that the Municipality submitted its FY 2024 GPB to the Provincial Planning and Development Office (PPDO) only on May 7, 2024, contrary to the aforecited regulations that requires the GFPS TWG to submit the consolidated GPBs, along with the GAD ARs, in March to the PPDO and not later than March 31, 2023 to the DILG Provincial Office.

- 12.4. Since the Municipality did not submit the GPB to the PPDO within the prescribed period, the PPDO was unable to conduct a timely review of its FY 2024 GPB to ensure alignment of its GAD PPAs to the priorities of the Provincial Government. The Municipality's failure to submit the GPB to the DILG Provincial Office likewise did not allow a timely review and endorsement, thus, gender-responsiveness of the PPAs in the GPB was not assured.
- 12.5. On the other hand, Section C.8 (5) of the PCW-DILG-DBM-NEDA JMC No. 2013-01 states that the annual GAD AR shall be accompanied by the following: (1) brief summary of the reported program or project; (2) copies of reported policy issuances; (3) results of HGDD tests; and (4) actions taken by the LGU on the COA audit findings and recommendations.
- 12.6. It is worth mentioning that Item V of COA Circular No. 2014-001 dated March 18, 2014, provides that the audited agency shall submit a copy of the Annual GPB to the COA Audit Team assigned to the agency within five (5) working days from the receipt of the approved plan from the PCW or their mother or central offices, as the case maybe. Likewise, a copy of the corresponding Accomplishment Report shall be furnished to the Audit Team within five (5) working days from the end of January of the preceding year.
- 12.7. Inconsistent with the above requirements, Management was unable to submit a copy of their Annual GPB and the corresponding AR to the Audit Team within the specified timeframe.
- 12.8. We recommended and Management agreed to submit the GPB and AR to the PPDO and DILG Provincial Office within the prescribed period in accordance with Section 4.0 of PCW-DBM-DILG-NEDA JMC No. 2016-01 dated February 12, 2016.**
- 12.9. We also recommended and Management agreed to strictly adhere to Item V of COA Circular No. 2014-001 dated March 18, 2014, for the timely submission of the said reports to the COA Audit Team.**
- 12.10. We further recommended and Management agreed to ensure that the GAD AR is accompanied by the required reports listed under Section C.8 (5) of the PCW-DILG-DBM-NEDA JMC No. 2013-01.**

*SEF Utilization Report*

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

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

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

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

- 13.2. Verification conducted by the Audit Team on the Municipality's compliance with the above provision yielded the following results:

**Non-monitoring on furnishing of the SEF Annual Budget for CY 2024 to the Municipal Treasurer, Municipal Budget Officer, and Municipal Accountant within the indicative timeline of not later than seven days after approval.**

- 13.3. A phone inquiry with the District Supervisor revealed that the LSB was able to furnish the Municipal Budget Officer, Municipal Accountant, and Municipal Treasurer with a copy of the approved CY 2024 SEF Budget. However, no formal transmittal letter was prepared to document the date of receipt. Although the concerned offices received their respective copies, no date of receipt was indicated, and there was no documentation confirming whether the transmittal was made within the prescribed timeline.

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

- 13.4. A phone inquiry with the Municipal Accountant revealed that the SEF Utilization reports prepared by their office were not submitted on a quarterly and annually basis to the Regional Offices of the DBM and the DILG, nor were copies furnished to the Sangguniang Bayan, as required.
- 13.5. Also, an inquiry with the District Supervisor disclosed that the SEF Utilization Report was forwarded to the DepEd Central Office through an online submission link, in accordance with the instructions directing field offices to transmit reports via their Division Focal Person. However, no documentation or transmittal receipt was provided to the Audit Team to verify the actual date and proof of submission.

**Non-compliance with the required posting of the SEF Utilization Report**

- 13.6. The Municipality designated Full Disclosure Policy (FDP) Bulletin Boards for the posting of SEF Utilization Reports, located at the Municipal Hall Building, in front of Parish of Our Lady of the Abandoned Church, and in the Municipal Public Market. While it was verified that the reports were uploaded to the DILG FDP Portal, the latest report posted on the bulletin boards was only for the 2<sup>nd</sup> Quarter of 2024. There was no physical posting of the 3<sup>rd</sup> Quarter SEF Utilization Report on any of the bulletin boards.
- 13.7. Overall, the LSB did not fully comply with all the required activities under Item 6.1 of DepEd-DBM-DILG JC No. 1, series of 2017, thereby hindering the attainment of the national objective of promoting and enhancing transparency and accountability in the allocation and utilization of the SEF.

- 13.8. We recommended and Management agreed for the LSB to ensure proper documentation and timely dissemination of the approved SEF Budget to the Municipal Budget Officer, Municipal Accountant, and Municipal Treasurer, in accordance with the requirements of Item 6.1 of DepEd, DBM, and DILG Joint Circular No. 1, s. 2017.**
- 13.9. We further recommended and the Municipal Accountant agreed, in coordination with the LSB, to ensure the prompt and regular posting of the quarterly and annual SEF Utilization Reports in at least three conspicuous places. Additionally, we recommended and Management agreed that these reports be furnished to the Sangguniang Bayan, and submitted to the DBM and the DILG Regional Offices as mandated by the same Circular.**
- 13.10. Lastly, we recommended and Management agreed for the LSB to implement a monitoring system to track the timely submission of the required reports to avoid future delays.**

## **B. OTHER MANDATORY AREAS**

### *Compliance with Mandatory Deductions and Tax Laws*

- 14.1. 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 in accordance with existing Revenue Regulations. Of the current outstanding balance of the Due to BIR account as of December 31, 2024, amounting to ₱1,296,204.25, ₱1,062,561.37 was remitted in January 2025. The unremitted balance of ₱233,642.88 consists of ₱139,228.83 representing withholding taxes on BAC honoraria, and ₱94,414.05 representing withholding taxes on government payments covered by checks that had not yet been paid to suppliers at the time the remittance was prepared, with the possibility that the checks may be cancelled.
- 14.2. Of the current outstanding balance of the Due to Philhealth account as of December 31, 2024, amounting to ₱250,255.19, ₱245,898.15 was remitted in January 2025. The unremitted amount of ₱4,357.04 consists of ₱4,182.63 representing premiums of newly hired employees and old accounts under the Trust Fund amounting to ₱174.41.
- 14.3. Of the current balance of the Due to GSIS account as of December 31, 2024, amounting to ₱1,450,679.86, ₱1,364,051.99 was remitted in January 2025. The remaining unremitted amount of ₱86,627.87 includes ₱86,535.36 representing premiums of newly hired and newly promoted employees, and old accounts under the Trust Fund amounting to ₱92.51.
- 14.4. Of the current balance of the Due to Pag-IBIG account as of December 31, 2024, amounting to ₱198,430.35, ₱194,619.36 was remitted in January 2025. The remaining unremitted amount of ₱3,810.99 includes premiums of newly hired employees who have no Pag-IBIG numbers yet, amounting to ₱3,402.45, and old accounts under the Trust Fund in the amount of ₱408.54.

