



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

MANAGEMENT LETTER

ON THE

MUNICIPALITY OF AMLAN
Province of Negros Oriental

For the Year Ended December 31, 2024



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

RECEIVED
Manuel Jose C. Sycip
Municipal Mayor
6/26/25

OFFICE OF THE SUPERVISING AUDITOR
LGAS-F, NEGROS ORIENTAL I

June 23, 2025

HONORABLE MANUEL JOSE C. SYCIP
Municipal Mayor
Municipality of Amlan
Province of Negros Oriental

RECEIVED
26 JUN 2025
Manila S. Sumon
2:21pm
RECEIVED
26 JUN 2025
CONSTANCA B. SANTIAGO
2:27pm

Dear Mayor Sycip:

We are pleased to transmit the Management Letter (ML) of the Municipal Government of Amlan, for 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.

We conducted the audit in accordance with applicable International Standards of Supreme Audit Institutions (ISSAIs).

The audit observations, together with the recommended courses of action, are discussed in detail in the report. Likewise, Management's comments are also incorporated, where appropriate.

In order to facilitate the monitoring of the implementation of the audit recommendations, we are attaching herewith the Agency Action Plan and Status of Implementation (AAPSI) of Audit Observations and Recommendations prescribed under COA Memorandum No. 2014-002 dated March 18, 2014, to be accomplished by the Management. We would appreciate being informed of management's actions by accomplishing the AAPSI and furnishing us a copy thereof, within sixty (60) days from receipt hereof.

Very truly yours,

KATHERINE Z. VELEZ
State Auditor V
Supervising Auditor

Copy Furnished:

1. The Sangguniang Bayan Members
Thru: The Secretary, Sangguniang Bayan
Municipality of Amlan
2. The Secretary
Department of Interior and Local Government
Quezon City
3. The Regional Director
Bureau of Local Government
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MUNICIPAL GOVERNMENT OF AMLAN

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
			Target Implementation Date						
			Action Plan	Person/Dept. Responsible	From	To			

Agency sign-off:

Name and Position of Agency Officer

Date

Note: Status of Implementation may either be (a) Implemented, or (b) Unimplemented



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

OFFICE OF THE AUDITOR
AUDIT TEAM O3, LGAS-F NEGROS ORIENTAL I

June 23, 2025

KATHERINE Z. VELEZ

Supervising Auditor

Audit Group LGAS-F and H Negros Oriental I

Dumaguete City

Madam:

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

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

Our comments and observation were communicated to Management through Audit Observation Memorandum and were discussed with agency personnel in an exit conference conducted on June 20, 2025. Their comments were incorporated in the Management Letter, where appropriate.

We conducted the audit in accordance with applicable International Standards of Supreme Audit Institutions.

Based on the audit work performed, we still cannot issue an Audit Opinion nor prepare an Annual Audit Report, since the complete set of financial statements, along with the corresponding trial balances, and corresponding General and Subsidiary Ledgers, has not been submitted to date.

Very truly yours,

A handwritten signature in blue ink, appearing to read 'REGIE R. BAOY', written over a light blue rectangular background.

REGIE R. BAOY

State Auditor II

OIC- Audit Team Leader



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

OFFICE OF THE SUPERVISING AUDITOR
LGAS-F, NEGROS ORIENTAL I

June 23, 2025

HONORABLE MANUEL JOSE C. SYCIP

Municipal Mayor
Municipal Government of Amlan
Province of Negros Oriental

Dear Honorable Mayor Sycip:

***Management Letter (ML) on the Audit of the Municipal Government of Amlan
For the period January 1 to December 31, 2024***

1. Pursuant to Section 2, Article IX-D of the Philippine Constitution and Section 43 (2) of Presidential Decree No. 1445, otherwise known as the Government Auditing Code of the Philippines, we conducted an audit on the accounts and operations of the Municipality of Amlan, Negros Oriental, for the calendar year ending December 31, 2024.
2. We conducted our audit in accordance with the International Standards of Supreme Audit Institutions (ISSAIs). Those standards require that we plan and perform the audit to obtain a reasonable basis for our conclusion.
3. The audit was conducted to (a) ascertain the propriety of financial transactions and the Local Government Unit's (LGU's) compliance with prescribed rules and regulations; (b) recommend measures to improve the efficiency and effectiveness of the agency's operations; and c) determine the extent of implementation of prior years' audit recommendations.
4. The audit included examining, on a test basis, evidence supporting the amounts in the financial statements, assessing compliance of disbursements to prescribed rules and regulations, and evaluating conformity to the periodic submission of accounts and preparation of the financial statements.
5. Deficiencies observed in the course of the audit were communicated to Management through Audit Observation Memoranda and were discussed with concerned Management officials during the exit conference on June 10, 2025. Their comments were incorporated in this Letter, where appropriate.

