



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

# **ANNUAL AUDIT REPORT**

**ON THE**

**MUNICIPALITY OF MANJUYOD  
PROVINCE OF NEGROS ORIENTAL**

**For the Year Ended December 31, 2024**





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

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

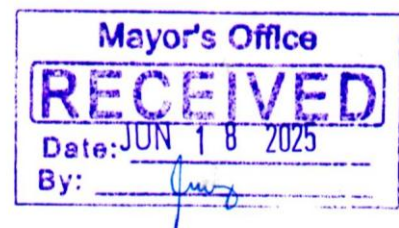
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June 16, 2025

**HONORABLE RAFFY ALIPIO S. ANDAYA**

Municipal Mayor  
Municipality of Manjuyod  
Province of Negros Oriental



**Dear Mayor Andaya:**

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

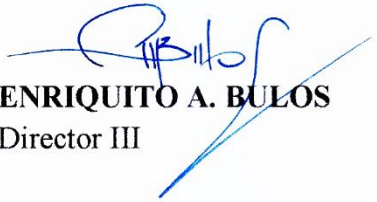
We rendered a qualified opinion on the fairness of the presentation of the financial statements (FS) for the year then ended.

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 May 30, 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 Manjuyod.

Very truly yours,



**ENRIQUITO A. BULOS**  
Director III

Copy furnished:

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

**AGENCY ACTION PLAN AND STATUS OF IMPLEMENTATION**

Audit Observations and Recommendations

For the Calendar Year 2024

As of \_\_\_\_\_

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

**Prepared by:**

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

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

**Noted by:**

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

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

## EXECUTIVE SUMMARY

### Introduction

The Municipality of Manjuyod is one of the northern towns of Negros Oriental. It was created by virtue of Executive Order No. 37 dated May 13, 1908. It is located 58.3 kilometers north of Dumaguete City, the capital city of the province. With a population of 44,799, as determined in the CY 2020 census, it is also visited by thousands of people each year because of what it can offer to its tourists. One of its main attractions is its White Sandbar. The White Sandbar is a narrow strip of white sand over six kilometers long at the lowest tide, which is a naturally breathtaking view in Negros Oriental. Manjuyod is a second-class municipality, with a total land area of 264.60 square kilometers and is composed of 27 barangays.

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

Nature of Appointment to Office	No. of Personnel	
	2024	2023
Elective Officials	12	12
Permanent Positions	92	97
Coterminous	2	2
Temporary	0	0
Casual/Contractual	0	0
Job Orders	838	816
<b>Total</b>	<b>944</b>	<b>927</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 improvement can be instituted in the field of revenues, expenditures, and management of resources.

### Audit Methodology

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

## Scope of Audit

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

## Financial Highlights

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

Accounts	2024 (in ₱)	2023 (in ₱)	Increase (Decrease)
Assets	895,731,959.02	813,290,871.93	82,441,087.09
Liabilities	227,236,126.69	179,125,956.85	48,110,169.84
Equity	668,495,832.33	634,164,915.08	34,330,917.25

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

Accounts	2024 (in ₱)	2023 (in ₱)	Increase (Decrease)
Revenue	238,370,961.44	224,663,077.02	13,707,884.42
Personnel Services	74,992,813.97	69,744,988.91	5,247,825.06
MOOE	141,518,380.64	130,187,526.56	11,330,854.08
Non-Cash Expenses	9,146,473.33	8,391,455.77	755,017.56
Financial Expenses	5,116,227.40	466,092.00	4,650,135.40
Transfers, Assistance, and Subsidy From	31,900,313.27	15,417,285.00	16,483,028.27
Transfers, Assistance, and Subsidy To	4,689,827.93	7,533,317.00	(2,843,489.07)
Net Surplus/(Deficit)	34,807,551.44	23,756,981.78	11,050,569.66

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

Particulars	2024 (in ₱)	2023 (in ₱)	Increase (Decrease)
Final Budget	550,562,115.48	564,828,205.22	(14,266,089.74)
Actual Amounts	305,425,325.17	250,517,725.00	54,907,600.17

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

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

1. The Inventory Committee was not able to conduct a complete physical inventory count for the one-time cleansing of the Property, Plant, and Equipment (PPE) accounts, thereby raising concerns about the existence and fairness of the presentation of the PPE balances of ₱452,816,644.68.00 in the financial statements, including movable properties totaling ₱68,683,853.89, as of December 31, 2024;
2. The entire Loans Payable account amounting to ₱95,973,110.17 was incorrectly classified as a current liability despite including amortizations due from 2026 to 2039, thereby overstating current liabilities by ₱89,158,886.28, understating the non-current liabilities by the same amount, and affecting the fair presentation and reliability of the financial statements as of year-end; and
3. Cash – Local Treasury account balance per general ledger in the total amount of ₱1,292,249.00 as of December 31, 2024, does not reconcile with the cashbook balance of ₱258,739.86, resulting in an unreconciled difference of ₱1,033,509.14, thus affecting the fair presentation of the recorded balance of the Cash account in the financial statements.

### **Significant Observations and Recommendations**

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

1. Property, Plant, and Equipment (PPE) under the Trust Fund totaling ₱3,521,153.86 were neither transferred to the General Fund nor provided with depreciation allowances, thus adversely affecting the fairness of presentation of the financial statements.

We recommended that:

- a. The Municipal Mayor require the Municipal Engineer to provide the Municipal Accountant with a report on completed Trust Fund projects so that these can immediately be transferred to the General Fund.
- b. The Municipal Mayor require the Municipal Accountant to prepare journal entries to transfer the completed PPE amounting to ₱3,521,153.86 under the Trust Fund to the General Fund.
- c. The Municipal Mayor require the Municipal Accountant to recognize the corresponding depreciation expenses for the completed projects in the General Fund.

2. Six completed projects under the Trust Fund (TF) totaling ₱9,782,580.09 were not transferred to the General Fund (GF) due to insufficient monitoring, contrary to Section 104(1.i) of the NGAS Manual, Volume I and IPSAS No. 17, thus, overstating the Construction in Progress account in the TF while understating the related PPE accounts in the GF by the same amount, as well as understating depreciation expense by an estimated amount totaling ₱7,794,223.89, which affected the fair presentation of these accounts in the financial statements.

We recommended that the Municipal Accountant prepare the following entries in the Trust Fund and General Fund books as follows:

A. Trust Fund Books:

- a. To record the transfer of the cost of the six completed projects from CIP accounts to the respective PPE accounts:

Account Name	Account Code	Debit	Credit
Road Networks	1-07-03-010	6,699,125.51	
Water Supply System	1-07-03-040	1,988,213.14	
Buildings	1-07-04-010	1,095,241.44	
CIP – Infrastructure Assets	1-07-10-020		8,687,338.65
CIP – Buildings and Other Structures	1-07-10-030		1,095,241.44

- b. To record the transfer of the PPE accounts to the GF:

Account Name	Account Code	Debit	Credit
Government Equity	3-01-01-010	9,782,580.09	
Road Networks	1-07-03-010		6,699,125.51
Water Supply System	1-07-03-040		1,988,213.14
Buildings	1-07-04-010		1,095,241.44

B. General Fund Books:

- a. To record the receipt of the six completed projects from TF:

Account Name	Account Code	Debit	Credit
Road Networks	1-07-03-010	6,699,125.51	
Water Supply System	1-07-03-040	1,988,213.14	
Buildings	1-07-04-010	1,095,241.44	
Government Equity	3-01-01-010		9,782,580.09

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

Account Name	Account Code	Debit	Credit
Prior Period Adjustment	3-01-01-020	7,794,223.89	
Accumulated Depreciation – Road Networks	1-07-03-011		5,281,133.79
Accumulated Depreciation – Water Supply System	1-07-03-041		1,888,802.48
Accumulated Depreciation – Buildings	1-07-04-011		624,287.62

We further recommended that the Municipal Accountant and the Municipal Engineer regularly monitor the Municipality’s CIP accounts to ensure the timely transfer of completed projects to the appropriate PPE accounts.

Lastly, we recommended that the Municipal Accountant direct the personnel in charge to prepare individual subsidiary ledgers for each project to ensure proper recording and monitoring.

### Summary of Total Suspensions, Disallowances, and Charges

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

Particulars	Beginning Balance (01/01/2024)	Issued this Period (01/01/2024 to 12/31/2024)		Ending Balance (12/31/2024)
		NS/ND/NC	NSSDC	
Suspension	₱1,969,125.08	₱ 0.00	₱ 0.00	₱1,969,125.08
Disallowances	2,431,500.00	0.00	0.00	2,431,500.00
Charges	0.00	0.00	0.00	0.00
<b>Total</b>	<b>₱4,400,625.08</b>	<b>₱ 0.00</b>	<b>₱ 0.00</b>	<b>₱4,400,625.08</b>

### Status of Implementation of Prior Years’ Audit Recommendations

Out of the 61 recommendations embodied in the previous years’ Annual Audit Reports, 7 were implemented and the remaining 54 were unimplemented.

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**PART I**

**AUDITED FINANCIAL STATEMENTS**



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

## **INDEPENDENT AUDITOR'S REPORT**

### **HONORABLE RAFFY ALIPIO S. ANDAYA**

Municipal Mayor  
Municipality of Manjuyod  
Province of Negros Oriental

### **Qualified Opinion**

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

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

### **Bases for Qualified Opinion**

As discussed in Part II of this report, the Inventory Committee was not able to conduct a complete physical inventory count for the one-time cleansing of the Property, Plant, and Equipment (PPE) accounts, thereby raising concerns about the existence and fairness of the presentation of the PPE balances of ₱452,816,644.68 in the financial statements, including movable properties totaling ₱68,683,853.89, as of December 31, 2024.

Furthermore, the entire Loans Payable account amounting to ₱95,973,110.17 was incorrectly classified as a current liability despite including amortizations due from 2026 to 2039, thereby overstating current liabilities by ₱89,158,886.28, understating the non-current liabilities by the same amount, and affecting the fair presentation and reliability of the financial statements as of year-end.

Moreover, the Cash – Local Treasury account balance per general ledger in the total amount of ₱1,292,249.00 as of December 31, 2024 does not reconcile with the cashbook balance of ₱258,739.86, resulting in an unreconciled difference of ₱1,033,509.14, thus affecting the fair presentation of the recorded balance of the Cash account in the financial statements.

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

### **Key Audit Matters**

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

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

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


Those charged with governance are responsible for overseeing the Municipality of Manjuyod’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:

  
**VERA N. ALJAS**  
State Auditor IV  
Audit Team Leader

June 13, 2025





Republic of the Philippines  
Province of Negros Oriental  
**MUNICIPAL GOVERNMENT OF MANJUYOD**

**STATEMENT OF MANAGEMENT RESPONSIBILITY FOR FINANCIAL STATEMENTS**

The Management of the **Municipality of Manjuyod** is responsible for all information and representations 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 Comparison of Budget and Actual Amount and Statement of Cash Flows for the year then ended. The financial statements have been prepared in conformity with the Philippine Public Sector Accounting Standards (PPSAS) and reflect amounts based on best estimates and informed judgment of management with an appropriate consideration to 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.

  
\_\_\_\_\_  
**JULIENNE MARIE B. BALDADO**  
Municipal Accountant

  
\_\_\_\_\_  
**RAFFY ALIPIO S. ANDAYA, J.D.**  
Municipal Mayor

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

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

**1. Profile**

The Municipality of Manjuyod is one of the northern towns of Negros Oriental. It was created by virtue of Executive Order No. 37 dated May 13, 1908. It is located 58.3 kilometers north of Dumaguete City, the capital city of the province. It is bounded in the south by the City of Bais, north by the Municipality of Bindoy, west by the Municipality of Mabinay, and in the east by the Tañon Strait. Specifically, it lies within the polar geographic coordinates between 9<sup>o</sup>35' and 9<sup>o</sup>45' north latitude and between 122<sup>o</sup>00' and 123 10' east longitude.

Manjuyod is a 2<sup>nd</sup> class municipality and has a total land area of 264.60 square kilometers. It is composed of 27 barangays.

**2. Financial Statement Presentation**

The consolidated financial statements of the LGU have been prepared in accordance with and comply with the Philippine Public Sector Accounting Standards (PPSAS). The consolidated financial statements are presented in pesos, which is the functional and reporting currency of the LGU and all values are rounded to nearest thousand (P000). The accounting policies have been applied starting the year 2015.

**3. Summary of Significant Accounting Policies**

**3.1 Basis of accounting**

The consolidated financial statements are prepared on an accrual basis in accordance with the Philippine Public Sector Accounting Standards (PPSAS).

**3.2 Consolidation**

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

- Market Administration
- Operation of Cemetery

### **3.3 Revenue recognition**

#### **Revenue from non-exchange transactions**

##### *Taxes, fees and fines*

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

##### *Transfers from other government entities*

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

#### **Revenue from exchange transactions**

##### *Rendering of services*

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

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

##### *Sale of goods*

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

### *Interest income*

Interest income represents the interest earned from the depository banks and is presented net of taxes. Interest is earned on a quarterly basis.

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

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

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

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

### **3.5 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 known amounts of cash and are subject to insignificant risk of changes in value. For the purpose of the consolidated statement of cash flows, cash and cash equivalents consist of cash and short-term deposits as defined above, net of outstanding bank overdrafts.

### **3.6 Inventories**

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

Cost incurred in bringing each product to its present location and condition are accounted for, as follows:

- a) Raw materials: purchase cost using the weighted average cost method;

- b) Finished goods and work in progress: cost of direct materials and labor and a proportion of manufacturing overheads based on the normal operating capacity, but excluding borrowing cost.

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

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

### **3.7 Changes in accounting policies and estimates**

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

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

### **3.8 Foreign currency transactions**

The LGU does not have any foreign currency transactions.