**C. SUMMARY OF SUSPENSIONS, DISALLOWANCES AND CHARGES**

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

<b>Particulars</b>	<b>Ending Balance</b> (As of 12/31/2023)	<b>NS/ND/NC Issued</b> from 01/01/2024 to 12/31/2024	<b>NS/ND/NC Settled</b> from 01/01/2024 to 12/31/2024	<b>Ending Balance</b> (As of 12/31/2024)
Suspensions	₱ 0.00	₱ 0.00	₱ 0.00	₱ 0.00
Disallowances	12,684,785.80	0.00	0.00	12,684,785.80
Charges	0.00	0.00	0.00	0.00

15.2. Further, the table below shows the balance of disallowances amounting to ₱12,684,785.80, with breakdown as to timing and age as follows:

<b>Timing</b>	<b>Age</b>	<b>ND</b>
07/01/2022 to 12/31/2024 (Current Administration)	Less than 1 year to 2.5 years	₱ 0.00
07/01/2019 to 06/30/2022	More than 2.5 to 5.5 years	0.00
07/01/2016 to 06/30/2019	More than 5.5 to 8.5 years	0.00
07/01/2013 to 06/30/2016	More than 8.5 to 11.5 years	2,476,730.00
07/01/2010 to 06/30/2013	More than 11.5 to 14.5 years	5,900,000.00
10/06/2009 to 06/30/2010	More than 14.5 to 15.25 years	0.00
For verification		4,308,055.80
<b>Total</b>		<b>₱12,684,785.80</b>

15.3. Of the total balance of disallowances of ₱12,684,785.80, none have attained finality and nor was issued with Notice of Finality of Decision (NFD).

**D. OTHER MATTERS**

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

**PART III**  
**STATUS OF IMPLEMENTATION OF PRIOR**  
**YEARS' AUDIT RECOMMENDATION**

## STATUS OF IMPLEMENTATION OF PRIOR YEARS' AUDIT RECOMMENDATIONS

Out of the 84 recommendations embodied in the previous years' Annual Audit Reports, 23 were implemented and 61 were not implemented, to wit:

Ref.	Audit Observation	Audit Recommendations	Status of Implementation
AAR 2023 p.35	1. The Municipality did not take advantage of the one-time cleansing of Property, Plant, and Equipment (PPE) due to non-compliance with the guidelines and procedures of COA Circular No. 2020-006 dated January 31, 2020, thus adversely affecting the fairness of the presentation of the PPE accounts with a net book value of ₱724,325,491.00 as of December 31, 2023, and may deprive Management of reliable and useful information in decision-making and accountability for these assets.	1. We recommended that Management prioritize the implementation of the one-time cleansing of PPE accounts by strictly following the guidelines and procedures provided in COA Circular No. 2020-006 dated January 31, 2020, to have reliable PPE balances that are verifiable as to existence, condition, and accountability.	Unimplemented The Inventory Committee had yet to implement the one-time cleansing.
AAR 2023 p.37	2. The recording of construction materials worth ₱4,021,407.50 used in infrastructure projects lacked necessary documentation, inconsistent with the pertinent provisions of the NGAS Manual for LGUs, Volume I, thus, proper monitoring and accounting for	2. We recommended that Management observe the requisition procedures for materials and the reporting on their issuance as contained in the NGAS Manual for LGUs, Volume I, to ensure proper monitoring and accounting thereof, as well as to establish a	Unimplemented The Engineering Office had yet to find the opportunity to implement this, as they were waiting for the new delivery of requested materials.

Ref.	Audit Observation	Audit Recommendations	Status of Implementation
	these materials were not assured. As a result, the balance of the Construction Materials Inventory account in the financial statements as of December 31, 2023, was rendered unreliable.	reliable balance of the inventory account in the financial statements at year-end.	
AAR 2023 p.39	3. Cash advances for the payment of wages for Job Order workers totaling ₱3,041,715.97 in CY 2023 were not supported by the documents required under Sections 1.1 and 1.1.1 of COA Circular No. 2012-001 dated June 14, 2012, thus the transactions lacked evidence to prove their propriety and validity.	<p>3. We recommended that Management submit the required documents to the audit team in order to substantiate the payment of wages for Job Order workers totaling ₱3,041,715.97, in adherence to Sections 1.1 and 1.1.1 of COA Circular No. 2012-001 dated June 14, 2012.</p> <p>4. We further recommended that the Municipal Accountant ensure the completeness of all supporting documents for each cash advance for payroll funds to cover salaries, wages, allowances, honoraria, and other similar expenses.</p> <p>5. We furthermore recommended that the Municipal Treasurer refrain from granting cash advances for payroll funds for salaries, wages,</p>	<p>Implemented</p> <p>Implemented</p> <p>Implemented</p>





Ref.	Audit Observation	Audit Recommendations	Status of Implementation
	<p>than the next banking day, contrary to Section 69(4) of Presidential Decree (PD) No. 1445 and Section 32 of the NGAS Manual for LGUs, Volume I, thus, exposing government funds to the risk of misuse or loss through defalcation.</p>	<p>pursuant to Section 69(4) of PD No. 1445 and Section 32 of the NGAS Manual for LGUs, Volume I.</p>	
<p>AAR 2023 p.50</p>	<p>8. The Municipality did not close its checking accounts with the Landbank of the Philippines (LBP) which had a total balance of ₱183,610.12, even though the accounts had already become dormant as of December 31, 2023, thus affecting the efficiency of utilizing such funds for their operations.</p>	<p>12. We recommended that Management close their TEEP checking account with LBP and return the remaining balance of the Trust Fund to the DepEd to avoid incurring future dormancy fees on the dormant bank account.</p> <p>13. We also recommended that Management immediately close their two checking accounts for Philhealth and appropriate the money for the implementation of programs and projects that benefit the municipality's constituents, subject to the usual budgeting and accounting rules and regulations.</p>	<p>Unimplemented Management had agreed to the closure of the TEEP. However, no document had been submitted to the Auditor to confirm this.</p> <p>Implemented</p>

Ref.	Audit Observation	Audit Recommendations	Status of Implementation
AAR 2023 p.51	9. Disbursing Officers (DOs) were allowed to draw multiple cash advances in one day to pay for electric subsidy refund, prizes, overtime services, hazard pay, allowances, gratuity pay, honoraria, and other similar payments, which contradicts Section 4.1.2 of COA Circular No. 97-002 dated February 10, 1997, resulting in overlapping cash advances and unnecessarily exposing government funds to the risk of loss through misapplication.	<p>14. We reiterated our recommendation that the irregular procedure for granting cash advances, such as multiple cash advances to DOs in one day, be immediately stopped.</p> <p>15. We also recommended that no additional cash advances be granted to the DOs until their previous advances are settled or properly accounted for.</p> <p>16. We further recommended that Management consider appointing or designating additional DOs to avoid granting multiple cash advances to the incumbent DOs.</p> <p>17. We furthermore recommended that the Municipal Treasurer set a cut-off date for the submission of approved payrolls by the different municipal offices every pay period, and require strict adherence thereto.</p>	<p>Unimplemented In CY 2024, records showed that there were still multiple cash advances granted on the same day.</p> <p>Unimplemented In CY 2024, records showed that there were still multiple cash advances granted on the same day.</p> <p>Implemented</p> <p>Unimplemented Despite the Order by the Municipal Mayor regarding the processing and cut-off date of the submission of payrolls, some workers had yet to comply, resulting in the late submission of payroll.</p>
AAR 2023 p 53	10. The Municipality appointed an employee for the position of Municipal Government Department Head I (Municipal Planning &	We recommended that to avoid disapproval/invalidation of appointments, the HRMO-Designate ensure the following:	

Ref.	Audit Observation	Audit Recommendations	Status of Implementation
	<p>Development Coordinator), even though the candidate did not meet the necessary experience required for the position, contrary to the provisions of the 2017 ORAOHRA, revised 2018. Thus, there is a risk that the appointing authority may have to refund the payment of the appointee's salary if the appointment is finally disapproved.</p>	<p>18. Issue appointment under a permanent status only to a person who meets all the qualification requirements of the position to which he/she is being appointed, including the appropriate eligibility, in accordance with the provisions of law, rules, and standards promulgated in pursuance thereof; and</p> <p>19. The accuracy, authenticity, and completeness of all the requirements and supporting papers in connection with all cases of appointments are thoroughly reviewed and checked before they are submitted to the CSC.</p>	<p>Unimplemented</p> <p>The Appointment had yet to be resolved and was still on appeal at the Civil Service Commission RO-7, Cebu City.</p> <p>Unimplemented</p> <p>The appointment had not yet been resolved and was still under appeal at the Civil Service Commission RO-7, Cebu City.</p>
AAR 2022 p.35	<p>11. The cashbooks maintained by the accountable officers were neither updated and balanced daily, ruled and footed, nor closed at the end of each month, while the required certifications were not accomplished either, contrary to the pertinent provisions of the New Government Accounting System (NGAS) Manual for Local</p>	<p>20. We recommended that the Local Chief Executive require the Municipal Treasurer to promptly update, balance, and certify the collections, deposits, and disbursements on the cashbooks, ensure the correctness and accuracy of entries recorded therein, and henceforth adhere to the existing regulations on the handling,</p>	<p>Unimplemented</p> <p>The Municipal Treasurer had yet to complete the updating the cashbooks.</p>