6. We wish to bring to your attention the following significant observations and recommendations from the audit of the operations of the Municipal Government of Amlan for the year ended December 31, 2024, along with other relevant information regarding the Municipal Government, as obtained from the records of the Audit Team and the financial and other reports submitted by Management for audit:

a) Status of audit for CY 2024 accounts

- i. The audit of the CY 2024 accounts of the Municipality could not be completed because the Municipality did not submit the financial statements, trial balances, and corresponding General and Subsidiary Ledgers.
 - ii. Of the 103 recommendations from previous years, six were implemented and 97 were not implemented, as shown in the validation results presented in **Annex A**.
 - iii. We have the following audit observations for the year ended December 31, 2024:
7. **The Municipal Accountant was unable to submit the Municipality's year-end financial statements (FS) for CY 2024 within the prescribed period, contrary to Section 41(2) of PD No. 1445 and Section 4.1 of COA Circular No. 2010-01 dated March 2, 2010, thereby depriving the municipal officials of timely financial data essential for informed decision-making.**
8. Section 41(2) of Presidential Decree (PD) No. 1445, or the Government Auditing Code of the Philippines, provides that the chief accountant or the official in charge of keeping the accounts of a government agency shall submit to the Commission year-end trial balances and such other supporting or subsidiary statements as may be required by the Commission not later than the fourteenth day of February.
9. Moreover, the same provision is found in Section 4.1 of COA Circular No. 2010-01 dated March 2, 2010, which states that the accountant shall submit the year-end FS and schedules to the auditor on or before February 14 of each year. This amends the provisions in Sec. 3.1 of COA Accounting Circular Letter No. 2007-002 dated January 19, 2007, which provides that year-end FS shall be submitted within 60 days after December 31 of each year.
10. Consistent with the adoption of the Philippine Public Sector Accounting Standards (PPSAS) in the LGUs, Section 3.4 of COA Circular 2016-004 dated September 30, 2016, prescribed the presentation of the financial statements as follows:
 - 10.1. Statement of Financial Position;
 - 10.2. Statement of Financial Performance;
 - 10.3. Statement of Changes in Net Assets/Equity;
 - 10.4. Cash Flow Statement;
 - 10.5. Comparison Statement of Budget and Actual Amounts (SCBAA); and
 - 10.6. Notes to Financial Statements.

11. On January 22, 2025, the Audit Team requested the submission of the FS, including schedules of subsidiary ledger balances for the controlling accounts in the general ledger (GL) as of December 31, 2024. However, the Municipal Accountant was unable to comply.
12. Due to the non-submission of the financial statements on February 14, 2024, we issued a demand letter on February 17, 2025, requesting that the Municipal Accountant promptly submit the year-end financial statements.
13. When no action was taken, a second demand letter was sent on March 31, 2025. In line with Section 122 of Presidential Decree (PD) No. 1445, we recommended to the Local Chief Executive (LCE) the suspension of the Municipal Accountant's salary due to continued non-compliance. We also reminded Management that under Section 127 of the same Decree, any unjustified failure of a public officer to comply with the requirements of the Code constitutes neglect of duty, which may warrant administrative disciplinary action. If found guilty after due process, the responsible officer shall be penalized in accordance with the Civil Service Law.
14. Our interview with the Municipal Accountant revealed that they recently finished encoding the December Cash Disbursement Vouchers, which were submitted by the Municipal Treasurer's Office toward the end of January 2025. Additionally, the accounting office faced staffing challenges, as one encoder transferred to another agency and another staff member recently retired. Currently, the accounting office is focused on cleansing Property, Plant, and Equipment (PPE) records, posting to the Subsidiary Ledger (SL), and making adjusting entries to reconcile items from the Bank Reconciliation Statements (BRS). The Municipal Accountant has assured us that the financial statements will be submitted by the first week of March 2025.
15. However, as of this date, the Municipal Accountant has still not submitted the FS and trial balances.
16. The delayed submission of the FS not only hindered the timely conduct of audit procedures but also limited Management's ability to access relevant and current financial information necessary for prudent planning and operational decisions. The non-compliance with the mandated deadline undermines fiscal transparency and accountability in local governance.
- 17. We recommended and the MTO agreed to establish a strict internal schedule for the timely submission of all accounting source documents to avoid delays in the preparation of the year-end FS.**
- 18. We also recommended and the Human Resource Management Officer (HRMO) agreed to prioritize the prompt hiring and deployment of qualified personnel to fill the vacant positions in the accounting office, subject to the lifting of the COMELEC election ban, to ensure continuity and efficiency in financial reporting activities.**