### **3.9 Borrowing costs**

Borrowing costs are capitalized against qualifying assets as part of property, plant and equipment. Such borrowing costs are capitalized over the period during which the asset is being acquired or constructed and borrowings have been incurred. Capitalization ceases when construction of the asset is complete. Further, borrowing costs are charged to the statement of financial performance.

### **3.10 Related parties**

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

### 3.11 Budget Information

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

### 3.12 Significant judgments and sources of estimation uncertainty

#### *Judgments*

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

#### *Estimates and assumptions*

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

#### *Useful lives and residual values*

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

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

d) Changes in the market in relation to the asset

#### 4. Cash and Cash Equivalents

<b>Cash on Hand</b>	<b>2024</b>	<b>2023</b>
Cash – Local Treasury	₱ 1,292,249.00	₱ 684,845.04
<b>Cash in Bank – Local Currency</b>		
Cash in Bank – Local Currency, Current Account	329,407,556.93	351,139,663.59
<b>Total Cash and Cash Equivalents</b>	<b>₱ 330,699,805.93</b>	<b>₱ 351,824,508.63</b>

#### 5. Investments

Investments consisted of guaranty deposits amounting to ₱30,000.00 both for CY 2024 and CY 2023.

#### 6. Receivables

<b>Loans and Receivable Accounts</b>		
Real Property Tax Receivable	₱ 17,500,437.12	₱ 15,763,057.06
Special Education Tax Receivable	20,659,606.38	20,068,482.89
<b>Inter-Agency Receivables</b>		
Due from NGAs	610,341.71	610,341.71
Due from GOCCs	3,688.95	3,688.95
Due from LGUs	5,171,943.03	5,171,943.03
<b>Intra-Agency Receivables</b>		
Due from Other Funds	51,114,304.55	46,403,195.87
<b>Advances</b>		
Advances for Operating Expenses	619,742.78	789,943.72
Advances for Payroll	879,326.22	879,326.22
Advances to Officers and Employees	2,391,878.11	2,361,331.86
<b>Other Receivables</b>		
Due from Officers and Employees	114,291.67	114,291.67
Other Receivables	97,931.18	97,925.18
<b>Total</b>	<b>₱ 99,163,491.70</b>	<b>₱ 92,263,528.16</b>
Less: Due to/from Other Funds (eliminated)	(47,953,506.42)	(42,703,089.75)
<b>Total Receivables, Net</b>	<b>₱ 51,209,985.28</b>	<b>₱ 49,560,438.41</b>

Transfers from other government agencies represent those funds received for specific projects undertaken by the LGU for specific purpose. These funds were received on the basis of the project budgets submitted. Accordingly, the LGU is contractually bound to spend these funds only in connection with the projects. Furthermore, the contracts

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

As of December 31, 2024, the ageing analysis of current accounts receivable is as follows:

	Total	Neither past due or impaired	Past due but not impaired		
			<30 days	30-60 days	>60 days
Real Property Tax Receivable	₱17,500,437.12	₱0.00	₱0.00	₱0.00	₱17,500,437.12
Special Education Tax Receivable	20,659,606.28	0.00	0.00	0.00	20,659,606.28
Due from NGAs	610,341.71	0.00	0.00	0.00	610,341.71
Due from GOCCs	3,688.95	0.00	0.00	0.00	3,688.95
Due from LGUs	5,171,943.03	0.00	0.00	0.00	5,171,943.03
Due from Other Funds	51,114,304.55	0.00	0.00	0.00	51,114,304.55
Advances for Operating Expenses	619,742.78	0.00	0.00	0.00	619,742.78
Advances for Payroll	879,326.22	0.00	0.00	0.00	879,326.22
Advances for Officers and Employees	2,391,878.11	0.00	0.00	0.00	2,391,878.11
Due from Officer and Employees	114,291.67	0.00	0.00	0.00	114,291.67
Other Receivables	97,931.18	0.00	0.00	0.00	97,931.18
<b>Total</b>	<b>₱99,163,491.60</b>	<b>₱0.00</b>	<b>₱0.00</b>	<b>₱0.00</b>	<b>₱99,163,491.60</b>

## 7. Inventories

This account consists of the following:

<b>Inventory Held for Distribution</b>	<b>2024</b>	<b>2023</b>
Other Supplies and Materials for Distribution	₱ 49,870.05	₱ 49,870.05
<b>Inventory Held for Consumption</b>		
Office Supplies Inventory	1,555,033.23	695,651.15
Accountable Forms, Plates and Stickers	125,381.75	131,678.00
Drugs and Medicines Inventory	194,225.00	678,449.00
Medical, Dental, and Laboratory Supplies Inventory	1,081,940.00	609,601.00
Fuel, Oil, and Lubricants Inventory	255,147.91	255,147.91
<b>Semi-Expendable Machinery and Equipment</b>		
Semi-Expendable Other Machinery and Equipment	12,900.00	0.00
<b>Total Inventories</b>	<b>₱ 3,274,497.94</b>	<b>₱ 2,420,397.11</b>

## 8. Prepayments and Deferred Charges

This account consists of the following:

<b>Prepayments</b>	<b>2024</b>	<b>2023</b>
Advances to Contractors	₱ 57,645,112.93	₱ 62,830,657.61
Prepaid Insurance	51,359.38	20,107.63
Other Prepayments	1,552.88	1,552.88
<b>Total</b>	<b>₱ 57,698,025.19</b>	<b>₱ 62,852,318.12</b>

## 9. Property, Plant and Equipment

This account consists of the following:

<b>Land</b>		
Land	₱ 2,548,566.95	₱ 1,982,663.45
<b>Land Improvements</b>		
Land Improvements, Aquaculture Structures	4,695,975.67	4,695,975.67
Other Land Improvements	474,848.42	474,848.42
<b>Infrastructure Projects</b>		
Road Networks	110,668,750.21	50,370,956.45
Flood Control Systems	12,141,168.91	3,279,958.59
Water Supply Systems	18,484,832.87	13,760,623.69
Power Supply Systems	3,282,989.56	2,448,474.91
Parks, Plazas and Monuments	337,167.10	337,167.10
Other Infrastructure Assets	759,010.96	110,684.96
<b>Buildings and Other Structures</b>		
Buildings	3,371,604.51	3,371,604.51
School Buildings	4,071,685.65	2,832,059.65
Hospital and Health Centers	1,542,274.22	46,183.85
Markets	1,747,884.95	1,747,884.95
Other Structures	24,363,963.13	14,850,923.48
<b>Machinery and Equipment</b>		
Machinery	594,195.00	594,195.00
Office Equipment	2,876,130.58	2,588,131.58
Information and Communication Technology	16,658,930.95	14,573,375.95
Agriculture and Forestry Equipment	187,000.00	187,000.00
Communication Equipment	1,886,678.48	1,886,678.48
Construction and Heavy Equipment	42,636,398.30	40,141,398.30
Disaster Response and Rescue Equipment	3,900,840.00	3,012,940.00
Medical Equipment	152,000.00	0.00

<b>Machinery and Equipment</b>	<b>2024</b>	<b>2023</b>
Sports Equipment	₱ 108,885.00	₱ 108,885.00
Technical and Scientific Equipment	143,627.00	143,627.00
Other Machinery and Equipment	8,787,490.05	8,787,490.05
<b>Transportation Equipment</b>		
Motor Vehicles	64,189,122.38	58,428,122.38
Watercrafts	2,193,266.04	2,193,266.04
Other Transportation Equipment	2,290,000.00	2,290,000.00
<b>Furniture, Fixtures and Books</b>		
Furniture and Fixtures	3,000,453.94	2,732,202.94
Books	176,706.85	176,706.85
<b>Construction in Progress</b>		
Construction in Progress – Infrastructures Assets	125,943,623.91	159,901,262.68
Construction in Progress – Buildings and Other Structures	69,698,543.77	23,515,505.08
<b>Other Property, Plant and Equipment</b>		
Work/Zoo Animals	102,000.00	102,000.00
Other Property, Plant and Equipment	13,261,072.20	10,270,272.20
<b>Total</b>	<b>₱ 547,277,687.56</b>	<b>₱ 431,943,069.21</b>
Less: Accumulated Depreciation	(94,461,042.88)	(85,342,859.55)
<b>Net Book Value</b>	<b>₱ 452,816,644.68</b>	<b>₱ 346,600,209.66</b>

The LGU measured the residual value of all items of property, plant and equipment, but does not expect a residual value of these assets, because these will be utilized for their entire economic lives and do not have a significant scrap value. During the current financial year, the LGU reviewed the estimated useful lives and residual values of property, plant and equipment, where appropriate.

See pages 26 to 27 for additional details.

## 10. Intangible Assets

This account consists of the following:

<b>Intangible Assets</b>		
Computer Software	₱ 30,000.00	₱ 30,000.00
Less: Accumulated Amortization – Computer Software	(27,000.00)	(27,000.00)
<b>Total</b>	<b>₱ 3,000.00</b>	<b>₱ 3,000.00</b>

## 11. Financial Liabilities

This account consists of the following:

<b>Financial Liabilities</b>	<b>2024</b>	<b>2023</b>
<b>Payables</b>		
Accounts Payable	₱ 16,146,383.50	₱ 14,657,066.37
Due to Officers and Employees	5,729,754.00	3,019,674.89
<b>Bills/Bonds/Loans Payable</b>		
Loans Payable – Domestic	95,973,110.17	60,629,039.12
<b>Total</b>	<b>₱ 117,849,247.67</b>	<b>₱ 78,305,780.38</b>

## 12. Inter-Agency Payables

This account consists of the following:

Due to BIR	₱ 862,474.91	₱ 2,152,968.55
Due to GSIS	1,442,114.17	1,486,891.53
Due to Pag-IBIG	246,073.96	317,292.17
Due to PhilHealth	253,809.20	253,252.04
Due to NGAs	14,907,454.86	12,953,737.20
Due to GOCCs	80,660.88	80,660.88
Due to LGUs	10,902,632.40	10,877,464.53
<b>Total</b>	<b>₱ 28,695,220.38</b>	<b>₱ 28,122,266.90</b>

The first four accounts represent the amount deducted from the salaries of officials and employees and is remitted to the respective government agencies immediately on the month following the month for which these were deducted. While the remaining accounts represents balances of funds received by the LGU for specific purposes. During the immediately succeeding month: i.e. January 2025, the following remittance were made:

<b>PAYEE</b>	<b>CHECK NO.</b>	<b>PARTICULARS</b>	<b>TOTAL</b>
The Commissioner – BIR	LBP#914803-05;914813	Remittance of taxes withheld for the month of December 2024	₱ 862,474.91
GSIS	TR#264-258-250103-02039	Remittance to GSIS	1,004,513.97
Home Development Mutual Fund	TR#264-258-250109-05574/82	Remittance to PAGIBIG	130,829.28

### 13. Intra-Agency Payables

This account consists of the following:

	2024	2023
Due to Other Funds	₱ 47,953,506.42	₱ 42,703,089.75
Less: Due to Other Funds (eliminated)	(47,953,506.42)	(42,703,089.75)
<b>Total Intra-Agency Payables, Net</b>	<b>₱ 0.00</b>	<b>₱ 0.00</b>

### 14. Trust Liabilities

This account consists of the following:

Trust Liabilities – Disaster Risk Reduction and Management Fund	₱ 26,209,479.00	₱ 24,186,943.87
Guaranty/Security Deposits Payable	8,697,358.82	5,690,499.15
<b>Total Trust Liabilities</b>	<b>₱ 34,906,837.82</b>	<b>₱ 29,877,443.02</b>

### 15. Deferred Credits/Unearned Income

This account consists of the following:

Deferred Real Property Tax	₱ 17,496,426.50	₱ 15,759,046.44
Deferred Special Education Tax	20,655,776.13	20,064,652.66
Other Deferred Credits	314,142.83	314,142.83
<b>Total</b>	<b>₱ 38,466,345.46</b>	<b>₱ 36,137,841.93</b>

### 16. Other Payables

Other Payables amounted to ₱7,318,475.36 and ₱6,682,624.62 for CY 2024 and CY 2023, respectively.

### 17. Tax Revenue

This account consists of the following:

<b>Tax Revenue – Individual and Corporation</b>		
Community Tax	₱ 447,662.83	₱ 484,294.07
<b>Tax Revenue – Property</b>		
Real Property Tax – Basic	3,188,420.20	3,126,302.71
Discount on Real Property Tax – Basic	(570,781.89)	(565,870.52)

<b>Tax Revenue – Property</b>	<b>2024</b>	<b>2023</b>
Special Education Tax	₱ 4,015,449.93	₱ 3,907,852.61
Discount on Special Education Tax	(713,640.69)	(707,338.33)
<b>Tax Revenue – Goods and Services</b>		
Business Tax	4,811,721.63	4,289,147.02
Tax on Sand, Gravel and Other Quarry Products	29,250.00	66,600.00
<b>Tax Revenue – Fines and Penalties</b>		
Tax Revenue – Fines and Penalties – Property Taxes	320,184.91	270,800.85
<b>Total Tax Revenue</b>	<b>₱ 11,528,266.92</b>	<b>₱ 10,871,788.41</b>

### 18. Share from Internal Revenue Allotment

Share from Internal Revenue Collections amounted to ₱218,252,642.00 and ₱205,480,562.83 for CY 2024 and CY 2023, respectively.