Ref.	Audit Observation	Audit Recommendations	Status of Implementation
	<p>Government Units (LGUs), Volume II, resulting in the non-reconciliation with the accounting records in violation of the pertinent provisions of the Local Treasury Operations Manual (LTOM), 2nd Edition. Thus, early detection of errors and corrections thereof could not be made, affecting the reliability and accuracy of the cash and cash equivalent account balances amounting to ₱656,926,239.69 as of December 31, 2022.</p>	<p>custody, and disposition of the cashbooks.</p> <p>21. We further recommended that the Municipal Accountant and the Municipal Treasurer closely coordinate and regularly reconcile their respective records for the early detection and correction of errors to ensure the fairness of the presentation of the cash and cash equivalent account balances in the financial statements.</p>	<p>Unimplemented</p> <p>The Municipal Treasurer and the Municipal Accountant had yet to completely reconcile their records.</p>
<p>AAR 2022 p.39</p>	<p>12. The accuracy and reliability of the Road Networks account totaling ₱122,228,850.63, net of Accumulated Depreciation, could not be ascertained due to (a) non-conduct of inventory of local roads and non-preparation of the Report of the Local Road Network (RLRN) and Report on the Physical Count of Local Road Network (RPCLRN); (b) non-segregation of the cost of each road component of the local road projects in the books of accounts; (c) non-maintenance of</p>	<p>22. We recommended that Management 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>23. We further recommended that, henceforth, the Inventory Committee conduct an annual physical count of all its Local Road</p>	<p>Unimplemented</p> <p>Management had yet to complete the preparation of the Road Network Plan.</p> <p>Unimplemented</p> <p>Management had yet to complete the conduct of the physical inventory of Road Networks.</p>

<b>Ref.</b>	<b>Audit Observation</b>	<b>Audit Recommendations</b>	<b>Status of Implementation</b>
	<p>the Local Road Network Ledger Card (LRNLC) by the Municipal Accountant and Local Road Inventory and Road Map and Local Road Network Property Card (LRNPC) by the Property Officer; and (d) non-disclosure of the total road networks in the Notes to the Financial Statements (FS), contrary to COA Circular No. 2015-008 dated November 23, 2015, thereby, affecting the fair presentation of the account in the financial statements.</p> <p>a) Non-conduct of an inventory of local roads and non-preparation of the RLRN and RPCLRN</p> <p>b) Non-segregation of the cost of each road component of the local road projects in the books of accounts</p> <p>c) Non-maintenance of the LRNLC by the Municipal Accountant and Local Road Inventory and Road Map and LRNPC by the Property Officer</p> <p>d) Non-disclosure of the total road network system in the Notes to the FS</p>	<p>Networks and the results thereof reported 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 be prepared before the statement date.</p>	



Ref.	Audit Observation	Audit Recommendations	Status of Implementation
	(RA) No. 9184 were not strictly complied with, thus, overlapping stations, double listed road sections, and any gaps or duplications that might exist may go undetected or unidentified, while effective and efficient monitoring of the completed projects may not be established or strengthened.	engineering activities under the provisions under Annex A of the Revised IRR of RA No. 9184, giving utmost consideration to the deficiencies discussed above.	
AAR 2022 p.56	15. The Municipality procured two pick-up vehicles using the Local Disaster Risk Reduction and Management Fund (LDRRMF). However, these vehicles were not converted or fitted into rescue vehicles with the necessary equipment and apparatus, as required under the typology, classification, and specifications of motor vehicles specified in the Department of Budget and Management (DBM) Budget Circular (BC) No. 2017-1 dated April 26, 2017. Thus, the vehicles may not be effectively utilized for their intended purpose of responding to rescue-related activities, impeding the	27. We recommended that Management immediately convert the two pick-ups into rescue vehicles equipped with the necessary equipment and apparatus in accordance with the typology, classification, and specifications of motor vehicles indicated in DBM BC No. 2017-1 dated April 26, 2017.	Unimplemented The vehicles still had not been equipped with the necessary equipment and apparatus.

Ref.	Audit Observation	Audit Recommendations	Status of Implementation
	<p>Municipality’s ability to respond efficiently and effectively during rescue operations. Moreover, both vehicles were not marked “FOR OFFICIAL USE ONLY” contrary to the regulations outlined under COA Circular No. 77-61 dated September 26, 1977, thus exposing the vehicles to risk of abuse and misuse by the Municipal officials and employees.</p>		
<p>AAR 2022 p.59</p> <p>AAR 2021 p.57</p>	<p>16. Local Disaster Risk Reduction and Management (LDRRM) motor vehicles and heavy equipment were used for purposes other than disaster/calamity response and rescue/relief operations, contrary to Section 5.2.1.1.1 of the Department of the Interior and Local Government (DILG) Memorandum Circular (MC) No. 2021-004 dated January 18, 2021, subjecting the motor vehicles and heavy equipment to wear and tear which could result in their unavailability during an actual calamity or disaster, thereby negating the purpose for which the vehicles and</p>	<p>28. We recommended that Management ensure that the LDRRM motor vehicles and heavy equipment be exclusively used for disaster/calamity response and rescue/relief operations in conformity with DILG MC No. 2021-004 dated January 18, 2021. Otherwise, refund or replenish the LDRRMF for the cost of the subject motor vehicles and heavy equipment, the appropriations for which shall be taken from the General Fund.</p>	<p>Unimplemented</p> <p>During CY 2024, the LDRRM motor vehicles and heavy equipment were still being used for purposes other than disaster/calamity response and rescue/relief operations because Management wanted to be responsive to the needs of the people by providing safe modes of transportation.</p>

Ref.	Audit Observation	Audit Recommendations	Status of Implementation
	heavy equipment were purchased.		
AAR 2021 p.39	17. Fund transfers to various Non-Government Organizations (NGOs) totaling ₱145,000.00 were incorrectly recorded as outright expenses under account Donations (5-02-99-080) instead of account Due from Non-Government Organizations/People's Organizations (1-03-06-030), contrary to COA Circular No. 2015-009 dated December 1, 2015, hence, the total expenses and total assets were overstated and understated, respectively, by the same amount, as of December 31, 2021, while the proper liquidation thereof was not ensured.	29. We also recommended that Management require the concerned NGOs for the immediate liquidation of the funds received with the necessary supporting documents and prepare the accounting entry to take up the liquidation.	Implemented
AAR 2021 p.42	18. Fund transfer of ₱150,000.00 to the Metropolitan Inter-Local Health Zone (MILHZ) was not supported with the documentary requirements provided under Section 3.1.1 of COA Circular No. 2012-001 dated June 14, 2012, hence, the propriety and validity of the transaction could	30. We recommended that Management strictly observe the documentary requirements on fund transfers in accordance with Section 3.1 of COA Circular No. 2012-001 and require the MILHZ to furnish the LGU District Health Board a copy of the financial statement	Unimplemented Management still had not submitted the Sangguniang Bayan Resolution authorizing the grant of assistance for specific projects of the MILHZ as required in the pertinent COA Circular. This is still necessary because even though the expenditure was already