- 19. We further recommended that the LCE conduct a formal assessment to determine accountability among all involved offices for the delayed submission of the FS for CY 2024, ensuring a fair and objective evaluation under Sections 122 and 127 of PD No. 1445, and help identify systemic improvements to prevent future delays.**
20. The Municipal Accountant cited recurring delays in receiving financial documents, particularly Disbursement Vouchers (DVs) for November and December 2024, which were submitted in bulk just five working days before the COA deadline. These late submissions significantly hindered the timely preparation of financial reports. She also pointed to staffing shortages—only one senior bookkeeper remains, with minimal support from job order personnel—as a major constraint. Despite these challenges, she continues to coordinate with the Treasurer’s Office and is committed to documenting all communications for transparency.
21. The Municipal Treasurer clarified that while collection reports are submitted weekly, delays occur due to encoding requirements and the need for mayoral approval of DVs. She added that the Accounting Office does not accept incomplete submissions, further affecting timelines. The Treasurer emphasized ongoing follow-ups and coordination efforts, but noted that missing signatures and incomplete documents often cause unavoidable delays.
22. The Audit Team (AT) stressed that the two-month lag in DV transmittal from the Treasurer’s Office greatly impacts the Accountant’s reporting. While recognizing the Accountant’s efforts, the AT reiterated that she remains the final processor of financial reports. To address the issue, the AT recommended that all communications be documented and a memo be issued to reiterate deadlines and responsibilities. Stronger coordination among offices and active oversight by department heads were also advised to prevent future delays.
- 23. The grant of Health Emergency Allowance (HEA) totaling ₱12,850,125.00 to public and private healthcare and non-healthcare workers of the Amlan Rural Health Unit was not supported by quitclaims that included an agreement to return any excess amount received for the same month, contrary to the provisions of the Memorandum of Agreement (MOA) between the DOH – CVHD and the Municipality of Amlan, thereby increasing the risk of duplicate payments and unrecovered disbursements.**
24. Republic Act (RA) No. 11712, also known as the Public Health Emergency Benefits and Allowances for Health Care Workers Act, was signed into law on April 27, 2022. It mandates the provision of essential benefits and allowances to health care workers (HCWs) and non-HCWs for their critical role in delivering quality care during national public health emergencies. Specifically, it allows for the grant of the Health Emergency Allowance (HEA) to eligible public and private HCWs and non-HCWs, regardless of their employment status, who are assigned in health facilities involved in the COVID-19 response, for every month of service from July 1, 2021 until the public health emergency due to COVID-19 is lifted by the President. Section 5 of the same Act stipulates that the amount of HEA shall vary based on the risk exposure categorization of the HCWs and non-HCWs in a particular setting: three thousand pesos (₱3,000) for low risk, six thousand pesos (₱6,000) for medium risk, and nine thousand pesos (₱9,000) for high risk.

25. In this regard, the Department of Health – Central Visayas Center for Health Development (DOH-CVCHD) and the Municipality of Amlan entered into a Memorandum of Agreement (MOA) outlining the respective obligations of both parties. Under the MOA, the DOH-CVCHD is responsible for transferring the necessary funds to the Municipality for the payment of Health Emergency Allowance (HEA). In turn, the Municipality of Amlan is tasked with facilitating the distribution of HEA benefits to eligible healthcare workers (HCWs) and non-healthcare workers (non-HCWs). Furthermore, the MOA explicitly requires the Municipality to secure a quitclaim from each recipient, containing an undertaking to return any excess amount in the event that HEA is received more than once for the same month.
26. Our post-audit of the Status of Fund Transfer and Report of Disbursement disclosed that the Municipality of Amlan received the following funds via direct deposit from DOH-CVHD in CY 2024:

Date	Particulars	Amount
3/21/24	HEA for July 2021 to December 2021	₱ 5,521,000.00
3/21/24	HEA for July 2022 to December 2022	3,047,125.00
5/9/24	HEA for January 2023 to July 2023	4,282,000.00
Total		₱12,850,125.00

27. Without a quitclaim, there is no formal commitment from the recipients to return any excess amount if they receive HEA from multiple sources for the same month. This increases the likelihood of duplicate payments, which may result in overcompensation. The MOA explicitly requires the submission of quitclaims as a precondition for fund utilization and liquidation. Non-compliance may be considered a breach of agreement, potentially affecting the Municipality’s eligibility for future fund transfers from the DOH-CVCHD.
- 28. We recommended and the Municipal Health Officer (MHO) agreed to require all recipients of the HEA to execute a quitclaim, which shall include an undertaking to return any excess amount received in case of duplicate payments for the same month, in accordance with the provisions of the MOA.**
- 29. We further recommended and the MHO agreed to fully comply with the provisions of the MOA entered into with the DOH-CVCHD for the payment of HEA benefits.**
30. The MHO submitted a quitclaim that included an undertaking by the recipients to return any excess amount received in case of duplicate payments for the same month, in accordance with the provisions of the MOA. The quitclaim was notarized on June 20, 2025.
- 31. Procurement of goods and services amounting to ₱482,811.45 was made through reimbursement to various officials and employees, contrary to Section 10 of Republic Act (RA) No. 9184, thereby bypassing the required procurement processes and compromising the principles of transparency, economy, and efficiency.**

32. Section 10 of RA No. 9184 mandates that all procurement be conducted through Competitive Bidding, except as stipulated in Article XVI of this Act.
33. Article XVI, Section 48 of the same law, states that subject to the prior approval of the Head of the Procuring Entity or his duly authorized representative and whenever justified by the conditions provided under RA 9184, the Procuring Entity may, in order to promote economy and efficiency, resort to alternative methods of procurement.
34. The post-audit of disbursement vouchers (DVs) conducted on a sampling basis revealed that the procurement of goods and services totaling ₱482,811.45 (Annex A) was paid from the General Fund (GF) as reimbursements to the following officials and employees:

Name	Position	Amount
Hon. Manuel Jose C. Sycip	Municipal Mayor	₱ 96,460.00
Ms. Arlene Chary I. Pontinez	Municipal Treasurer	77,469.70
Mr. Arnie T. Basay	OIC- MAO	3,318.00
Ms. Chadee S. Baena	Municipal Assessor	4,525.50
Dr. Erick Jude T. Briones	Municipal Health Officer	13,020.00
Mr. John John S. Alabata	Tourism Officer	1,000.00
Ms. Juvy A. Simbulas	Municipal Treasurer	5,785.00
Ms. Lalaine J. Songcayauon	Acting-MPDC	4,800.00
Ms. Lara Flynn B. Mercado	HRMO	103,010.25
Ms. Marie Jun O. Maturan	Municipal Accountant	71,146.00
Ms. Nerisa J. Dini-Ay	MSWDO	71,900.00
Engr. Rene C. Belga	Municipal Engineer	13,000.00
Ms. Riza Mae Orillan	RCC II	13,9950.00
Ms. Valerie T. Uy	Municipal Budget Officer	2,700.00
Total		₱ 482,811.45

35. The practice of procuring goods and services through reimbursement is not among the methods authorized under RA 9184. The absence of competitive bidding or duly approved alternative procurement methods undermines the principles of transparency and competitiveness and exposes the agency to risks of inefficiency, overpricing, and potential misuse of public funds. It also weakens internal controls and diminishes the integrity of the procurement process.
- 36. We recommend and the members of the Bids and Awards Committee (BAC) agreed to strictly comply with the procurement procedures prescribed under RA 9184 and its Implementing Rules and Regulations, and ensure that all future procurement activities are undertaken through competitive bidding or duly approved alternative methods. Reimbursements should be limited to exceptional and duly justified cases supported by complete documentation and prior authorization from the Head of the Procuring Entity.**