### 19. Service and Business Income

This account consists of the following:

<b>Service Income</b>		
Permit Fees	₱ 1,430,205.64	₱ 1,492,994.22
Registration Fees	211,891.00	243,527.00
Registration Plates, Tags, and Stickers Fees	13,850.00	29,400.00
Clearance and Certificate Fees	437,585.00	518,800.00
Other Service Income	1,944,270.00	2,530,030.00
<b>Business Income</b>		
Rent Income	175,687.70	100,680.96
Waterworks System Fees	2,602,125.00	1,900,350.07
Parking Fees	56,914.00	59,750.00
Receipt from Market Operations	1,055,881.20	1,136,696.00
Receipt from Cemetery Operations	47,650.00	58,100.00
Interest Income	142,669.75	159,651.93
<b>Total Service and Business Income</b>	<b>₱ 8,118,729.29</b>	<b>₱ 8,229,980.18</b>

## 20. Personnel Services

This account consists of the following:

<b>Salaries and Wages</b>	<b>2024</b>	<b>2023</b>
Salaries and Wages – Regular	₱ 40,081,182.58	₱ 40,342,264.92
Salaries and Wages – Casual/Contractual	109,004.52	0.00
<b>Other Compensation</b>		
Personal Economic Relief Allowance	2,494,888.46	2,619,539.27
Representation Allowance	1,932,900.00	1,687,781.25
Transportation Allowance	1,830,900.00	1,595,981.25
Clothing/Uniform Allowance	733,000.00	654,000.00
Subsistence Allowance	196,425.00	214,175.00
Laundry Allowance	18,900.00	20,550.00
Honoraria	2,435,332.16	2,608,363.50
Hazard Pay	8,334,247.40	1,778,832.69
Longevity Pay	65,000.00	145,000.00
Overtime and Night Pay	72,484.80	210,248.08
Year-End Bonus	6,721,508.00	6,684,497.00
Cash Gift	520,000.00	540,000.00
Other Bonuses and Allowances	520,000.00	530,000.00
<b>Personnel Benefits Contributions</b>		
Retirement and Life Insurance Premiums	4,577,861.30	4,619,358.03
Pag-IBIG Contribution	753,414.58	760,775.42
PhilHealth Contribution	983,591.77	782,949.26
Employees Compensation Insurance Premiums	122,400.00	128,613.22
<b>Other Personnel Benefits</b>		
Terminal Leave Benefits	1,813,773.40	679,550.66
Other Personnel Benefits	676,000.00	3,142,509.36
<b>Total</b>	<b>₱ 74,992,813.97</b>	<b>₱ 69,744,988.91</b>

## 21. Maintenance and Other Operating Expenses

This account consists of the following:

<b>Traveling Expenses</b>		
Traveling Expenses – Local	₱ 1,924,187.64	₱ 2,468,359.19
<b>Training and Scholarship Expenses</b>		
Training Expenses	4,643,964.00	4,982,675.00
<b>Supplies and Materials Expenses</b>		
Office Supplies Expense	298,838.83	1,079,466.82
Accountable Forms Expenses	153,356.00	160,455.00
Non-Accountable Expenses	0.00	15,312.50

<b>Supplies and Materials Expenses</b>	<b>2024</b>	<b>2023</b>
Food Supplies Expense	₱ 100,000.00	₱ 0.00
Welfare Goods Expenses	0.00	2,039,999.50
Drugs and Medicines Expenses	2,407,001.00	1,373,207.00
Medical, Dental, and Laboratory Supplies Expenses	1,604,400.00	1,812,450.00
Fuel, Oil, and Lubricant Expenses	5,898,720.75	8,283,879.95
Other Supplies and Materials Expenses	557,674.00	7,327,621.00
<b>Utility Expenses</b>		
Electricity Expenses	6,068,573.73	6,243,435.04
<b>Communication Expenses</b>		
Telephone Expenses	816,500.00	511,079.12
Internet Subscription Expenses	344,130.74	474,332.60
<b>Confidential, Intelligence and Extraordinary Expenses</b>		
Extraordinary and Miscellaneous Expenses	300,000.00	847,875.00
<b>Professional Services</b>		
Other Professional Services	514,000.00	631,000.00
<b>General Services</b>		
Environment/Sanitary Services	1,606,000.00	1,588,400.00
Janitorial Services	265,265.71	273,550.00
Other General Services	43,245,512.39	42,803,749.25
<b>Repairs and Maintenance</b>		
Repairs and Maintenance – Infrastructure Assets	950,601.00	1,060,236.00
Repairs and Maintenance – Buildings and Other Structures	1,780,275.23	2,280,949.00
Repairs and Maintenance – Machinery and Equipment	1,304,610.00	1,360,731.00
Repairs and Maintenance – Transportation Equipment	1,406,834.00	1,066,282.55
<b>Taxes, Insurance Premiums and Other Fees</b>		
Taxes, Duties and Licenses	44,661.00	16,630.00
Fidelity Bond Premiums	26,025.00	26,025.00
Insurance Expenses	61,098.30	45,884.58
<b>Other Maintenance and Operating Expenses</b>		
Donations	28,841,000.00	10,586,800.00
Other Maintenance and Operating Expenses	36,355,151.32	30,827,141.46
<b>Total Maintenance and Other Operating Expenses</b>	<b>₱ 141,518,380.64</b>	<b>₱ 130,187,526.56</b>

## 22. Financial Expenses

This account consists of the following:

	2024	2023
Interest Expenses	₱ 4,838,125.90	₱ 0.00
Bank Charges	13,020.00	11,400.00
Other Financial Charges	265,081.50	454,692.00
<b>Total</b>	<b>₱ 5,116,227.40</b>	<b>₱ 466,092.00</b>

## 23. Non-Cash Expenses

This account consists of the following:

Depreciation – Machinery and Equipment	₱ 2,277,780.21	₱ 2,665,805.46
Depreciation – Transportation Equipment	4,933,797.07	5,100,711.75
Depreciation – Furniture, Fixtures and Book	138,144.46	97,084.76
Depreciation – Other Property, Plant and Equipment	1,796,751.59	527,853.80
<b>Total</b>	<b>₱ 9,146,473.33</b>	<b>₱ 8,391,455.77</b>

## 24. Transfers, Assistance and Subsidy From

This account consists of the following:

Subsidy from National Government	₱ 31,186,003.27	₱ 12,442,800.00
Subsidy from Local Government Units	714,310.00	2,974,485.00
<b>Total</b>	<b>₱ 31,900,313.27</b>	<b>₱ 15,417,285.00</b>

## 25. Transfers, Financial Assistance/Subsidy To

This account consists of the following:

Subsidy to Other Local Government Units	₱ 810,000.00	₱ 27,000.00
Transfer of Unspent Current Year DRRM Funds to the Trust Funds	3,879,827.93	7,506,317.00
<b>Total</b>	<b>₱ 4,689,827.93</b>	<b>₱ 7,533,317.00</b>

## 26. Miscellaneous Income

Other Non-Operating Income consisted of miscellaneous income amounting to ₱471,323.23 and ₱80,745.60 for CY 2024 and CY 2023, respectively.

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

	2024	2023
Surplus/(Deficit)	₱ 34,807,551.44	₱ 23,756,981.78
Non-cash Transactions		
Depreciation	9,146,473.33	8,391,455.77
Increase/(Decrease) in Payables	18,016,515.46	(34,711,448.72)
(Increase)/Decrease in Current Assets	(2,599,771.44)	(74,593,265.61)
Prior Period Adjustments	(504,924.19)	(3,144,301.45)
<b>Net Cash from Operating Activities</b>	<b>₱ 58,865,844.60</b>	<b>₱ (80,300,578.23)</b>

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

See page 28 for details.

## 29. Local Disaster Risk Reduction Management Fund (LDRRMF)

The LDRRMF represents the amount set aside by the LGU to support its disaster risk management activities pursuant to R.A. No. 10121 otherwise known as the “Philippine Disaster Risk Reduction and Management Act of 2010”. The amount available for utilization and utilized during the year totaled ₱31,474,131.20 and ₱5,331,780.80, respectively, broken down as follows:

Particulars	Amount		
	Available	Utilized	Balance
<b>Current Year Appropriation:</b>			
Quick Response Fund	₱ 3,481,050.83	₱ 0.00	₱ 3,481,050.83
Mitigation Fund (MF)			
MOOE	1,839,515.10	1,440,738.00	398,777.10
Capital Outlay	6,282,936.82	0.00	6,282,936.82
<b>Subtotal</b>	<b>₱ 11,603,502.75</b>	<b>₱ 1,440,738.00</b>	<b>₱ 10,162,764.75</b>
<b>Special Trust Fund:</b>			
CY 2023	₱ 7,506,317.00	₱ 1,499,000.00	₱ 6,007,317.00
CY 2022	7,262,277.80	2,392,042.80	4,870,235.00
CY 2017-2021	5,102,033.65		5,102,033.65
<b>Subtotal</b>	<b>₱ 19,870,628.45</b>	<b>₱ 3,891,042.80</b>	<b>₱ 15,979,585.65</b>
<b>Total</b>	<b>₱ 31,474,131.20</b>	<b>₱ 5,331,780.80</b>	<b>₱ 26,142,350.40</b>

**PART II**

**AUDIT OBSERVATIONS AND  
RECOMMENDATIONS**

## AUDIT OBSERVATIONS AND RECOMMENDATIONS

### A. FINANCIAL AND COMPLIANCE AUDIT

#### *One-Time Cleansing of Property, Plant, and Equipment*

1. The Inventory Committee was not able to conduct a complete physical inventory count for the one-time cleansing of the Property, Plant, and Equipment (PPE) accounts mandated under COA Circular No. 2020-006 thereby raising concerns about the existence and fairness of the presentation of the PPE balances of ₱452,816,644.68.0 in the financial statements, including movable properties totaling ₱68,683,853.89, as of December 31, 2024.

- 1.1. COA Circular No. 2020-006, dated January 31, 2020, was issued to prescribe guidelines and procedures for inventory-taking, recognizing items found at the station, and disposing of nonexistent or missing PPE items. This aims to facilitate a one-time cleansing of PPE accounts of government agencies to establish verifiable balances regarding existence, condition, and accountability.
- 1.2. Section 5.1 of the circular states that “Each government agency shall conduct a physical count of all its PPE, whether acquired through purchase or donation, including those constructed by administration and found at station.”
- 1.3. Our verification of the Municipality’s year-end financial statements showed that, as of December 31, 2024, PPE had a total balance of ₱452,816,644.68, which represents 51% of its total assets amounting to ₱895,731,959.02, detailed as follows (see **Appendix 1** for details):

Account	Net Book Value
<b>Immovable Properties</b>	
Land	₱ 2,548,566.95
Land Improvements	5,170,824.09
Infrastructure Projects	145,673,919.61
Buildings and Other Structures	35,097,412.46
Construction in Progress	195,642,167.68
<b>Sub-total – Immovable Properties</b>	<b>₱ 384,132,890.79</b>
<b>Movable Properties</b>	
Machinery and Equipment	₱ 28,384,929.56
Transportation Equipment	29,561,578.82
Furniture, Fixtures, and Books	1,758,614.34
Other Property, Plant, and Equipment	8,978,631.17
<b>Sub-total – Movable Properties</b>	<b>₱ 68,683,853.89</b>
<b>Total PPE</b>	<b>₱ 452,816,644.68</b>

- 1.4. However, these PPE balances were not properly established or accounted for because the Inventory Committee was not able to conduct a complete physical count of PPE and reconcile it with the financial statements at year-end.
- 1.5. Our audit disclosed that the Inventory Committee was established through Executive Order No. 14 dated April 3, 2023, composed of the Municipal Mayor as Chairman, the Municipal Administrator as Vice Chairman, eight members from various departments, and a Secretariat from within the LGU.
- 1.6. However, despite the inclusion of an audit observation on the non-conduct of one-time cleansing in the Calendar Year (CY) 2022 Annual Audit Report, as of December 31, 2024, the audit team has not received any inventory report from the Local Government Unit (LGU), in contravention of the existing rules on property accountability and inventory management.
- 1.7. Furthermore, review of the Agency Action Plan and Status of Implementation (AAPSI) as of December 31, 2024, revealed that the most recent physical inventory was conducted pursuant to Memorandum Order No. 44 dated June 20, 2023, and the results were reviewed by the Inventory Committee. However, the inventory was carried out using non-standard forms rather than the inventory forms prescribed by COA Circulars, thereby compromising the accuracy and uniformity of the report.
- 1.8. In addition, the LGU acknowledged that the composition of the Inventory Committee remains deficient, lacking representatives from the Department of Education (DepEd) – Elementary and Secondary levels, as well as the Sangguniang Kabataan (SK) Federation. Likewise, the Secretariat lacks representation from key stakeholders such as the Accounting Unit, Barangays, DepEd, and SK. Consequently, the LGU recognized the need to amend Executive Order No. 14, s. 2023, to address these structural deficiencies and improve the effectiveness of inventory activities.
- 1.9. Finally, it is important to remember that the Audit Team has consistently encouraged the Municipal Mayor and Department Heads at every entrance and exit conference to implement the required one-time cleansing of PPE accounts, as stated in COA Circular No. 2020-006 dated January 31, 2020. This one-time cleansing allows the Municipality to update and reconcile its property records, ensuring the accuracy of their presentation in the financial statements. By identifying and reconciling discrepancies between the physical count and existing records, the Municipality can enhance the reliability and completeness of its PPE information. Accurate asset information, in turn, provides insights into the existence, condition, usage, and value of the assets, helping the municipality optimize resource allocation and operational efficiency, deter fraud, mismanagement, and misuse of government resources, which in turn fosters financial integrity and accountability in property management.

1.10. This observation was communicated to Management through Audit Observation Memorandum No. 2025-02(2024)-Manjuyod dated April 21, 2025.