Ref.	Audit Observation	Audit Recommendations	Status of Implementation
	not be ascertained.	including a narrative report on the utilization of the revolving fund as required under Item III of the MOA.	included in the Annual Budget under the Municipal Head Office under MOOE-ILHZ Municipal Counterpart, it was listed under a generic name as "Maintenance and Other Operating Expenses".
AAR 2021 p.44	19. The payment of two units of reconditioned garbage compactor truck amounting to ₱4,499,000.00 was not supported by a certification/ documentation of the general obsolescence, the availability of spare parts, the quality, degree and extent of repair and the maintenance requirements of the heavy equipment, as required under Section 4.5 of the National Budget Circular (NBC) No. 446-A dated January 30, 1998, thus, it could not be determined whether the purchase was the most advantageous to the government.	31. We recommended that Management immediately submit to the Auditor the certification/documentation for the acquired two units of heavy equipment containing the required information stated under Section 4.5 of NBC No. 446-A dated January 30, 1998. We further recommended that, henceforth, Management adhere strictly to the prescribed policy guidelines on the purchase of "secondhand/ reconditioned" transport and heavy equipment.	Unimplemented The Certification prepared by the MENRO Designate could not be considered compliant with the required certification/documentation of the general obsolescence, the availability of the spare parts, the quality, degree, and extent of the repair done, and the maintenance requirements of the acquired heavy equipment.
AAR 2021 p.46	20. The Municipality of Valencia transferred funds amounting to ₱185,000.00 to various Non-Government Organizations as their	32. We recommended that the Municipal Accountant submit the lacking supporting documents as required under Section 2.0 of COA	Unimplemented Management had yet to submit the lacking supporting documents, such as the Audited financial reports for the

Ref.	Audit Observation	Audit Recommendations	Status of Implementation
	<p>financial support for its operations without fully substantiating the disbursements with the documentary requirements prescribed under Section 2.0 of COA Circular No. 2012-001 dated June 14, 2012 and Section 4(6) of Presidential Decree No. 1445, thus, the propriety and regularity of the transactions could not be ascertained.</p>	<p>Circular No. 2012-001 dated June 14, 2012 to enable the Audit Team to properly evaluate the propriety and regularity of the fund transfers. We also recommended that, henceforth, the Municipal Accountant ensure the completeness of the supporting documents for every transaction of the Municipality before payment/transfer is made in compliance with Section 4(6) of PD No. 1445.</p>	<p>past three years (CYs 2020, 2019, and 2018) of Bata ng Calabnugan, Inc. and the signed project proposal and sworn affidavit of the secretary of Casa Miani-Arvedi Foundation, Inc.</p>
<p>AAR 2021 p.50</p>	<p>21. Expenditures amounting to ₱6,515,760.00 were improperly charged to the Local Disaster Risk Reduction and Management Fund (LDRRMF) contrary to Section 5.0 of the National Disaster Risk Reduction and Management Council (NDRRMC), Department of Budget and Management (DBM) and Department of the Interior and Local Government (DILG) Joint Memorandum Circular (JMC) No. 2013-1 dated March 25, 2013, and Section A of DILG Memorandum Circular (MC) No. 2012-73 dated</p>	<p>33. We further recommended that the brand-new motor vehicle (Toyota Pick-up) be converted into a rescue vehicle equipped with the necessary equipment and apparatus and used exclusively for rescue and response activities, otherwise, Management shall reimburse the LDRRMF for the cost of the vehicle from the General Fund.</p>	<p>Unimplemented The Municipality had yet to convert its brand-new pick-up into a rescue vehicle equipped with the necessary equipment and apparatus, and used exclusively for rescue and response activities.</p>

Ref.	Audit Observation	Audit Recommendations	Status of Implementation
	<p>April 17, 2012, hence, substantially reducing the funds available for DRRM programs, projects, and activities.</p>		
<p>AAR 2021 p.53</p>	<p>22. Despite the failure to secure prior approval from the Secretary of the Interior and Local Government or his duly authorized representative, the Municipality still proceeded to purchase a brand new rescue vehicle (Toyota Hilux 4WD Pickup) costing ₱1,999,000.00. At the same time, the required written report on the acquisition was not submitted to the concerned DILG office within 30 days from the completion of the procurement process, contrary to the pertinent provisions of DILG Memorandum Circular (MC) No. 2021-004 dated January 18, 2021, thus, resulting in irregular disbursement of government funds.</p>	<p>34. We recommended that Management immediately submit to the DILG Regional Office No. VII the required written report on the acquisition of the brand new rescue vehicle which shall contain the details regarding the type, brand, engine displacement, quantity, price and seller of the purchased vehicle.</p> <p>35. We further recommended that, henceforth, Management strictly comply with the existing rules and regulations on the purchase/acquisition of government motor vehicles.</p>	<p>Implemented</p> <p>Unimplemented Management had not attached to the written report a copy of the documentary requirements stated under Sections 5.4.1.1 to 5.4.1.5 of the DILG MC No. 2021-004.</p>

Ref.	Audit Observation	Audit Recommendations	Status of Implementation
AAR 2021 p.55	23. The purchase of radio communication equipment amounting to ₱214,800.00 was not supported by valid permits to purchase and possess from the National Telecommunications Commission (NTC), contrary to the pertinent provisions of NTC Memorandum Circular (MC) No. 2-05-88, NTC MC No. 11-21-88, and COA Circular No. 2012-003 dated October 29, 2012, thus, creating doubt on the propriety and legality of the procurement.	36. We recommended that Management submit immediately to the Audit Team the required NTC permits to purchase and possess the subject radio communication equipment in compliance with NTC Memorandum Circular Nos. 2-05-88 and 11-21-88.	Unimplemented The documentary requirements for the application had yet to be complied with and had not been submitted to the Auditor.
AAR 2021 p.59	24. Contrary to COA Circular No. 2012-002 dated September 12, 2012, the Municipal Disaster Risk Reduction and Management Council (MDRRMC) and the Municipal Disaster Risk Reduction and Management Officer (MDRRMO) did not include in the CY 2021 Municipal Disaster Risk Reduction and Management Fund Investment Plan (MDRRMFIP) the list of projects and activities chargeable to the unexpended Local Disaster Risk Reduction	37. We recommended that the MDRRMC and MDRRMO review and update the MDRRMFIP annually to include projects and activities chargeable to prior years' unexpended LDRRMF in accordance with Sections 5.1.2 and 5.1.15 of COA Circular No. 2012-002 dated September 12, 2012 to maximize the use of the fund to ensure that appropriate measures in disaster risk reduction and management are implemented.	Unimplemented In CY 2024, out of ₱51,085,135.04, only ₱19,653,991.38 or 38.47% had been utilized.

Ref.	Audit Observation	Audit Recommendations	Status of Implementation
	<p>Management Fund (LDRRMF) of the previous years amounting to ₱13,948,840.59. Thus, the use of the fund was not maximized to strengthen the capacity of the Municipality to reduce and manage the adverse effects in times of disasters or calamities.</p> <p><i>(Reiterated under Finding No. 9, Part II of this Report.)</i></p>		
AAR 2020 p.47	<p>25. The Municipality granted COVID-19 Hazard Pay to its 485 personnel who physically reported for work at their respective offices or work stations during the implementation of the Enhanced Community Quarantine (ECQ) in the total amount of ₱1,721,600.00 without the supporting documents necessary to determine compliance with the pertinent provisions of DBM Budget Circular No. 2020-1 dated March 24, 2020. Thus, the propriety and regularity of the grant could not be ascertained.</p>	<p>38. We recommended that the following documents be immediately submitted to the Auditor to determine compliance with the conditions on the grant of COVID-19 Hazard Pay set forth in Paragraph 4 of DBM Budget Circular No. 2020-01 dated March 24, 2020, to wit:</p> <ul style="list-style-type: none"> <li>-Authority for the entitlement of the allowance;</li> <li>-Certificate of attendance during the ECQ period; and</li> <li>-IATF Resolution of the Risk Certification in the workplace</li> </ul>	Implemented

Ref.	Audit Observation	Audit Recommendations	Status of Implementation
		<p>39. Likewise, we recommended that Management submit (a) Individual approved daily time record or daily report of attendance of the 485 Municipal personnel paid with COVID-19 Hazard Pay showing the official dates and hours they physically reported for work at their respective offices or work stations during the implementation of the ECQ period; and (b) Copy of the approved contracts of personnel under COS and JO scheme.</p>	<p>Implemented</p>
<p>AAR 2020 p.49</p>	<p>26. The payroll covering the payment of COVID-19 Special Risk Allowance (SRA) to nine public health workers (PHWs) in the total amount of ₱68,309.00 was not substantially supported with complete documents contrary to Section 4(6) of Presidential Decree (PD) No. 1445, thus, the propriety and regularity of the grant during the period of the implementation of the Enhanced Community Quarantine (ECQ) could not be ascertained.</p>	<p>40. We recommended that Management require the Municipal Health Officer to submit to the Auditor the following documents to substantiate the grant of SRA to the nine PHWs:</p> <p>a. Inter-Agency Task Force for the Management of Emerging Infectious Diseases Resolution of the Risk Certification in the workplace;</p> <p>b. Authority from the head of agency/office to render service during the period of the ECQ</p>	<p>Unimplemented</p> <p>Verification of the documents that had been submitted showed that some of 2019-nCOV Contact Tracing Sign and Symptom Log Form for the PUMs and PUIs lacked vital information such as, Confirmed Case ID, Close Contact Name, Date of Last Exposure, and Date of Voluntary Quarantine Period Ends.</p> <p>According to Management, they were not oriented; thus, they only filled in data they believed were needed for observation and monitoring.</p>

Ref.	Audit Observation	Audit Recommendations	Status of Implementation
		<p>stating the prescribed official working hours as well as the entitlement of the SRA;</p> <p>c. Individual approved daily time record or 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>	
AAR 2020 p.51	<p>27. Owing to the absence of a validated list of affected families, there is doubt whether the various donations in-kind and relief goods which the Municipality received from private institutions were distributed to qualified beneficiaries as required under Item II.2.b of COA Circular No. 2020-009 dated April 21, 2020, thus possibly reducing the available donations in-kind and relief goods which could have been distributed to the most affected, especially indigent</p>	<p>41. We recommended that Management ensure that donations in-kind and relief goods are distributed to qualified beneficiaries based on a validated list of affected individuals pursuant to Item II.2.b of COA Circular No. 2020-009 dated April 21, 2020.</p> <p>42. We also recommended that Management submit an explanation for the unaccounted balance of four packs of milk.</p>	<p>Unimplemented</p> <p>Management had sent a letter to COA with the corrected summary distribution. However, there was still no validated list of affected individuals used as the basis for distribution.</p> <p>Implemented</p>



Ref.	Audit Observation	Audit Recommendations	Status of Implementation
AAR 2020 p.64	29. The Municipality spent ₱1,349,200.00 out of the Local Disaster Risk Reduction and Management Fund (LDRRMF) for the purchase of food items and payment of catering services for meals provided to frontliners assigned in checkpoints and 24 barangays due to COVID-19 emergency, contrary to Sections 5.1 to 5.4 of NDRRMC-DBM-DILG Joint Memorandum Circular (JMC) No. 2013-1 dated March 25, 2013 and pertinent provisions of DBM Local Budget Circular (LBC) No. 124 dated March 26, 2020, thus, reducing the funds available for disaster risk management, relief, rehabilitation and recovery programs.	45. We recommended that Management strictly utilize the LDRRMF for programs/projects/activities authorized under DILG Memorandum Circular No. 2012-73 dated April 17, 2012 and NDRRMC-DBM-DILG Joint Memorandum Circular No. 2013-1 dated March 25, 2013 and in accordance with DBM LBC No. 124 dated March 26, 2020.	Unimplemented In CY 2024, expenditures pertaining to travel of LDRRM Officers were still charged to the LDRRMF.
AAR 2019 p.33	30. The difference of ₱101,424,940.45 between the balances of accounts Real Property Tax (RPT) Receivable and Special Education Tax (SET) Receivable as of December 31, 2019 per records of the Municipal Accounting Office (MAO) and Municipal Treasurer's	We recommended that:  46. The Municipal Accountant and Municipal Treasurer reconcile the difference between the RPT and SET balances totaling ₱101,424,940.45 and, henceforth, conduct, together with the	Unimplemented The Office of the Municipal Accountant had still lacked personnel who could focus on the reconciliation and they were not provided with the list of taxpayers and their amount due

Ref.	Audit Observation	Audit Recommendations	Status of Implementation
	<p>Office (MTO) could not be reconciled because the MAO and MTO did not maintain subsidiary ledgers and RPT Account Registers/Taxpayer's index cards, respectively, contrary to Section 20 of the Manual on the New Government Accounting System (NGAS), Volume I, and Section 10, Volume II of the same Manual, thus, the RPT/SET Receivable and Deferred RPT/SET Income accounts might not have been fairly presented in the financial statements.</p>	<p>Municipal Assessor, a periodic reconciliation of the balances of Basic and Special Education Tax dues and RPT Receivable and SET Receivable accounts to immediately detect and rectify any discrepancies;</p> <p>47. The Municipal Treasurer maintain Real Property Tax Account Register/Taxpayer's index card and furnish the Municipal Accountant a duly certified list of taxpayers with the amount due and collectible for the current year as basis for recording the RPT Receivable and SET Receivable accounts in accordance with Section 20 of the NGAS Manual for LGUs, Volume I; and</p> <p>48. The Municipal Accountant maintain subsidiary ledgers for control accounts RPT Receivable and SET Receivable in accordance with Section 10 of the NGAS Manual for LGUs, Volume II.</p>	<p>corresponding to the declared RPT and SET.</p> <p>Unimplemented The Municipal Treasurer also had stopped manually maintaining the RPTAR since they already have their own automatic registry.</p> <p>Unimplemented There had yet to be a linkage of the iTax System to the Accounting Office, so maintaining subsidiary ledgers manually and reconciliation of the difference between the RPT and SET balances would entail a lot of work, which the Municipality could not perform yet due to a lack of manpower.</p>

<b>Ref.</b>	<b>Audit Observation</b>	<b>Audit Recommendations</b>	<b>Status of Implementation</b>
AAR 2019 p.35	<p>31. Due to unknown addresses of taxpayers and other reasons, delinquent Real Property Taxes (RPT) and Special Education Taxes (SET) including penalties thereon had accumulated to ₱26,248,672.56 and remained uncollected as of December 31, 2019, thus, depriving the Municipality of substantial amount of revenues which could have been utilized to finance various programs, projects and activities.</p> <p><i>(Reiterated under Finding No.6, Part II of this Report.)</i></p>	<p>49. We recommended that the Municipal Treasurer enforce collection of delinquent real property taxes by (a) conducting an intensive tax campaign in every barangay; (b) sending out notices of delinquencies; (c) posting a notice of the delinquency at the main entrance of the Municipal Hall and in publicly accessible and conspicuous place in each barangay; and (d) publishing the notice of delinquency in a newspaper of general circulation. We further recommended that the Municipality avail of the remedies in collecting delinquent real property taxes provided under Section 256 of RA No. 7160.</p>	<p>Unimplemented</p> <p>In CY 2024, there were still a substantial amount of uncollected delinquent taxes.</p>
AAR 2019 p.38	<p>32. The project Rehabilitation/Improvement of Industrial Park in Palinpinon, Valencia, Negros Oriental, which was reported to be 100% completed with a total cost incurred of ₱934,780.95 as of December 31, 2019, was found to be unoperational for lack of electrical connection and some</p>	<p>50. We recommended that Management cause the immediate completion of the project at no additional cost to the government so that it can be used for its intended purpose. We further recommended that the Municipal Engineer submit proper accounting for the construction materials</p>	<p>Unimplemented</p> <p>The Municipal Engineer was unable to furnish the Auditor with the appropriate accounting records for the construction materials that had been procured but not yet installed.</p>