**1.11. We recommended that the Municipal Mayor:**

**1.11.1. Create a new Inventory Committee composed of an adequate number of members to complete the physical inventory in three months or less with at least one member each from the accounting and property divisions/unit;**

**1.11.2. Instruct the Inventory Committee to prepare a Physical Inventory Plan (PIP) with specified duties and assignments of the members and submit the PIP to the audit team before the scheduled inventory-taking activities;**

**1.11.3. Temporarily relieve the members of the Inventory Committee of all their regular duties so they can fully devote their time to conducting the physical inventory until its completion;**

**1.11.4. Request for a COA representative to witness the inventory-taking; and**

**1.11.5. Direct the Inventory Committee to strictly follow the general and procedural guidelines outlined in COA Circular No. 2020-006 dated January 31, 2020 in the conduct of the physical count of PPE and the one-time cleansing of PPE account balances.**

1.12. During the exit conference, the Municipal Accountant acknowledged that one cause of delay in the one-time cleansing was due to the members of the inventory committee being department heads. However, she informed the Audit Team that a focal person was assigned per department. Their latest action was the preparation of the PIP but this was not submitted to the Audit Team yet.

1.13. Furthermore, the Municipal Accountant asked if partial disposal may be done. Partial disposal may be done provided that everything is recorded. It should also be noted that disposal is not exclusively done through auction. It may also be done through donation or condemnation, among others.

***Classification of Loans Payable***

**2. The entire Loans Payable account amounting to ₱95,973,110.17 was incorrectly classified as a current liability despite including amortizations due from 2026 to 2039, which does not align with Section 80 of IPSAS 1 – Presentation of Financial Statements, thereby overstating current liabilities by ₱89,158,886.28, understating the non-current liabilities by the same amount, and affecting the fair presentation and reliability of the financial statements as of year-end.**

2.1. Section 80 of the International Public Sector Accounting Standard (IPSAS) 1 – Presentation of Financial Statements states that:

“A liability shall be classified as current when it satisfies any of the following criteria:

- (a) It is expected to be settled in the entity’s normal operating cycle;
- (b) It is held primarily for the purpose of being traded;
- (c) It is due to be settled within twelve months after the reporting date;  
or
- (d) The entity does not have an unconditional right to defer settlement of the liability for at least twelve months after the reporting date.

All other liabilities shall be classified as non-current.”

2.2. Our verification of the Municipality’s year-end financial statements revealed that, as of December 31, 2024, the account Loans Payable – Domestic, classified under Current Liabilities, carried a total balance of ₱95,973,110.17.

2.3. This amount represents loans obtained by the Local Government Unit (LGU) from the Land Bank of the Philippines to finance the following projects:

- 2.3.1. Construction of Government Center
- 2.3.2. Plaza Development
- 2.3.3. Construction of Manjuyod Jetty Port
- 2.3.4. Construction and Rehabilitation of Sandbar and Cottages
- 2.3.5. Acquisition of Lot for Jetty Port and Road

2.4. These loans, authorized by SB Resolution No. 035, s. 2022, are subject to fifty-six (56) equal quarterly amortizations beginning in January 2025 for the 1st four loans, and January 2026 for the last loan, with final maturities extending to October 2038 and October 2039.

2.5. In support of this, the bank confirmation as of December 31, 2024, received from the Land Bank of the Philippines confirmed that the LGU had availed of the following loan facilities, and the Loan Profile provided by the Municipal Accountant enabled the team to compute the current and non-current portion of the loan:

Description	Loan Balance	Date of Maturity	Start of Amortization	Amortization (56 Equal Quarterly Amortization)	
				Current	Non-Current
Government Center	₱66,075,250.97	10/19/2038	01/20/2025	₱4,719,660.78	₱61,355,590.19
Plaza Development	5,999,729.91	10/19/2038	01/20/2025	428,552.14	5,571,177.77
Construction of Jetty Port and Terminal	20,324,536.60	10/19/2038	01/20/2025	1,451,752.61	18,872,783.99
Construction and Renovation of Cottages	2,999,617.02	10/19/2038	01/20/2025	214,258.36	2,785,358.66
Acquisition of Lot for Jetty Ports and Road	570,180.00	10/19/2039	01/02/2026	0.00	570,180.00
Prior Year's Account	3,795.67	unknown	unknown	0.00	3,795.67
<b>TOTAL</b>	<b>₱95,973,110.17</b>			<b>₱6,814,223.89</b>	<b>₱89,158,886.28</b>

- 2.6. Based on the amortization schedule, only ₱6,814,223.89 of the loan is due within twelve months from year-end, while ₱89,158,886.28 should be classified as non-current.
- 2.7. The Municipal Accountant acknowledged that the misclassification of the loans payable in the financial statements was unintentional. She assured the audit team that the appropriate classification between current and non-current portions will be duly reflected and corrected in the preparation of the financial statements for Calendar Year 2025.
- 2.8. Proper classification of liabilities is fundamental to the fair presentation of an entity's financial position. Section 80 of IPSAS 1 clearly distinguishes between current and non-current liabilities based on whether they are due to be settled within twelve months after the reporting period. Misclassifying long-term obligations as current distorts key financial indicators such as working capital, liquidity ratios, and overall financial health.
- 2.9. This may also affect budget planning, risk assessment, and the entity's perceived ability to meet short-term obligations, thereby misleading stakeholders on the LGU's liquidity position, and potentially influencing creditworthiness and decision-making of management.

- 2.10. Finally, the current liabilities were overstated by ₱89,158,886.28 and the non-current liabilities were understated by the same amount, thereby affecting the fair presentation and reliability of the financial statements as of year-end.
- 2.11. This observation was communicated to Management through Audit Observation Memorandum No. 2025-04(2024)-Manjuyod dated April 25, 2025.
- 2.12. We recommended and Management agreed that the Municipal Accountant thoroughly review and reclassify the Loans Payable account in accordance with Section 80 of IPSAS 1 – Presentation of Financial Statements, by properly segregating the current and non-current portions based on the loan amortization schedules. Specifically, only the portion of the loan due within twelve months from the reporting date should be classified under Current Liabilities, while the remaining balance must be presented under Non-Current Liabilities.**

*Cash – Local Treasury*

- 3. Cash – Local Treasury account balance per general ledger in the total amount of ₱1,292,249.00 as of December 31, 2024, does not reconcile with the cashbook balance of ₱258,739.86, resulting in an unreconciled difference of ₱1,033,509.14 which is not in consonance with Paragraph 27 of IPSAS 1, thus affecting the fair presentation of the recorded balance of the Cash account in the financial statements.**

3.1. Paragraph 27 of the International Public Sector Accounting Standards (IPSAS) 1, provides that financial statements shall present fairly the financial position, financial performance, and cash flows of an entity. Fair presentation requires the faithful representation of the effects of transactions, other events and conditions in accordance with the definitions and recognition criteria for assets, liabilities, revenue and expenses set out in IPSASs.

3.2. We have verified the Cash in Treasury account as of December 31, 2024, and observed that the balance per general ledger remains unreconciled with the balance per cashbook, as shown below:

<b>Account</b>	<b>Balance per Books</b>	<b>Balance per Cashbook</b>	<b>Difference</b>
Cash in Treasury	₱ 1,292,249.00	₱ 258,739.86	₱ 1,033,509.14

3.3. It is worth noting that an audit observation on the unreconciled balance was already issued during the Calendar Year (CY) 2023 audit. However, our current review reveals that the discrepancy between the general ledger and the cashbook has further increased by ₱672,955.46 compared to last year’s balance, as illustrated below:

Account	CY 2024	CY 2023	Increase/(Decrease)
Balance per Books	₱ 1,292,249.00	₱ 684,845.04	₱ 607,403.96
Balance per Cashbook	258,739.86	193,188.36	65,551.50
Difference	₱ 1,033,509.14	₱ 491,656.68	₱ 672,955.46

- 3.4. Inquiries with the Municipal Treasurer and Municipal Accountant disclosed that regular reconciliation between the general ledger and the cashbook has not been consistently performed. However, the Municipal Accountant stated that she informs the Municipal Treasurer whenever discrepancies are noted, so these may be addressed promptly. She also assured the audit team that she would trace the causes of the increased unreconciled balance, particularly since it pertains to CY 2024 transactions.
- 3.5. The continued existence of the unreconciled balance amounting to ₱1,033,509.14 materially affects the fair presentation of the cash balance in the financial statements.
- 3.6. This observation was communicated to Management through Audit Observation Memorandum No. 2025-05(2024)-Manjuyod dated May 2, 2025.
- 3.7. We recommended and Management agreed that the Municipal Accountant and the Municipal Treasurer immediately investigate and account for the difference, and reconcile their records to reflect the accurate cash balance as of year-end.**
- 3.8. We further recommended and Management agreed that going forward, monthly reconciliations be strictly implemented to detect and correct any discrepancies in a timely manner, thereby ensuring the accuracy and reliability of financial reporting.**

*Property, Plant, and Equipment Under the Trust Fund*

- 4. Property, Plant, and Equipment (PPE) under the Trust Fund totaling ₱3,521,153.86 were neither transferred to the General Fund nor provided with depreciation allowances, contrary to Sections 97 and 104.1.i of the Manual on the NGAS for LGUs Volume I, Paragraph 71 of IPSAS 17, and COA Circular No. 2015-008 dated November 23, 2015, thus adversely affecting the fairness of presentation of the financial statements.**
- 4.1. Section 97 of the Manual on the New Government Accounting Systems for Local Government Units (LGUs), Volume I, provides that:

**“Project Expenditures.** – The construction period theory shall apply for expenditures on infrastructure projects of the Trust Fund. For other projects, expenditures shall be debited to the appropriate expenditure

account. Expenditures shall be closed to Project Equity account at year-end or upon project completion, whichever comes first.”

4.2. Moreover, Section 104.1.i of the Manual on the New Government Accounting System for LGUs requires that completed projects under the Trust Fund must be transferred to the General Fund upon submission of full liquidation to the grantor. The completed projects charged to the funds held in trust by the Municipality are then recorded in their respective Property, Plant, and Equipment (PPE) accounts.

4.3. Regarding the depreciation of PPE, paragraph 71 of the International Public Sector Accounting Standard (IPSAS) 17 states:

“Depreciation of an asset begins when it is available for use, i.e. when it is in the location and condition necessary for it to be capable of operating in the manner intended by management. Depreciation of an asset ceases when the asset is derecognized. Therefore, depreciation does not cease when the asset becomes idle or is retired from active use and held for disposal unless the asset is fully depreciated. However, under usage methods of depreciation the depreciation charge can be zero while there is no production.”

4.4. Moreover, Items IV and V of COA Circular 2015-008, dated November 23, 2015, provide accounting and reporting guidelines for Road Networks, including the provision of depreciation expenses.

4.5. A review of the Trust Fund trial balance as of December 31, 2024, revealed that PPE accounts totaling ₱3,521,153.86 had not been transferred to the General Fund (**Appendix 2**). Our records show that these PPE accounts have remained in the Trust Fund since CY 2021 and prior years.

4.6. The Municipal Accountant explained that they could not transfer the completed PPE accounts from the Trust Fund to the General Fund because they were unable to monitor the status of completed projects. Due to the numerous transactions in the Accounting Office, the bookkeeper could hardly manage the daily workload, let alone scrutinize specific transactions, such as when projects are deemed completed, despite the fact that the Municipal Engineer was submitting regular project status reports to their office.

4.7. The Municipal Engineer, however, acknowledged that although he was submitting quarterly project status reports to the Accounting Office, these reports were not solely focused on completed projects but included all implemented projects. Thus, the bookkeeper may find it difficult to quickly identify completed projects from the report.

- 4.8. The inability to transfer the cost of the above PPE accounts from the Trust Fund to the General Fund resulted in the overstatement of the PPE accounts in the Trust Fund and the understatement of the same accounts in the General Fund. Moreover, the non-provision of depreciation expenses for these PPEs understated the total expenses and overstated the equity accounts in the General Fund by an undetermined amount, thus adversely affecting the fairness of presentation of the financial statements.
- 4.9. This observation was communicated to Management through Audit Observation Memorandum No. 2025-01(2024)-Manjuyod dated February 21, 2025.