<b>Ref.</b>	<b>Audit Observation</b>	<b>Audit Recommendations</b>	<b>Status of Implementation</b>
	uninstalled materials costing at least ₱81,068.10, resulting in the waste of government funds.	already procured but were not installed and desist from certifying as 100% completed any project unless he or his representative has conducted an inspection of the project.	
AAR 2019 p.40	33. The Municipal Engineer did not conduct detailed engineering works prior to the preparation and subsequent approval of program of work (POW), contrary to Section 17.6 of the Revised Implementing Rules and Regulations (IRR) of Republic Act (RA) No. 9184, causing prolonged delay in project implementation.	51. We recommended that the Municipal Engineer ensure that detailed engineering is conducted before any POW is prepared and subsequently approved to refrain from making revisions which are not necessary in order that projects will be completed on schedule, so that the desired benefits can be immediately enjoyed by the intended beneficiaries as well as reduce the risk that programmed funds may no longer be sufficient due to price increases in construction materials and labor or changes in economic conditions.	Unimplemented Management still had to start taking the recommendation into account for the POWs of the succeeding projects of the Municipality.
AAR 2019 p.42	34. Because Management was not aware of the existing regulations, copies of perfected contracts together with the supporting	52. We recommended that, henceforth, Management furnish the Auditor with copies of contracts together with the supporting documents	Unimplemented Management had submitted copies of POs and contracts in CY 2024. However, the submission was still

<b>Ref.</b>	<b>Audit Observation</b>	<b>Audit Recommendations</b>	<b>Status of Implementation</b>
	documents of at least 11 completed infrastructure projects in CY 2019 with a total project cost of ₱31,573,000.00 were not submitted to the Auditor for review, as required under COA Circular No. 2009-001 dated February 12, 2009, hence, the reasonableness of contract prices and whether or not the contractual covenants were advantageous to the Municipality could not be determined.	within the reglementary period of five working days from perfection, in accordance with Sections 3.1.1 and 3.1.2 of COA Circular No. 2009-001 dated February 12, 2009, to allow timely review.	beyond the reglementary period of five working days from perfection.
AAR 2019 p.51	35. The 15 applicants who were admitted to the technical and vocational scholarship program in CY 2019 were neither out-of-school youths nor of school age, contrary to Section 447(5) (xi) of Republic Act (RA) No. 7160 and pertinent provisions of Sangguniang Bayan Resolution No. 229, depriving the poor but deserving students residing within the Municipality of the benefits of the program.	53. We recommended that, henceforth, the Municipality thru the Administrative Council strictly adhere to the primary purpose of the technical and vocational scholarship program of the Municipality by limiting the grant of scholarship to out of school youths residing within the Municipality pursuant to the provisions of Sangguniang Bayan Resolution No. 229, series of 2019.	Unimplemented Although Ordinance No. 5 s. 2019 was passed in consonance with RA No. 10647, the provisions thereof had not been anchored to Section 447(5) (xi) of RA No. 7160, which specifically states that the establishment of a scholarship fund shall be for the poor but deserving students residing within the municipality. Providing technical and vocational scholarships to college undergraduates and college graduates who had higher chances of employment automatically deprived the more deserving applicants, especially high school graduates or

Ref.	Audit Observation	Audit Recommendations	Status of Implementation
		54. We further recommended that the Council thoroughly review the individual credentials of the applicants to determine if they are eligible to be admitted to the scholarship program.	out-of-school youths, of any chance at the scholarship program.  Unimplemented Management had not yet complied with this.
AAR 2019 p.55	36. The Municipality paid term membership fee/dues to the Vice Mayors' League of the Philippines (VMLP), Inc. and Philippine Councilors League (PCL), Inc.-Negros Oriental Federation totaling ₱94,000.00 but were issued only printed receipts instead of official receipts (ORs) as required under Section 42, Chapter 7, Title I (B), Book V of the Administrative Code of 1987, hence, the accuracy of the transactions made could not be ascertained.	55. We recommended that the Municipal Treasurer require the issuance of ORs from the VMLP, Inc. and PCL, Inc. - Negros Oriental Federation for the payments made for membership dues/fees in CY 2019. We further recommended that the Municipality withhold future payments until the leagues comply with this requirement.	Unimplemented The payments of CY 2024 term membership fee/ dues to the VMLP, Inc., and PCL, Inc.-Negros Oriental Federation had still been issued with printed receipts of the Organizations instead of AF No. 51.

<b>Ref.</b>	<b>Audit Observation</b>	<b>Audit Recommendations</b>	<b>Status of Implementation</b>
AAR 2019 p.56	37. Management did not submit the Agency Action Plan and Status of Implementation (AAPSI) within 60 days from the date of receipt of the 2018 Annual Audit Report (AAR) contrary to Section 93 of the General Provisions of Republic Act (RA) No. 10964 dated December 29, 2017 for Fiscal Year (FY) 2018, precluding the Auditor from monitoring and validating the actions taken to implement audit recommendations, hence, the risk that deficiencies may continue to exist and, thus, affect the fairness of the presentation of the Municipality's financial statements as well as its operational efficiency.	56. We recommended that the Local Chief Executive direct all department heads concerned to submit their respective duly accomplished AAPSI on the CY 2018 AAR, and assign a personnel to consolidate the same for submission to the Auditor. Henceforth, Management should strictly comply with the submission of the AAPSI within 60 days upon receipt of the AARs for the succeeding years.	Unimplemented Records showed that the AAPSI for AAR 2023 was submitted by Management only on December 6, 2024.
AAR 2018 p.39	38. Inventory of Breeding Stocks and other biological assets including the prevailing market price of each stock as of reporting date was not submitted by the Municipal Agriculturist to the Municipal Accountant as required under Section 4.5.1 of COA Circular 2016-004 dated September 30, 2016, hence, the existence and	57. We recommended that the Municipal Agriculturist establish the actual status of the breeding stock dispersal program by tracing the whereabouts and condition of the original breeding stocks and their offspring, if any, and render a report to the Municipal Accountant which includes the fair market value of each stock, for proper	Unimplemented The Municipal Agriculturist (MA) had yet to complete the verification of the former MA's records and tracing of the whereabouts and condition of original breeding stocks and their offspring. The Municipal Agriculturist had submitted the property cards.

Ref.	Audit Observation	Audit Recommendations	Status of Implementation
	<p>condition of the Biological Assets with total acquisition cost of ₱609,877.16 could not be ascertained. Likewise, the account balances were not fairly presented in the financial statements in accordance with paragraph 16 of the Philippine Public Sector Accounting Standards (PPSAS) No. 27.</p> <p><i>Balances as of December 31, 2024:</i>  <i>Breeding Stocks ₱2,859,887.16</i>  <i>Work/Zoo Animals 49,990.00</i>  <i>Total ₱609,877.16</i></p>	<p>recording in the book of accounts.</p> <p>58. In case of death/loss of assets, necessary adjusting entries shall be taken only after the issuance of Credit Notice arising from the result of the evaluation of the relief from accountability, if any.</p> <p>59. We also recommended that proper disclosure shall be provided in the Notes to the Financial Statements in consonance with PPSAS 27 to provide information that may affect the fairness of the presentation of the financial statements.</p>	<p>Unimplemented  Work/Other Animals &amp; Breeding Stocks account had not been regularly updated because the Livestock Inspector was unable to update the Municipal Accountant.</p> <p>Unimplemented  The disclosure had yet to be updated due to the unverified balance.</p>
AAR 2018 p.42	<p>39. The Municipality maintained a time deposit of ₱1,000,000.00 with the First Consolidated Bank (FCB), a private bank, in excess of the maximum amount insurable with the Philippine Deposit Insurance Corporation (PDIC) of ₱500,000.00, contrary to Section 311 of Republic Act (RA) No. 7160, thus, exposing public funds to high risk of loss in case of bank closure or bankruptcy.</p>	<p>60. We recommended that the Municipal Treasurer transfer the time deposit with the First Consolidated Bank, Dumaguete Branch to either Land Bank of the Philippines (LBP), Dumaguete Branch or Development Bank of the Philippines (DBP), Dumaguete Branch, in compliance with Section 311 of RA No. 7160, DOF Department Order No. 27-05 dated December 9, 2005, and COA</p>	<p>Unimplemented  The ₱1,000,000.00 time deposit with the FCB had been transferred to the Philippine Veterans Bank (PVB) on May 2, 2019, as authorized under Sangguniang Bayan Resolution No. 183 and Department of Finance Circular No. 01-2017, which included PVB as an AGDB, but the Auditor would like to emphasize that PVB's authority to accept funds from NGAs/GOCCs/ LGUs was subject to</p>

Ref.	Audit Observation	Audit Recommendations	Status of Implementation
		Circular No. 92-382 dated July 3, 1992.	limitations prescribed by the Monetary Board. The said time deposit should have been transferred to either LBP or DBP, where the authority to accept deposits from government agencies was absolute.
AAR 2018 p.48	<p>40. Only four gender-related programs/projects/activities (PPAs) were implemented during the year with a total cost of ₱847,786.68 representing 8.73% of the total budget appropriations, leaving the other important PPAs unimplemented at the end of the year, thereby possibly neglecting the intentions contemplated under Joint Memorandum Circular No. 2013-01 of the PCW, DILG, DBM and NEDA.</p> <p><i>(Reiterated under Finding No. 11, Part II of this Report.)</i></p>	61. We recommended that Management implement the important PPAs, such as the development and maintenance of GAD database, construction of Women in Crisis Center and the like, to address gender issues, other than the conduct of trainings/seminars/ orientations.	Unimplemented Records showed that the planned programs/projects/activities for CY 2024 had not been completely implemented.
AAR 2017 p.34	41. Twelve development projects with a total appropriation of ₱13,052,716.00 which represent 67.10% of the CY 2017 appropriations of the 20%	62. We recommended that Management undertake a concerted effort to fast track the implementation of projects under the 20% DF by addressing the	Unimplemented Management had yet to completely implement the projects due to the late acquisition of road right-of-way, Deeds of Donation and appropriate location or

Ref.	Audit Observation	Audit Recommendations	Status of Implementation
	<p>Development Fund (DF) were not implemented during the year contrary to Item No. 5 of DILG-DBM Joint Memorandum Circular No. 2017-1 dated February 22, 2017, resulting in the inefficient use of funds and non-realization/delayed enjoyment by the constituents of the benefits that could have been derived from the projects.</p>	<p>causes of the delay. We further recommended that the Municipality ensure that only projects that are aligned with DILG-DBM Joint Memorandum Circular No. 2017-1 dated February 22, 2017 are charged thereto in order that the desired socio-economic development and environmental management outcomes may be achieved.</p>	<p>area for the construction and some of the sites were unavailable or had a need for clearances and permits from concerned NGAs.</p>
<p>AAR 2017 p.35</p>	<p>42. Out of the total budget appropriations of ₱972,635.80 allocated for the Local Council for the Protection of Children (LCPC) for CY 2017, only 19.57% or ₱190,342.00 was expended for LCPC programs, projects, and activities (PPAs) outlined in the Annual Work and Financial Plan, while leaving a substantial amount of ₱782,293.80 or 80.43% of the total budget appropriations unutilized, disregarding the primary purpose of the fund as contemplated under RA No. 9344.</p>	<p>63. We recommended that in the preparation of the Annual Work and Financial Plan, the LCPC allocate more funds to PPAs that are responsive to the objective of providing protection to children against abuse, neglect, exploitation and violence, and promotion of their rights and welfare as envisioned by RA No. 9344. We further recommended that the Council prepare the Local Development Plan for Children and Children's profile as required under DILG Memorandum Circular No. 2012-120 dated July 4, 2012.</p>	<p>Unimplemented Management had not yet appointed personnel who would focus on complying with the recommendations. Other PPAs had yet to be started.</p>



<b>Ref.</b>	<b>Audit Observation</b>	<b>Audit Recommendations</b>	<b>Status of Implementation</b>
AAR 2017 p.48	45. Three military cargo trucks procured out of the Local Disaster Risk Reduction and Management Fund (LDRRMF) were used in normal day-to-day operations as service vehicles and hauler of construction materials contrary to the guidelines on the use of LDRRMF, particularly DILG Memorandum Circular No. 2014-155 dated December 17, 2014 subjecting them to wear and tear which could result in the unavailability of the vehicles when actual calamity strikes, thereby negating the purpose for which the vehicles were purchased.	67. We recommended that the use of the three units cargo truck for ordinary, day-to-day operations be minimized in order to preserve the utility of these vehicles for rescue and response activities in times of actual calamity in conformity with DILG Memorandum Circular No. 2014-155 dated December 17, 2014.	Unimplemented The military cargo trucks were used as a transportation service for the safety of the municipal personnel assigned to deliver the necessary services, such as health, education, and construction of relevant facilities in remote areas, steep mountains, and rough terrains.
AAR 2016 p.35	46. The balance of the land account of the Municipality amounting to ₱68.57 million is unreliable because ₱46.59 million or 67.95% of which are not covered by Transfer Certificate of Title (TCT) contrary to Section 39(2) of Presidential Decree (PD) No. 1445 and property cards as well as subsidiary ledgers thereof are not maintained, contrary to Sections	68. We recommended that Management prioritize the filing of application for titling of the recorded properties to hasten the issuance of Certificates of Title in favor of the Municipality.  69. We further recommended that the Municipal Treasurer and the Municipal Accountant maintain their respective property records for	Unimplemented The team created from the Municipal Legal Office to take charge of titling the Municipal real properties had yet to fully process the transfer of titles.  Implemented

Ref.	Audit Observation	Audit Recommendations	Status of Implementation
	119 and 120 of New Government Accounting System (NGAS) Manual, Volume 1.	each real property.	
AAR 2016 p.37	47. The Local Government Unit (LGU) did not implement the Bottom-Up Budgeting projects with total funds received amounting to ₱5.29 million in accordance with the Memorandum of Agreement (MOA) entered into by and between the Local Government Units (LGUs) and National Government Agencies (NGAs), depriving the target beneficiaries from availing of the benefits that could have been derived from the projects/programs.	70. We recommended that the LGU officials implement the programs immediately and undertake a concerted effort to address whatever obstacles that may hinder the implementation and completion of the project as scheduled.	Implemented
AAR 2016 p.39	48. The Municipality did not strictly enforce Section 3 of Municipal Ordinance No. 2001-3, series of 2001, on Electrical Installation Loan Program, resulting in uncollected Loans Receivable of ₱1.85 million as of December 31, 2016, thus, exposing government funds to possible loss due to non-	71. We recommended that the Municipal Accountant immediately send demand letters to the beneficiaries with outstanding loans receivable of more than five years pursuant to Section 3 of Municipal Ordinance No. 2001-3.	Unimplemented  The demand letters of some of the beneficiaries had yet to be sent since they could no longer be located.