**4.10. We recommended and Management agreed that:**

- 4.10.1. The Municipal Mayor require the Municipal Engineer to provide the Municipal Accountant with a report on completed Trust Fund projects so that these can immediately be transferred to the General Fund.**
- 4.10.2. The Municipal Mayor require the Municipal Accountant to prepare the following journal entry to transfer the completed PPE amounting to ₱3,521,153.86 under the Trust Fund to the General Fund:**

	<b>Debit</b>	<b>Credit</b>
<b>A. Trust Fund Books:</b>		
<b>Government Equity</b>	<b>3,521,153.86</b>	
<b>Road Networks</b>		<b>589,360.76</b>
<b>Flood Control Systems</b>		<b>49,240.00</b>
<b>Water Supply Systems</b>		<b>213,910.00</b>
<b>Other Structures</b>		<b>940,743.10</b>
<b>Other Machinery and Equipment</b>		<b>228,900.00</b>
<b>Motor Vehicles</b>		<b>1,499,000.00</b>
<b>B. General Fund Books:</b>		
<b>Road Networks</b>	<b>589,360.76</b>	
<b>Flood Control Systems</b>	<b>49,240.00</b>	
<b>Water Supply Systems</b>	<b>213,910.00</b>	
<b>Other Structures</b>	<b>940,743.10</b>	
<b>Other Machinery and Equipment</b>	<b>228,900.00</b>	
<b>Motor Vehicles</b>	<b>1,499,000.00</b>	
<b>Government Equity</b>		<b>3,521,153.86</b>

- 4.10.3. The Municipal Mayor require the Municipal Accountant to recognize the corresponding depreciation expenses for the completed projects in the General Fund.**

**5. Six completed projects under the Trust Fund (TF) totaling ₱9,782,580.09 were not transferred to the General Fund (GF) due to insufficient monitoring, contrary to Section 104(1.i) of the NGAS Manual, Volume I and IPSAS No. 17, thus, overstating the Construction in Progress account in the TF while understating the related PPE accounts in the GF by the same amount, as well as understating depreciation expense by an estimated amount totaling ₱7,794,223.89, which affected the fair presentation of these accounts in the financial statements.**

- 5.1. During the construction period, Property, Plant, and Equipment (PPE) shall be classified as “Construction in Progress” (CIP) with the appropriate asset classification. As soon as these are completed, the CIP accounts shall then be transferred to their appropriate asset accounts. The CIP account is used to record the value of work performed in accordance with the terms of the applicable construction contracts.
- 5.2. Section 104(1.i) of the Manual on the New Government Accounting System (NGAS) for Local Government Units (LGUs), Volume I, requires that completed projects under the Trust Fund (TF) be transferred to the General Fund (GF) upon their completion.
- 5.3. Moreover, with the adoption of the International Public Sector Accounting Standards (IPSAS), infrastructure assets shall be taken up as PPE, and the annual consumption of their service potential along with any loss of value due to depreciation and impairment shall also be recognized.
- 5.4. Depreciation is defined under IPSAS 17 as the systematic allocation of the depreciable amount of an asset over its useful life. Paragraph 71 of IPSAS No. 17 provides that “depreciation of an asset begins when it is available for use, i.e., when it is in the location and condition necessary for it to be capable of operating in the manner intended by management.”
- 5.5. 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.”
- 5.6. Our verification of the CIP accounts under the TF as of December 31, 2024, revealed that six completed projects totaling ₱9,782,580.09 remained recorded in the CIP – Infrastructure Assets and CIP – Buildings and Other Structures accounts despite their completion. The details are as follows:

No.	Project Name	Amount	Date of Completion	No. of Years Since Completion
<b>I. CIP – Infrastructure Assets (1-07-10-020)</b>				
1	Construction of Waterworks – Brgy. Candabong	₱1,988,213.14	2005	19
2	Const. of Mandalupang, Tanglad Alangilanan – ARCDP	5,228,190.34	2007	17
3	Const. of Mandalupang, Tanglad Alangilanan – ARCDP	1,241,178.85	2009	15
4	Road Rehabilitation	214,780.69	2010	14
5	Road Rehabilitation	14,975.63	2011	13
	<b>Subtotal</b>	<b>₱8,687,338.65</b>		
<b>II. CIP – Buildings and Other Structures (1-07-10-030)</b>				
6	Construction of Day Care Center – Diff. Brgys.	₱1,095,241.44	2005	19
	<b>Subtotal</b>	<b>₱1,095,241.44</b>		
	<b>Total CIP</b>	<b>₱9,782,580.09</b>		

- 5.7. The Municipal Accountant explained that they could not transfer the completed PPE accounts from the CIP to the appropriate asset account and, subsequently, from the TF to the GF because they were unable to monitor the status of completed projects. Due to the numerous transactions in the Accounting Office, the bookkeeper could hardly manage the daily workload, let alone scrutinize specific transactions, such as when projects are deemed completed, despite the fact that the Municipal Engineer was submitting regular project status reports to their office.
- 5.8. The Municipal Engineer, however, acknowledged that although he was submitting quarterly project status reports to the Accounting Office, these reports were not solely focused on completed projects but included all implemented projects. Thus, the bookkeeper may find it difficult to quickly identify completed projects from the report.
- 5.9. Consequently, the depreciation expenses for the completed projects were not recorded in the books. The actual amount of depreciation could not be determined because there were no exact completion dates provided by the Municipal Accountant. Despite her best effort to locate information on the exact completion dates, records left to her upon her assumption only indicated the year of completion.
- 5.10. However, given the year of completion, depreciation can still be estimated totaling ₱7,794,223.89 using the straight-line depreciation method as shown in **Appendix 3**.
- 5.11. Due to the aforementioned deficiencies, the CIP – Infrastructure Assets and CIP – Building and Other Structures in the TF accounts were overstated by ₱8,687,338.65 and ₱1,095,241.44, respectively, while the GF PPE accounts for Road Networks,

Water Supply Systems, and Buildings were understated by ₱6,699,125.51, ₱1,988,213.14, and ₱1,095,241.44, respectively, totaling ₱9,782,580.09.

5.12. Moreover, the non-recording of the asset accounts in the GF books resulted in the non-recognition of related Depreciation Expenses. Thus, the corresponding Accumulated Depreciation accounts were understated while the surplus account was overstated by an estimated amount totaling ₱7,794,223.89 for the period. Collectively, these deficiencies have adversely affected the accuracy and fair presentation of these account balances in the financial statements.

5.13. This observation was communicated to Management through Audit Observation Memorandum No. 2025-03(2024)-Manjuyod dated April 25, 2025.

**5.14. We recommended and Management agreed that the Municipal Accountant prepare the following entries in the Trust Fund and General Fund books as follows:**

**5.13.1. Trust Fund Books:**

**5.13.1.1. To record the transfer of the cost of the six completed projects from CIP accounts to the respective PPE accounts:**

Account Name	Account Code	Debit	Credit
Road Networks	1-07-03-010	6,699,125.51	
Water Supply System	1-07-03-040	1,988,213.14	
Buildings	1-07-04-010	1,095,241.44	
CIP – Infrastructure Assets	1-07-10-020		8,687,338.65
CIP – Buildings and Other Structures	1-07-10-030		1,095,241.44

**5.13.1.2. To record the transfer of the PPE accounts to the GF:**

Account Name	Account Code	Debit	Credit
Government Equity	3-01-01-010	9,782,580.09	
Road Networks	1-07-03-010		6,699,125.51
Water Supply System	1-07-03-040		1,988,213.14
Buildings	1-07-04-010		1,095,241.44

**5.13.2. General Fund Books:**

**5.13.2.1. To record the receipt of the six completed projects from TF:**

Account Name	Account Code	Debit	Credit
Road Networks	1-07-03-010	6,699,125.51	
Water Supply System	1-07-03-040	1,988,213.14	
Buildings	1-07-04-010	1,095,241.44	
Government Equity	3-01-01-010		9,782,580.09

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

Account Name	Account Code	Debit	Credit
Prior Period Adjustment	3-01-01-020	7,794,223.89	
Accumulated Depreciation – Road Networks	1-07-03-011		5,281,133.79
Accumulated Depreciation – Water Supply System	1-07-03-041		1,888,802.48
Accumulated Depreciation – Buildings	1-07-04-011		624,287.62

5.15. We further recommended and Management agreed that the Municipal Accountant and the Municipal Engineer regularly monitor the Municipality’s CIP accounts to ensure the timely transfer of completed projects to the appropriate PPE accounts.

5.16. Lastly, we recommended and Management agreed that the Municipal Accountant direct the personnel in charge to prepare individual subsidiary ledgers for each project to ensure proper recording and monitoring.

*Real Property Tax and Special Education Tax Receivables*

6. The balances of the Real Property Tax (RPT) Receivable and Special Education Tax (SET) Receivable accounts as of December 31, 2024, between the records of the Municipal Accounting Office (MAO) and the Municipal Treasurer’s Office (MTO) showed a difference of ₱20,915,996.80 due to the non-reconciliation of their records and the non-recording of the RPT and SET receivables in accordance with Chapter 3, Section 20, Volume I, consequently, the RPT/SET Receivable and Deferred Income accounts, as presented in the financial statements, are deemed unreliable.

6.1. Chapter 3, Section 20, Volume I of the Manual on the New Government Accounting System (NGAS) provides that:

“Real Property Tax Receivables/Special Education Tax Receivables shall be established at the beginning of the year based on Real Property Tax Account Register/Taxpayer’s index card. At the

beginning of the year, the Treasurer shall furnish the Chief Accountant of a duly certified list showing the name of taxpayers and the amount due and collectible for the year. Based on the list, the Chief Accountant shall draw a Journal Entry Voucher (JEV) to record the debit to Real Property Tax Receivable/Special Education Tax Receivable and crediting to Deferred Real Property Tax Income/Deferred Special Education Tax Income.” (Emphasis ours)

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

<b>Account</b>	<b>Per MTO</b>	<b>Per MAO</b>	<b>Difference</b>
RPT Receivable	₱8,622,023.30	₱17,500,437.12	₱ 8,878,413.82
SET Receivable	8,622,023.30	20,659,606.28	12,037,582.98
<b>Total</b>	<b>₱17,244,046.60</b>	<b>₱38,160,043.40</b>	<b>₱20,915,996.80</b>

- 6.3. As shown in the table above, there is a significant difference of ₱20,915,996.80 between the RPT Receivable and SET Receivable account balances between the MTO and MAO records as of December 31, 2024.
- 6.4. Our verification revealed that the Municipal Accountant records the RPT and SET Receivables at the beginning of the year based on the Assessment Roll from the Municipal Assessor because the Municipal Treasurer who retired last December 2024 did not furnish the Municipal Accountant with a duly certified list showing the names of taxpayers and the amount due and collectible for the year which serves as the basis for recording the RPT/SET receivable. This practice raises concerns about the accuracy and reliability of the recorded receivables and may contribute to discrepancies in the RPT/SET receivable account at year-end.
- 6.5. It is important to emphasize to Management that non-compliance with the guidelines outlined in Chapter 3, Section 20 of the NGAS Manual for LGUs can significantly affect RPT and SET collection efficiency as well as the management of delinquent accounts. Incorrectly recording these receivables may result in an understatement of actual revenue, impacting overall collection efficiency and causing delays in collecting outstanding accounts, ultimately affecting the municipality’s cash flow and budgetary planning.
- 6.6. Meanwhile, the Municipal Accountant confirmed that reconciliation between the records of the Municipal Accountant’s Office (MAO) and the Municipal Treasurer’s Office (MTO) was not conducted at the end of the year. She explained that this non-compliance was an unintentional oversight caused by the overwhelming workload during that period.

- 6.7. Management must understand that reconciling the Municipal Accountant and Treasurer's records for RPT and SET receivables is crucial for ensuring the accuracy and integrity of financial records. When these records are not reconciled, significant discrepancies can lead to, among other issues, financial misstatements, lack of accountability, and even potential fraud.
- 6.8. In this particular case, there is a significant difference of ₱20,915,996.80 between the MAO and MTO records as of December 31, 2024. Therefore, the RPT and SET receivable account balances, along with their corresponding Deferred RPT and SET Income accounts shown in the financial statements at the reporting date, are unreliable.
- 6.9. This observation was communicated to Management through Audit Observation Memorandum No. 2025-06(2024)-Manjuyod dated May 6, 2025.
- 6.10. We recommended that the Municipal Mayor direct:**
- 6.10.1. The Municipal Accountant and Municipal Treasurer to reconcile the difference between the RPT and SET Receivables account balances totaling ₱20,915,996.80 and henceforth, conduct periodic reconciliation, together with the Municipal Assessor, of the total collectibles from the Basic and Special Education Tax with the RPT and SET Receivables account balances to prevent the accumulation of unreconciled differences; and**
- 6.10.2. The Municipal Treasurer to furnish the Municipal Accountant a duly certified list of taxpayers with the amount due and collectible for the current year as basis for recording the RPT and SET Receivable accounts in compliance with Chapter 3, Section 20 of the NGAS Manual for LGUs, Volume I.**
- 6.11. During the exit conference, the Audit Team recommended and the Municipal Accountant and Municipal Treasurer agreed to start the reconciliation with the latest year.

## **B. OTHER MANDATORY AREAS**

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

- 7.1. Taxes withheld during the year from salaries, wages, and other services, including Value-Added Taxes withheld from suppliers and contractors were remitted to the Bureau of Internal Revenue pursuant to existing Revenue Regulations. The whole amount of the current outstanding balance of the Due to BIR account as of December 31, 2024, amounting to ₱862,474.91 was remitted in January 10, 2025, detailed as follows:

<b>Due to BIR Balance</b>	<b>Date of Remittance</b>	<b>Check No.</b>	<b>Amount</b>
₱ 862,474.91	01/10/2025	986958	₱ 309,391.96
553,082.95	01/10/2025	986959	352,728.81
200,354.14	01/10/2025	986960	131,170.90
69,183.24	01/10/2025	986961	69,183.24
0.00			
<b>Total Remittances</b>			<b>₱ 862,474.91</b>

7.2. Salary deductions recorded under the accounts Due to GSIS, Due to Pag-IBIG, and Due to PhilHealth had balances of ₱1,442,114.17, ₱246,073.96, and ₱253,809.20, respectively, which are still subject to further verification. Remittances for the month of December amounted to ₱1,004,513.97, ₱130,829.28, and, ₱164,432.95, for the accounts Due to GSIS, Due to Pag-IBIG, and Due to PhilHealth, respectively, detailed as follows:

<b>Due to GSIS Balance</b>	<b>Date of Remittance</b>	<b>Transaction Reference No.</b>	<b>Amount</b>
₱ 1,442,114.17	01/03/2025	264-258-250103-02039	₱ 1,004,513.97
437,600.20			
<b>Total Remittances</b>			<b>₱ 1,004,513.97</b>
<b>Due to Pag-IBIG Balance</b>	<b>Date of Remittance</b>	<b>Transaction Reference No.</b>	<b>Amount</b>
₱ 246,073.96	01/09/2025	264-258-250109-05582	₱ 5,000.00
241,073.96	01/09/2025	264-058-250109-05574	125,829.28
115,244.68			
<b>Total Remittances</b>			<b>₱ 130,829.28</b>
<b>Due to PhilHealth Balance</b>	<b>Date of Remittance</b>	<b>Check No.</b>	<b>Amount</b>
₱ 418,242.15	12/23/2024	ZLN240000164082	₱ 164,432.95
253,809.20			
<b>Total Remittances</b>			<b>₱ 164,432.95</b>

### C. STATUS OF SETTLEMENT OF ACCOUNTS

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

Particulars	Beginning Balance (01/01/2024)	Issued this Period (01/01/2024 to 12/31/2024)		Ending Balance (12/31/2024)
		NS/ND/NC	NSSDC	
Suspension	₱1,969,125.08	₱ 0.00	₱ 0.00	₱1,969,125.08
Disallowances	2,431,500.00	0.00	0.00	2,431,500.00
Charges	0.00	0.00	0.00	0.00
<b>Total</b>	<b>₱4,400,625.08</b>	<b>₱ 0.00</b>	<b>₱ 0.00</b>	<b>₱4,400,625.08</b>

8.2. These ending balances pertain to audit suspensions and disallowances issued and received in the following years:

Year Issued	Balance as of 12/31/2024	Transaction Year	Remarks
Notice of Suspension (NS)			
2016	₱ 99,958.00	2015	
2016	99,540.00	2015	
2019	1,769,627.08	2018	
<b>Total NS</b>	<b>₱ 1,969,125.08</b>		
Notice of Disallowance (ND)			
2015	₱ 2,398,000.00	2014	
2016	33,500.00	2015	
<b>Total ND</b>	<b>₱ 2,431,500.00</b>		

### D. OTHER MATTERS

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

## **PART III**

# **STATUS OF IMPLEMENTATION OF PRIOR YEARS' AUDIT RECOMMENDATIONS**

### PART III – STATUS OF IMPLEMENTATION OF PRIOR YEARS’ AUDIT RECOMMENDATIONS

Of the 61 prior years’ recommendations, 7 were implemented and 54 were unimplemented as shown in the results of validations presented below:

Ref.	Observation	Recommendations	Management Comments/Actions	Status of Implementation
2023 AAR, AO No. 2, page 30 2015 AAR, AO No. 1, page 28; 2010 AAR, AO No. 5	The correctness of Cash in Bank balance per book in the amount of ₱351,139,663.59 as of December 31, 2023, could not be ascertained due to unreconciled amounts between the financial statements and confirmed bank balances, which is not in accordance with Section 74 of Presidential Decree (PD) No. 1445, resulting in the possible overstatement of the Cash in Bank Balance of ₱351,288.81.	1. We recommended that the Municipal Accountant reconcile the records per book with the results of the bank confirmation and prepare the necessary adjusting entries in the books of accounts to present the correct balance of the Cash in Bank account as of year-end.	Reconciliation of records had not been done yet. The Municipal Accountant stated that there had been difficulty in tracing previous records since these reconciling items had been existing prior to her incumbency. Additionally, previous bank reconciliations had not been located since there was no proper turnover either.	Unimplemented
2023 AAR, AO No. 3, page 32; 2021 AAR AO No. 5, page 36	The Disbursing Officer (DO) – Designate was allowed to draw multiple cash advances in one day for the payment of salaries and wages, honoraria, and other similar payments because the Municipality has only one DO, contrary to Section 4.1.2 of COA Circular No. 97-002	We reiterated our recommendations and Management agreed to:  2. Immediately stop the irregular procedure of granting multiple cash advances to the DO – Designate in one day; and	Multiple cash advances had been continuously granted to the DO.	Unimplemented

Ref.	Observation	Recommendations	Management Comments/Actions	Status of Implementation
	dated February 10, 1997, which resulted in the overlapping of cash advances and unnecessarily exposed government funds to the risk of loss through misapplication.	<p>3. Appoint or designate an additional DO to avoid granting multiple cash advances to the incumbent DO – Designate.</p> <p>4. Furthermore, we recommended and Management agreed to grant cash advances and/or reimbursements for traveling expenses directly to the employee concerned, and payments for regular expenses be made directly to the service providers.</p>	<p>No additional DO had been appointed.</p> <p>Cash advances and/or reimbursements for traveling expenses had been directly granted to the employee concerned and payments for regular expenses had been made directly to the service providers.</p>	<p>Unimplemented</p> <p>Implemented</p>
2023 AAR, AO No. 4, page 33	Thirteen (13) checks totaling ₱209,757.10, which have remained outstanding for over six months to more than 10 years from the date of issue, have not been cancelled, contrary to Section 59 of the NGAS Manual for LGUs, Vol. I, and Section 97 of P.D. No. 1445, thus adversely affecting the accuracy of the Cash in Bank	<p>5. We recommended and the Municipal Treasurer agreed that the stale checks be cancelled and that written notices of the cancellation be sent to the respective payees.</p> <p>6. We further recommended and the Municipal Treasurer agreed to monitor the age of</p>	<p>The Municipal Treasurer still has to locate the files as well as the address of the payees in order to send the notices of cancellation of the checks.</p> <p>Monitoring of the age of unclaimed checks still had not been done since current stale checks still need</p>	<p>Unimplemented</p> <p>Unimplemented</p>

Ref.	Observation	Recommendations	Management Comments/Actions	Status of Implementation
	account balances.	unclaimed checks, send written notices to the payees at least one month before the checks become stale and coordinate with the Municipal Accountant for the necessary adjustments in the books of account.	cancelling.	
2023 AAR, AO No. 5, page 36	The validity of the hiring of two consultants is doubtful because (a) it was done without competitive bidding nor any of the alternative modes of procurement; (b) actual accomplishments do not align with the obligations stipulated in the Contract of Service and can be performed by regular employees; and (c) services were rendered before the contract date, which is not in accordance with the pertinent provisions of the Revised Implementing Rules and Regulations (IRR) of Republic Act (RA) No. 9184 and COA Circular No. 2012-	<p>7. We recommended and Management agreed to ensure that the appropriate procurement procedures are followed in the hiring of consultants under the Revised IRR of RA No. 9184 to ensure transparency and economical use of resources.</p> <p>8. We further recommended and Management agreed to carefully study the necessity of hiring consultants, especially when their functions are available in the LGU,</p>	<p>The previously-hired consultants ended their contracts on June 30, 2024. However, from July 1 to December 31, 2024, they were hired as job order personnel assuming the same roles and wages.</p> <p>Consultants, although not explicitly hired as such, were still continuously hired.</p>	<p>Unimplemented</p> <p>Unimplemented</p>

<b>Ref.</b>	<b>Observation</b>	<b>Recommendations</b>	<b>Management Comments/Actions</b>	<b>Status of Implementation</b>
	003 dated October 29, 2012, thereby failing to achieve transparency in the procurement thereof and rendering the contract cost of ₱420,000.00 unnecessary expenditures.	and review the terms and contracts of each consultant to ensure these are in accordance with rules and regulations.		
2023 AAR, AO No. 6, page 39; 2009 AAR	The Municipality's Local Economic Enterprises (LEEs) such as the Waterworks, Market, and Cemetery were operating at a loss as of year-end, which is inconsistent with Section 17(a) of Republic Act (RA) No. 7160 and Section 6.6.3 of the DBM Manual for the Setting Up and Operation of Local Economic Enterprises (LEE Manual), thus defeating the intended purpose for which these were established.	9. We recommended that Management conduct a thorough operational review of the LEEs to pinpoint the root causes and implement corrective actions to enhance its operations and avoid continuous financial losses.	The Officer-in-Charge for the Waterworks System stated that metering of unmetered barangays had been ongoing. He added that they had been gradually improving the system of collection.  The Officer-in-Charge of the Market Operations indicated that some market ordinances had not been properly implemented. Moreover, the LGU's tax code had been due for revision and concerned department heads had been requested to submit their proposed revised tax rates.	Unimplemented
2023 AAR, AO No. 7, page 40	The General Services Officer (GSO) has not kept a record of real properties owned by	10. We recommended that the General Services Officer maintain a	No complete records of real properties had been maintained.	Unimplemented

Ref.	Observation	Recommendations	Management Comments/Actions	Status of Implementation
	<p>the LGU, which had a reported book balance of ₱1,982,663.45 at year-end. As a result, reconciliation between accounting and GSO records could not be done, and the validity and accuracy of the account balance as of year-end could not be ascertained.</p>	<p>complete record of the real properties owned by the LGU and reconcile their record with the Municipal Accountant to report an accurate account balance in the financial statement.</p> <p>11. We also recommended that the Subsidiary Ledger of the account contain a complete description of the property for easy reference and reconciliation.</p>	<p>The subsidiary ledgers still had not been updated.</p>	<p>Unimplemented</p>
<p>2022 AAR, AO No. 2, page 30</p>	<p>The accuracy and reliability of the inventory account in the total amount of ₱1,347,539.00 could not be ascertained due to failure to conduct a physical count of inventory items every semester and to prepare the Summary of Supplies and Materials Issued (SSMI), which is the basis for recording the utilization of inventory items, contrary to</p>	<p>We recommended that Management:</p> <p>12. Conduct a physical count of inventories every semester and submit a report thereon to the Auditor concerned not later than July 31 and January 31 of each year for the first and second semesters, respectively;</p>	<p>An inventory had been done on the last working day of the year, i.e., December 27, 2024, however, the report submitted did not conform to the format prescribed under Volume II of the NGAS Manual for LGUs. Furthermore, no total balances appear in the</p>	<p>Unimplemented</p>

Ref.	Observation	Recommendations	Management Comments/Actions	Status of Implementation
	Sections 121 and 124, Chapter 7 of the New Government Accounting System (NGAS) Manual for Local Government Units (LGUs), thereby affecting the fair presentation of the account in the financial statements.	X x x	various reports making it difficult to compare to the balance as presented in the financial statements.	
2022 AAR, AO No. 3, page 32	The accuracy and reliability of the Road Networks account totaling ₱28,693,168.99 could not be ascertained due to: (a) failure to conduct an inventory of local roads and non-preparation of the Report on the Physical Count of Local Road Network (RPCLRN); (b) non-maintenance of the Local Road Network Ledger Card (LRNLC) and Local Road Network Property Card (LRNPC); (c) non-provision of depreciation for Local Road Network account and (d) non-disclosure of the total road networks in the Notes to the Financial Statements, contrary to COA	<p>13. We recommended that Management enjoin the concerned department heads to strictly comply with the accounting and reporting guidelines on the local roads asset management system and earnestly perform their respective duties and responsibilities as set forth under COA Circular No. 2015-008 dated October 23, 2015.</p> <p>14. We further recommended that the Inventory Committee conduct an annual physical count of all LRN and report the results thereof in the</p>	<p>An inventory was submitted but the document did not conform to the format required under the circular. Furthermore, pertinent information such as cost and date constructed cannot be found in the submitted report.</p> <p>Although inventory of road networks was submitted, these were not reconciled with the records of the accounting department.</p>	<p>Unimplemented</p> <p>Unimplemented</p>

Ref.	Observation	Recommendations	Management Comments/Actions	Status of Implementation
	Circular No. 2015-008 dated November 23, 2015, thereby affecting the fair presentation of the account in the financial statements.	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 prepared before the statement date.		
2022 AAR, AO No. 4, page 36	The Municipality failed to remit GSIS, Pag-IBIG, and PhilHealth contributions, amounting to ₱426,128.99, ₱116,754.38, and ₱245,770.16, respectively, contrary to the provisions of the Implementing Rules and Regulations (IRR) of Republic Act (R.A.) No. 8291, R.A. No. 9679, and R.A. No. 7875 as amended by R.A. No. 9241 and R.A. No. 10606, which may result in the imposition of interests and penalties and may deprive the employees of the benefits due them.	We recommended that Management:  15. particularly the Municipal Accountant, coordinate with GSIS, Pag-IBIG, and PhilHealth to determine the outstanding premium contributions of each employee in their records;  16. ensure that mandatory contributions are remitted in accordance with the provisions of R.A. No. 8291, R.A. No. 9679, and R.A. No. 7875	Coordination with the agencies had been started but final balances had not been provided yet. As of December 31, 2024, only the GSIS had responded to the coordination by the Municipality.  Current-year balances of mandatory contributions had been remitted accordingly. However, unreconciled balances from prior years still remain.	Unimplemented  Unimplemented

Ref.	Observation	Recommendations	Management Comments/Actions	Status of Implementation
		<p>as amended by R.A. No. 9241 and R.A. No. 10606 and its IRRs to avoid the incurrence of interest and penalties; and</p> <p>X x x</p>		
<p>2022 AAR, AO No. 5, page 39; 2019 AAR AO No. 1, page 27; 2018 AAR AO No. 3 page 35; 2015 AAR AO No. 2, page 27; 2014 AAR AO No. 4, page 20; 2013 AAR AO No. 5, page 27; 2012 AAR AO No. 2, page 16; 2005 AAR</p>	<p>Cash advances totaling ₱3,901,597.71 remained unliquidated as of December 31, 2022, contrary to COA Circular No. 97-002 dated February 10, 1997, thus, expenses were not properly recognized on periods these were incurred, affecting the fair presentation of the financial statements at year-end.</p>	<p>17. We recommended that the Municipal Accountant demand the immediate liquidation of all outstanding cash advances by issuing final demand letters directed to the accountable officers concerned, otherwise, if no liquidation is made, impose the sanction of withholding the salaries of those who still fail to settle their accounts after due notice.</p>	<p>Demand letters had been sent out last December 2024. Salary deduction had been applied for current employees who still failed to settle their accounts.</p>	<p>Unimplemented</p>