Ref.	Audit Observation	Audit Recommendations	Status of Implementation
	<p>payment.</p> <p><i>The balance as of December 31, 2024 was ₱1,283,562.00.</i></p>	<p>72. We further recommended that the Municipal Treasurer deduct from the electric subsidy due the beneficiaries if they still are unable to pay.</p>	<p>Implemented</p>
<p>AAR 2016 p.46</p>	<p>49. The Municipality did not procure common-use supplies from the Procurement Service-Department of Budget and Management (PS-DBM) nor submit their Annual Procurement Plan for Common-Use Supplies and Equipment (APP-CSE) to DBM as required under Administrative Order No. 17 dated July 28, 2011 and DBM Circular Letter No. 2011-6 dated August 25, 2011, thus, failing to ensure transparency and enhance streamlined procurement process.</p>	<p>73. We recommended that the Municipality procure common-use supplies from PS-DBM and, henceforth, comply with the provisions of Administrative Order No. 17 dated July 28, 2011 and DBM Circular Letter No. 2011-6 dated August 25, 2011.</p>	<p>Unimplemented</p> <p>In CY 2024, the Municipality did not procure any items from the PS-DBM. BAC had received a Certificate of Non-Availability of Stocks, but it was not submitted to the Auditor for verification.</p>
<p>AAR 2015 p.33</p>	<p>50. The land where the multi-purpose center was constructed was owned by private individuals contrary to Section 4 (2) of PD No. 1445 and Section 335 of Republic Act 7160, thus, the risk that the LGU might incur loss equivalent to the cost of the building amounting to</p>	<p>74. We recommended that Management secure the necessary donation papers or deed of usufruct for the land where the multi-purpose center was constructed, if there is any, otherwise initiate expropriation proceedings before the proper court to acquire the land</p>	<p>Unimplemented</p> <p>Management had yet to completely secure the deed of donation/ usufruct/ permit before implementing current projects and/or programs.</p>

Ref.	Audit Observation	Audit Recommendations	Status of Implementation
	<p>₱1,000,000.00 as right of ownership over the property is questionable.</p>	<p>upon payment of just compensation to protect the interest of the government. Henceforth, ensure the Municipality's ownership over the land before undertaking any construction or introducing any improvement thereon to avoid unnecessary losses.</p>	
<p>AAR 2015</p>	<p>51. The existence and reliability of the movable property plant and equipment account balances as of December 31, 2016 which amounted to ₱40,519,708.32 or 13.80% of the total property, plant and equipment account could not be ascertained due to incomplete conduct of physical count and the non-maintenance of property cards as required in Section 124 of the NGAS Manual, Volume I.</p> <p><i>As of December 31, 2024, movable property, plant, and equipment amounted to ₱93,815,454.59 which comprises 11.12% of total PPE or 4.50% of total assets.</i></p>	<p>75. The Inventory Committee be required to complete the conduct of the physical count of properties and reconcile the same with related property and accounting records and for the municipal treasurer's office to maintain property cards in accordance with existing regulations.</p>	<p>Unimplemented</p> <p>The Inventory Committee had yet to complete conducting the physical count of properties.</p>

<b>Ref.</b>	<b>Audit Observation</b>	<b>Audit Recommendations</b>	<b>Status of Implementation</b>
AAR 2012 p.33	52. The Local Government Unit of Valencia entered into a Memorandum of Agreement (MOA) with the Valencia Community Development Cooperative, a non-government organization, as the Operator of the Barangay Bagsakan (BB) project, contrary to Section 2.a of Article III of the MOA between the LGU and the Department of Agriculture Regional Field Unit No. 7, so that the purpose of the project may not be effectively achieved.	We recommended that:  76. Management terminate the MOA with the Valencia Community Development Cooperative;  77. Management should operate the Barangay Bagsakan and train its staff to manage the same.	Unimplemented  The operator had already been informed in writing regarding the MOA termination but the MOA had yet to be located.  Unimplemented  Management had not taken any action.
AAR 2012 p.35	53. The Municipality did not prepare and submit the required financial evaluation and monitoring reports on the operation of the Barangay Bagsakan Project, in violation of items 2.p and 2.q of Article III of the Memorandum of Agreement between the Local Government Unit of Valencia and the Department of Agriculture Field Unit No. 7, which could possibly result to failure in the attainment of the objectives of the project.	We recommended that the LGU:  78. Prepare and submit immediately to the auditor the income statement and balance sheet on the operation of the Barangay Bagsakan Project as of December 31, 2012, by requiring the operator to submit to the Office of the Municipal Accountant the necessary data/information and records. Thereafter, the financial reports shall be prepared and submitted every 5th of each month.	Unimplemented  Management had already informed the operator about the recommendation but had yet to receive a formal response prior for them to take action.

Ref.	Audit Observation	Audit Recommendations	Status of Implementation
		79. Furnish the auditor a copy of the required monitoring and evaluation reports as well as the report on the marketing strategies and management system aimed to ensure project sustainability measures and the achievement of the purpose of the BB Project.	Unimplemented There had only been a partial submission of financial statements because the Manager submitted only the annual financial statements instead of the monthly report as required by the MOA. The Manager of the Bagsakan had also failed to submit the monitoring and evaluation reports, including the marketing strategies.
AAR 2011 p.37	54. Absence of proper recording in the receipt and issuance of supplies and materials, lack of adequate control, as well as lack of sufficient storage and proper care thereof, exposed undetermined amount of supplies and materials to possible losses or wastage due to pilferage, unauthorized use, and deteriorating effects of weather, thereby not ensuring efficiency and economy in the operations of the Municipality, in violation of Section 2 of Presidential Decree No. 1445 and other existing regulations.	We recommended that: 80. The Municipality maintain a single stockroom with adequate storage space for all materials and a responsible storekeeper be assigned thereat. The stockroom should be secured against pilferage, unauthorized use and protected from deteriorating effects of the elements; 81. The materials in the stockroom should be properly arranged in such a way as to facilitate retrieval when needed and ensure that fresh usable items are always available. Materials should be issued on first in, first out basis;	Unimplemented The storekeeper had not been able to maintain a logbook and index card of all items due to the existing stockroom of the Municipality not having enough space to accommodate all items procured by the Municipality.  Unimplemented The Municipality had not yet constructed a stock room with adequate storage space for all materials to be stored.

Ref.	Audit Observation	Audit Recommendations	Status of Implementation
		<p>82. The storekeeper should keep bin cards for each type of article and hang on shelves or bins where the articles are stored. Reconcile bin cards with the stock/property cards maintained by the stock clerk and with the physical count of stocks on hand;</p> <p>83. The Office of the municipal treasurer should maintain stock cards for each class of article. All receipts, issuances and balances on hand of supplies and materials should be kept up-to-date. The stock cards serve as guide in preparing estimates of the quantity and description of articles needed to avoid overstocking. These also facilitate physical inventory-taking; and,</p> <p>84. Conduct an immediate inventory-taking of all the items, prepare and submit inventory report to the auditor.</p>	<p>Unimplemented Management had not yet fully complied with this.</p> <p>Unimplemented Management had not yet fully complied with this.</p> <p>Unimplemented Management had not yet fully complied with this.</p>

**PART IV**  
**APPENDICES**

**PART IV**  
**APPENDICES**

Title	Ref
<b>I. Financial Statements by Fund</b>	
A. Statement of Financial Position	
General Fund	A.1
Special Education Fund	A.2
Trust Fund	A.3
B. Statement of Financial Performance	
General Fund	B.1
Special Education Fund	B.2
Trust Fund	B.3
C. Statement of Changes in Net Assets/Equity	
General Fund	C.1
Special Education Fund	C.2
D. Statement of Cash Flows	
General Fund	D.1
Special Education Fund	D.2
Trust Fund	D.3
E. Statement of Comparison of Budget and Actual Amounts	
General Fund	E.1
General Fund Reconciliation	E.1
Special Education Fund	E.2
Special Education Fund	E.2.1
<b>II. Other Appendices</b>	
Summary of Projects with Final Payments still in CIP Account	1
Summary of Delinquent RPT and SET Balances per Barangay from iTax	2