<b>Ref.</b>	<b>Observation</b>	<b>Recommendations</b>	<b>Management Comments/Actions</b>	<b>Status of Implementation</b>
ML 2016				
2021 AAR AO No. 1, page 28	The consolidated balances of reciprocal accounts, Due from Other Funds and Due to Other Funds for CY 2021 showed an unreconciled difference of ₱43,516,583.14 indicating some neglect by the Accounting Office in monitoring and reconciling the accounts, thus rendering both accounts unreliable.	18. We recommended that the Municipal Accountant reconcile the balances of the reciprocal accounts under the three funds and book the necessary adjustments to bring their balances into an agreement.  X x x	Unreconciled balances remain.	Unimplemented
2021 AAR AO No. 2, page 29	The accuracy and reliability of the reported Property, Plant and Equipment (PPE) accounts could not be relied upon due to the incorrect basis of recording of depreciation charges contrary to Philippine Application Guidance (PAG) 6 of Philippine Public Sector Accounting Standard (PPSAS) 17 – Property, Plant and Equipment, resulting in the overstatement of the PPE accounts by ₱7,778,996.81. Furthermore, subsidiary ledgers were not maintained	19. We recommended that the Municipal Accountant adjust the balances related to the PPE account as a change in accounting policy and, subsequently, to record depreciation based on a five percent residual value in compliance with PAG 6 of PPSAS No. 17 – Property, Plant and Equipment.  20. We also recommended that subsidiary ledgers be maintained for all PPE	No adjustment had been made.  Subsidiary ledgers could not be updated yet since adjustment of depreciation	Unimplemented  Unimplemented

Ref.	Observation	Recommendations	Management Comments/Actions	Status of Implementation
	for all PPE accounts contrary to Section 10 of the New Government Accounting System (NGAS) Manual for Local Government Units (LGUs), thus rendering the said accounts unreliable.	accounts to ensure the accuracy and reliability of their recorded book value.	still had not been done.	
2021 AAR AO No. 8, page 40	Management failed to prepare and submit a fully accomplished Agency Action Plan and Status of Implementation (AAPSI) of the audit recommendations contained in the 2020 Annual Audit Report (AAR) contrary to Section 89 of the General Provisions of Republic Act (R.A.) No. 11465 dated January 6, 2020, for Fiscal Year (FY) 2020, 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	<p>21. We recommended and the Local Chief Executive agreed to direct all department heads concerned to submit their respective duly accomplished AAPSI and assign a personnel to consolidate the same for submission to the Auditor at the soonest possible time, and within 60 days upon receipt of the AARs for the succeeding years.</p> <p>22. We further recommended and Management also agreed that pertinent documents to support the actions taken should also be submitted to facilitate our validation of the</p>	<p>AAPSI had been submitted within 60 days upon receipt of the AAR.</p> <p>Submission was only the AAPSI without the supporting documents attached to show implementation of the recommendations despite being indicated as</p>	<p>Implemented</p> <p>Unimplemented</p>

Ref.	Observation	Recommendations	Management Comments/Actions	Status of Implementation
	statements as well as its operational efficiency that may render the entire Municipality ineligible for the FY 2021 Performance-Based Bonus (PBB).	responses.	implemented. Gradual submission of supporting documents was only done during validation, causing delay in the process.	
2020 AAR AO No. 3, page 32	The procurement of food items for meals of persons under monitoring (PUMs) amounting to ₱236,984.40 were not supported with daily menu of the meals to be served as one of the necessary documents in the procurement activity contrary to Section 7.3.2 (f) of the 2016 Revised IRR of R. A. No. 9184, thus, the quantities of food items purchased could not be validated.	<p>We recommended that Management</p> <p>23. properly determine the dates the purchased food items were utilized,</p> <p>24. submit the daily monitoring sheets for those quarantined for the identified period,</p> <p>25. and submit the daily menu for meals served for persons under monitoring to the Audit Team in order for the latter to validate the usage thereof.</p> <p>26. Moreover, we recommended that the end user and the BAC adhere strictly to Section</p>	<p>No submission signifying the dates the purchased food items were utilized.</p> <p>No submission of daily monitoring sheets.</p> <p>No submission of the daily menus for meals served for PUMs.</p> <p>No submission signifying adherence.</p>	<p>Unimplemented</p> <p>Unimplemented</p> <p>Unimplemented</p> <p>Unimplemented</p>

Ref.	Observation	Recommendations	Management Comments/Actions	Status of Implementation
		7.3.2 (f) of the Revised IRR of R.A. No. 9184.		
2020 AAR AO No. 4, page 33	Due to the absence of internal control mechanism on inventories, the Municipality failed to properly monitor and recognize the receipts, recording, issuances, and management of food items procured for relief distribution in relation to the COVID-19 pandemic totaling ₱9,961,790.00, contrary to various existing regulations.	<p>We recommended that the Management</p> <p>27. render proper accounting of the difference noted from the purchased and distributed food items;</p> <p>28. install sound internal control mechanism in the repacking of goods to monitor the release of items for repacking and account the packed relief items to ensure that these are safeguarded from possible theft, loss and wastage;</p> <p>29. require the LDRRMO or property officer to prepare reports on the inventory and monitoring of all procured and donated supplies, materials, equipment, and relief goods in</p>	<p>Proper accounting of the difference noted had not been submitted.</p> <p>Sound internal control mechanism not in place.</p> <p>No inventory and monitoring reports had been submitted.</p>	<p>Unimplemented</p> <p>Unimplemented</p> <p>Unimplemented</p>

Ref.	Observation	Recommendations	Management Comments/Actions	Status of Implementation
		<p>accordance with COA Circular No. 2014-002 dated April 15, 2014; and</p> <p>X x x</p>		
<p>2020 AAR AO No. 5, page 37</p>	<p>The absence of adequate documentation and appropriate profiling of beneficiaries in the implementation of the Emergency Subsidy Program (ESP) through the Social Amelioration Program (SAP) of the Department of Social Welfare and Development (DSWD) resulted in the failure to comply with the pertinent provisions of DSWD Memorandum Circular No. 2020-09, hence, the eligibility of beneficiaries and the propriety and authenticity of the payments could not be verified.</p>	<p>We recommended that</p> <p>X x x</p> <p>30. henceforth, require Management to establish a system in the distribution of SAP and similar cash assistance programs wherein the guidelines issued by the DSWD are followed and that proper validation and appropriate profiling of beneficiaries are performed before disbursement.</p>	<p>System in distribution had not been established.</p>	<p>Unimplemented</p>
<p>2020 AAR AO No. 7, page 45</p>	<p>The Municipality did not prepare the Annual Procurement Plan (APP) and the Project Procurement Management Plan (PPMP) in accordance with the</p>	<p>We recommended that Management</p> <p>X x x</p> <p>31. Require the BAC</p>	<p>A copy of the APP using the</p>	<p>Implemented</p>

Ref.	Observation	Recommendations	Management Comments/Actions	Status of Implementation
	<p>provisions of Republic Act No. 9184 and its Revised Implementing Rules and Regulations as well as the standards prescribed by the Government Procurement Policy Board (GPPB), thus, relevance and usefulness of APP as a planning and control tool was not attained, resulting in uncoordinated procurements that do not promote efficiency, economy and transparency. The APP was likewise not submitted to the GPPB and posted in accordance with Section 1(1) of Executive Order (EO) No. 662, series of 2017, as amended.</p>	<p>through the BAC Secretariat to consolidate the PPMPs into a comprehensive, workable, and realistic APP, which will serve as basis for procurement, in accordance to the applicable provisions of RA No. 9184 using the prescribed format under GPPB Circular No. 07-2015.</p> <p>32. Submit the duly approved copy of the APP to the GPPB in accordance with AO No. 46, series of 2015.</p>	<p>prescribed format under GPPB Circular No. 07-2015 had been submitted.</p> <p>Proof of submission to the GPPB had been submitted.</p>	<p>Implemented</p>
<p>2020 AAR AO No. 8, page 48</p>	<p>The Bids and Awards Committee did not properly reflect in the Annual Procurement Plan the method of procurement undertaken under R.A. No. 11469 or the Bayanihan Act, as required under GPPB Circular No. 01-2020 dated April 6, 2020, indicating</p>	<p>33. We recommended and Management agreed to instruct the BAC and the BAC Secretariat to always indicate in the APP the appropriate mode of procurement, and strictly comply with the procurement process mandated by the IRR of</p>	<p>The mode of procurement had been properly indicated in the APP.</p>	<p>Implemented</p>

Ref.	Observation	Recommendations	Management Comments/Actions	Status of Implementation
	procedural lapses and deficiencies in the procurement process of the Municipality, thereby, rendering the legality and regularity of the transactions doubtful.	R.A. No. 9184, and other related provisions of the GPPB  34. We also recommended and Management also agreed to submit the updated or revised APP, in the prescribed format, duly approved and effecting the actual method of procurement undertaken pursuant to the process, and the documentary requirements as provided in GPPB Circular 01-2020 relative to procurements under the Bayanihan Act for review and evaluation by the audit team.	Revised APP had been duly submitted.	Implemented
2020 AAR AO No. 10, page 53	A total of ₱1,100,000.00 from the 70% Mitigation Fund was appropriated for projects, programs and activities (PPAs) not properly chargeable thereto, contrary to pertinent provisions of the NDRRMC-DBM-DILG	We recommended and Management agreed to:  X x x  35. ensure that the PPAs to be included in the annual LDRRMF Investment	LDRRMFIP had not been submitted.	Unimplemented

Ref.	Observation	Recommendations	Management Comments/Actions	Status of Implementation
	<p>JMC No. 2013-1 dated March 25, 2013 and NDRRMC-DILG-DBM-CSC JMC No. 2014-1 dated April 4, 2014, thus, reducing the funds primarily intended for disaster prevention and mitigation, preparedness, response, rehabilitation and recovery, while ₱900,405.00 of the current appropriation was utilized for PPAs not properly chargeable thereto.</p>	<p>Plan should conform to the PPAs enumerated in NDRRMC-DBM-DILG JMC No. 2013-1 dated March 25, 2013;</p> <p>36. the LDRRMF Investment Plan be prepared in adherence to the format prescribed under Annex A of COA Circular No. 2012-002; and</p> <p>37. the amount of ₱600,425.00 representing a portion of the LDRRMF appropriations spent for expenses not properly chargeable thereto, should be refunded from the appropriations of the GF Proper.</p>	<p>LDRRMFIP had not been submitted.</p> <p>No refund had been made.</p>	<p>Unimplemented</p> <p>Unimplemented</p>
<p>2020 AAR AO No. 11, page 55</p>	<p>The LDRRM Officer did not prepare and submit to the Auditor the Monthly Report on Sources and Utilization of Disaster Risk Reduction and Management Fund</p>	<p>38. We recommended and the LDRRM Officer agreed prepare the Monthly Report on Sources and Utilization of DRRMF duly</p>	<p>No report had been submitted.</p>	<p>Unimplemented</p>

Ref.	Observation	Recommendations	Management Comments/Actions	Status of Implementation
	(DRRMF) for CY 2020 duly certified correct by the Municipal Accountant, contrary to Section 5.1.5 of COA Circular No. 2012-002 dated September 12, 2012, depriving the stakeholders and the public of relevant and vital information while precluding the Auditor from conducting timely review and evaluation of the utilization of the Local DRRMF.	reconciled with the accounting records and certified correct by the Municipal Accountant, and submit the report to the Auditor on or before the 15th day after the end of each month.		
2019 AAR AO No. 4, page 36; 2017 AAR AO No. 5, page 32; 2015 AAR AO No. 3, page 29;  2016 ML AO No. 9, page 5	Not one of the 32 projects programmed under the CY 2019 20% Development Fund was completed during the year although 28 were started, due mainly to the lack of engineering personnel, the preferred mode of implementation which was by administration instead of by contract, and the accumulation of project backlogs from as far back as CY 2015 which had to be given priority and of which eight were completed during	39. We recommended that the Municipal Engineer, in coordination with the Municipal Planning and Development Coordinator, evaluate the feasibility, and closely monitor the implementation of, the different infrastructure projects of the Municipality in accordance with the approved development plan as required under Section 476 (4) of R.A.	For projects programmed on CY 2024, 14 out of 27 or 51.85% had been completed.	Unimplemented

Ref.	Observation	Recommendations	Management Comments/Actions	Status of Implementation
	the year, thus delaying the delivery of relevant basic services and facilities to the Municipality's constituents.	<p>No. 7160.</p> <p>40. We also recommended that the Municipal Mayor evaluate the number of personnel assigned in the Office of the Municipal Engineer and consider the appointment of new personnel or the detail of personnel from other offices to the MEO.</p> <p>X x x</p>	<p>Under the Office of the Municipal Engineer, there are no other regular positions available for licensed/registered engineers. Currently, there are four other positions besides the Municipal Engineer, namely, Light Equipment Operator, Heavy Equipment Operator II, Driver II, and Mechanic II.</p>	Unimplemented
2019 AAR AO No. 5, page 37	Optimal use of the 70% Mitigation Fund was not achieved by the Municipality of Manjuyod because out of the seven general categories of programs, projects and activities (PPAs) planned for disaster prevention/mitigation and preparedness during the year totaling ₱5,548,247.29, only two were executed, with utilization cost amounting to only 3% or ₱159,592.56 contrary to R.A. 10121, otherwise known as the	41. We recommended that the Municipal DRRMO prioritize the implementation of programs, projects and activities under the 70% Mitigation Fund which should be aligned with the National Disaster Risk Reduction and Management Plan of 2011-2028, in consideration of the indicators provided therein and to regularly monitor its	The monthly LDRRMF report had not been submitted, therefore, utilization could not be properly measured.	Unimplemented

Ref.	Observation	Recommendations	Management Comments/Actions	Status of Implementation
	Philippine Disaster Risk Reduction and Management Act of 2010, and NDRRMC-DBM-DILG Joint Memorandum Circular (JMC) No. 2013-1 dated March 25, 2013, thereby adversely affecting the capability of the municipal government to respond to and manage disasters.	implementation to ensure the municipal government's resilience to disaster.		
2019 AAR AO No. 6, page 40	The Sangguniang Bayan of Manjuyod declared a State of Calamity in two instances after government troops clashed with insurgents which affected less than one percent of its population, thus not qualified to declare a State of Calamity, contrary to RA No. 10121, NDRRMC-DBM-DILG Joint Memorandum Circular No. 2013-01 and NDRRMC Memorandum Order No. 60, s. 2019 and charged to the LDRRMF the amount of ₱391,200.00 used to purchase 163 sacks of rice distributed to victims.	42. We recommend that the LDRRMF be reimbursed for the cost of 163 sacks of rice distributed to victims of two armed clashes between government troops and insurgents and to charge the expenses to appropriations for Peace and Order.  X x x	No reimbursement had been made.	Unimplemented

Ref.	Observation	Recommendations	Management Comments/Actions	Status of Implementation
2018 AAR AO No. 1, page 30	As a result of the inappropriate basis used by the Municipal Accountant in recognizing Real Property/Special Education Tax Receivables in the books, which is the Assessment Roll of Newly Assessed or Reassessed Properties submitted by the Municipal Assessor to the Municipal Treasurer, instead of the Certified List of Taxpayers and Amounts Due and Collectible for the Year prepared by the Municipal Treasurer as required under Section 20 of the Manual on the New Government Accounting System, Vol. I, Real Property/Special Education Tax Receivables are understated by ₱1,074,816.58 as of December 31, 2018. In addition, Barangay Cabcaban, a barangay of the Municipality of Bindoy, was included in the assessment roll even if it is not part of	<p>43. We recommended that the Municipal Accountant take up an adjusting journal entry to reflect the correct amount of RPT/SET Receivables as of December 31, 2018.</p> <p>X x x</p> <p>44. Lastly, considering that Barangay Cabcaban is not a barangay of the Municipality, we recommended that the Municipal Assessor exclude the barangay from the assessment roll and remit collections to the appropriate municipality.</p>	<p>Proper balance still not reflected.</p> <p>Barangay Cabcaban was included in the RPT set-up pending resolution of the political boundary dispute between the Municipality of Manjuyod and the Municipality of Bindoy. The Municipal Assessor had already planned to write a letter to the Provincial Assessor regarding the exclusion of Brgy. Cabcaban from the assessment roll of the Municipality of Manjuyod since RPT is a provincial imposition.</p>	<p>Unimplemented</p> <p>Unimplemented</p>

Ref.	Observation	Recommendations	Management Comments/Actions	Status of Implementation
	the Municipality of Manjuyod.			
2018 AAR AO No. 5, page 38	Expenditures which cannot be considered as priority development projects such as the purchase of multi-purpose vehicles and labor payroll for the construction of a Day Care Center were charged against the 20% Development Fund contrary to DILG-DBM Joint Circular No. 2017-1 dated February 22, 2017 thereby depleting by ₱721,890.00 the funds that could have been used for priority development projects. Moreover, the payroll for the construction of a Day Care Center was not supported with an Accomplishment Report.	<p>X x x</p> <p>45. We further recommended that labor payrolls be supported with accomplishment reports and</p> <p>46. that the abovementioned expenditures be charged to the General Fund Proper pursuant to existing rules and regulations.</p>	<p>Accomplishment reports had been attached to the labor payrolls.</p> <p>No refund from the General Fund Proper to the 20% DF had been made.</p>	<p>Implemented</p> <p>Unimplemented</p>
2018 AAR AO No. 6, page 39	Wages of Job Order (JO) personnel totaling ₱1,223,800.00 were approved for payment and charged against the 20% Development Fund (DF) despite the lack of the necessary supporting	<p>We recommended that Management:</p> <p>47. Submit the respective Programs of Work (POW) for the projects implemented under the 20% Development Fund</p>	<p>No submission of the POWs had been made by the MEO.</p>	<p>Unimplemented</p>

Ref.	Observation	Recommendations	Management Comments/Actions	Status of Implementation
	documents as required under COA Circular No. 2012-001 dated June 14, 2012, thereby validity of these payments could not be verified. Moreover, wages of JOs assigned to perform administrative work were also charged to projects under the 20% DF contrary to DILG and DBM Joint Memorandum Circular No. 2017-1 dated February 22, 2017, depleting the funds for priority development projects which could benefit the constituents of the Municipality.	(DF) in CY 2018 and the Accomplishment Reports (AR) of job order personnel charged to these projects for the same period.  X x x		
2017 AAR AO No. 6, page 33;  2016 ML AO No. 17, page 18	The Municipality continued to practice indiscriminate disposal of solid waste in an open dumpsite, allowed scavenging and failed to construct a sanitary landfill in violation of R.A. 9003, thereby posing major public health hazards and environmental risks.	We recommended that Management:  48. Prioritize the allocation of funds for the establishment and operation of a sanitary landfill in accordance with Sections 40 and 41 of R.A. 9003. In the meantime, take action to convert the existing open	The Municipality had started the closure of the open dumpsite in Brgy. Bantolinao. A sanitary landfill is now used for waste disposal.	Unimplemented

Ref.	Observation	Recommendations	Management Comments/Actions	Status of Implementation
		<p>dump site into a controlled dump and hasten its closure within a specific time frame;</p> <p>49. Enforce strictly the Municipality's ordinances relative to solid waste management and ensure 100 percent compliance thereof; and</p> <p>X x x</p>	<p>Strict enforcement had not been done.</p>	<p>Unimplemented</p>
<p>2016 ML AO No. 14, page 13</p>	<p>Payments to the Vice Mayors' League of the Philippines (VMLP) and the League of Municipalities amounting to ₱11,300.00 and ₱25,000.00, respectively, were not acknowledged by an official receipt of the Republic of the Philippines as required under section 505(b) of R.A. No. 7160 thus eliminating accounting thereof as government funds and the audit thereof by the Commission on Audit as required under existing government accounting and</p>	<p>50. We recommended that the municipal vice mayor and municipal mayor, as representatives of the Municipality of Manjuyod, request the treasurer of the respective leagues to acknowledge their payments (as well as collections from other member-municipalities) with government accountable form No. 51 in order that the funds may be subject to government accounting</p>	<p>There had still been no feedback from the respective leagues.</p>	<p>Unimplemented</p>

Ref.	Observation	Recommendations	Management Comments/Actions	Status of Implementation
	auditing rules and regulations.	and auditing rules and regulations.		
2016 ML AO No. 16, page 16	Two (2) fully reconditioned mini cobra rescue vehicles procured out of the Local Disaster Risk Reduction Management Fund (LDRRMF), were used in normal day-to-day operations as service vehicle and as hauler of vegetables from different barangays, 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 inavailability of these vehicles when actual strikes, thereby negating the purpose for which the vehicles were purchased.	51. We recommended that the use of the rescue vehicles for ordinary, day-to-day operations be immediately stopped in order to preserve the utility of these vehicles to times of actual calamity solely for rescue and response activities in conformity with DILG Memorandum Circular No. 2014-115 dated December 17, 2014.	Due to lack of serviceable vehicles, the LDRRM vehicles on standby had been utilized for purposes other than LDRRM needs in order that government transactions are not hampered.	Unimplemented
2015 AAR AO No. 1, page 26	The Cash-in-Bank - Local Currency, current account under the General Fund Special Accounts - Market Operations, Waterworks and Cemetery showed abnormal	52. We recommended that Management require the Municipal Accountant and Municipal Budget Officer to monitor actual collections of each	Monitoring of actual collections had not been done by the Municipal Accountant and the Municipal Budget Officer.	Unimplemented

Ref.	Observation	Recommendations	Management Comments/Actions	Status of Implementation
	credit balance amounting to ₱12,111,784.49, ₱23,887,020.05, and ₱2,914,375.96, respectively in violation of Section 337 of RA 7160, or the Local Government Code of 1991, and the principles of sound internal control in the handling of financial operations.	special account and disburse only according to the availability of funds.		
2014 AAR AO No. 3, page 18	The grant of CY 2014 Productivity Enhancement Incentive of ₱26,800.00 each to the municipal officials and employees exceeded the amount of ₱5,000.00 allowed under Executive Order No. 80 dated July 20, 2012 as implemented by Budget Circular No. 2013-3 dated November 21, 2013 resulting to an overpayment of ₱2,398,000.00.	53. We recommended that Management require all employees concerned to refund the overpayment of Productivity Enhancement Incentive for CY 2014 and to henceforth observe strictly the applicable regulations on the grant of any fringe benefits.	Separated and retired employees and officials had already refunded the full amount. The payment of existing employees had been ongoing.	Unimplemented
2013 AAR AO No. 2, page 16	The Municipality donated substantial items of property valued at ₱10,202,875.00 consisting of laptops, heavy equipment, motor vehicles, office equipment, a	54. We recommended that the present administration initiate effort to recover the properties in order that the Municipality can	Most of the donated properties are no longer serviceable and the Municipality were able to make use of some that are still serviceable with proper	Unimplemented

Ref.	Observation	Recommendations	Management Comments/Actions	Status of Implementation
	<p>motorized boat, a marina tourism cottage center, and other equipment to various barangays after the May 13, 2013 election but prior to the end of the outgoing mayor's term contrary to Section 379 and 381 of the Local Government Code of 1991, leaving the incoming elected officials with no equipment in the conduct of the day-to-day operations thus hampering the smooth and effective operation of the various offices/departments of the Municipality as well as the delivery of basic services.</p>	<p>resume efficient and effective day-to-day operations, maintain the efficient delivery of basic services, and maintain its income from its prime tourist attraction, the White Sand Bar.</p>	<p>coordination from those in custody of the PPEs. The Municipality had already sent demand letters to the recipients of the donated assets. However, no legal action was resorted to in order to maintain good relations among the barangays. It should also be noted that of the donated properties, the Municipality can no longer recover the Marina Cottage because it was razed by fire.</p>	
<p>2012 AAR AO No. 6, page 24</p>	<p>Unpaid obligations amounting to ₱4,197,999.44 had remained outstanding for over three (3) years were not reverted to Government Equity, contrary to Section 98 of P.D 1445 and DBM-COA Joint Circular No. 99-06 dated November 13, 1999, thus overstating the payable accounts and</p>	<p>It was recommended that the Management:</p> <p>55. Require the Accountant to revert to Government Equity all accounts payable which had remained outstanding in the books for a period of two (2) years and above pursuant to Section 98 of</p>	<p>No reversion had been made.</p>	<p>Unimplemented</p>

Ref.	Observation	Recommendations	Management Comments/Actions	Status of Implementation
	understanding the government equity account as of December 31, 2012.	<p>P.D. 1445 and DBM-COA Join Circular No. 99-06 dated November 13,1999.</p> <p>56. Require the Municipal Accountant and Municipal Treasurer to review all recorded payables and ascertain those without valid claims, revert the same and adjust the books accordingly.</p> <p>57. Instruct the Accountant to make necessary adjustments in the books by excluding those obligations which are not valid or due and demandable for payment at year end in order to afford fair presentation on the accounts payable in the financial statements.</p>	<p>No reversion had been made.</p> <p>Reconciliation ongoing.</p>	<p>Unimplemented</p> <p>Unimplemented</p>
2011 AAR AO No. 2, page 13	Projects amounting to ₱62,084,466.97 as of December 31, 2011 which	58. Instructed the municipal accountant and municipal engineer to verify the	Completed projects from CY 2022 until present had been transferred to their proper	Unimplemented

Ref.	Observation	Recommendations	Management Comments/Actions	Status of Implementation
	<p>have been recorded prior to CY 2010 still remained in the Construction in Progress accounts and were not transferred to the appropriate asset account as required in Section 50 of the NGAS Manual for LGUs, Volume 1, thus the property accounts may not be fairly presented at year end.</p>	<p>Construction in Progress accounts in order to determine the projects which have already been completed so that the former can prepare the journal entry voucher transferring these completed projects to the appropriate asset accounts in accordance with Section 50 of the NGAS Manual Volume I.</p>	<p>asset accounts. However, tracing had been ongoing for completed projects for before CY 2022.</p>	
2007 AAR	<p>The absence of subsidiary records for the land accounts recorded in the books at ₱1,115,970.50 as of December 31, 2007 makes it difficult to determine the proper composition thereof. Moreover, various parcels of land acquired from previous years up to present are not covered by transfer certificates of title in favor of the Municipality of Manjuyod, thus the Municipality still has no tangible evidence on these properties.</p>	<p>59. Instructed the Municipal Treasurer and the Municipal Accountant to maintain their respective property records for each real property and the Municipal Assessor to prioritize the filing of the application for titling of all real properties acquired by the municipal government so that transfer of certificates of title in favor of the Municipality can be issued to establish ownership thereto.</p>	<p>Titling in process.</p>	<p>Unimplemented</p>

Ref.	Observation	Recommendations	Management Comments/Actions	Status of Implementation
2007 AAR	The cashbook and ledger balances of the cash accounts under the General, Special Education and Trust Funds showed a total difference of ₱510,204.42 as of December 31, 2007 cause the accountable officers and the Municipal Accountant did not reconcile their records as required in Section 181 © of the Government Accounting and Auditing Manual (GAAM), Volume 1, thus affecting the fairness of presentation of the cash account in the financial statements.	60. Required the Municipal Accountant and the Municipal Treasurer to reconcile the cashbooks with the corresponding subsidiary ledgers and prepare the necessary adjusting entries to correct the cash balance as of December 31, 2007.	Ongoing.	Unimplemented
PY AAR	The LGU did not create an internal Audit Service (IAS) as mandated per Administrative Order No. 70 dated April 14, 2003 of the President of the Philippines, resulting to a less efficient and effective fiscal administration of agency affairs and functions	61. We recommended that LGU Management should evaluate and take into consideration the advantages in creating an Internal Audit Service, so that Management may achieve efficient and effective fiscal administration and performance of its affairs and functions.	No action.	Unimplemented

Five audit recommendations appearing in the PY AAR were revised and included in Paragraphs 1.11.1, 1.11.2, 1.11.3, 1.11.4, 1.11.5, 3.7, and 3.8 Part II/A of this report.

**PART IV**  
**APPENDICES**

# PART IV

## APPENDICES

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