- 37. Cash advance amounting to ₱354,000.00 was granted to an unbonded employee, contrary to Section 101 of Presidential Decree (PD) No. 1445 and Item 7.1 of COA Circular No. 97-002 dated February 10, 1997, thus exposing the Municipality to financial risk, as there is no assurance of recovery in the event of misuse, non-liquidation, or failure to return the funds.**
38. Section 101 of PD No. 1445 states that every officer of any government agency whose duties allow or require the possession or custody of government funds or property shall be accountable for them and for their safekeeping in accordance with the law. It further provides that every accountable officer shall be properly bonded as required by law.
39. Furthermore, Item 7.1 of COA Circular No. 97-002 dated February 10, 1997, requires that any accountable officer with a total cash accountability of ₱2,000.00 or more must be bonded, except for those who are granted cash advances for travel. The bond amount shall depend on the officer's total accountability as determined by the Head of the Agency. An official or employee who is accountable for both money and property shall be bonded only once to cover both accountabilities; however, the bond amount shall be in accordance with the Schedule.
40. The post-audit of Disbursement Voucher (DV) No. 100-24126477 dated December 19, 2024, revealed that the Municipality granted a cash advance to its employee amounting to ₱354,000.00. Review of the supporting documents, including the Liquidation Report (LR), showed that the cash advance was used for the Seminar on Safe Spaces Act, intended for 590 employees of the Municipality.
41. However, upon further examination of the supporting documents, it was revealed that the cash advance was not accompanied by an approved application for a fidelity bond for the accountable officer. This observation was confirmed during an interview with the Municipal Treasurer, who stated that the employee in question had not secured or submitted an approved application for bonding.
42. The absence of a bond contravenes Section 101 of PD No. 1445 and Item 7.1 of COA Circular No. 97-002 dated February 10, 1997, which exposes the agency to financial risk, as there is no assurance of recovery in cases of misuse, non-liquidation, or failure to return the funds.
- 43. We recommended and Management agreed to strictly ensure that cash advances with a total cash accountability of ₱2,000.00 or more, excluding those related to official travel, are granted only to personnel who are duly bonded, in compliance with Section 101 of PD No. 1445 and Item 7.1 of COA Circular No. 97-002 dated February 10, 1997.**

- 44. The Municipal Accountant did not submit the required semestral status reports on unliquidated cash advances, fund transfers, and other receivables as of December 31, 2024 within the prescribe period, contrary to Section 122 of P.D. No. 1445 and COA Memorandum No. 2017-010, which hampered the auditor’s ability to verify and monitor outstanding accounts, thereby weakening financial oversight and accountability.**
45. Section 122 of otherwise known as the “Government Auditing Code of the Philippines” states: “Submission of reports. Whenever deemed necessary in the exigencies of the service, the Commission may under regulations issued by it require the agency heads, chief accountants, budget officers, cashiers, disbursing officers, administrative or personnel officers, and other responsible officials of the various agencies to submit trial balances, physical inventory reports, current Plantilla of personnel, and such other reports as may be necessary for the exercise of its functions.” (emphasis supplied)
46. Meanwhile, COA Memorandum No. 2017-010 dated May 15, 2017, prescribes the guidelines on the submission of Status Reports of Unliquidated Cash Advances, Fund Transfers, and other Receivables. The Commission recognizes that, while the grant of cash advances is susceptible to abuse, it is a facilitation tool in the financial operation of the government. However, it has been noticed that, despite considerable measures adopted by the Commission, significant amounts of unliquidated cash advances and fund transfers, and other receivables were reported as of the end of CY 2016; hence, the Commission has revised and prescribed COA Memorandum 2017-010.
47. Item V.1 of the Memorandum states that the status of all receivables, unliquidated cash advances, and fund transfers shall be updated semi-annually. Furthermore, Annexes A to D, prescribes the reporting requirements for “Status of Unliquidated Cash Advances,” “Status of Fund Transfers to other Government/Implementing Agencies (IAs),” “Status of Fund Transfers to Non-Governmental Organizations/People’s Organization (NGOs/POs),” and “Status of Other Receivables.” The Municipal Accountant is required to fill out Column Nos. 1-9 of the status report.
48. On December 26, 2024, we sent an electronic mail to the accounting personnel of the Municipality to submit the status reports of all receivables unliquidated cash advances, and fund transfers as of December 31, 2024, on or before January 8, 2025. On January 23, 2025, the Office of the Mayor and the Municipal Accountant received a formal Request for Documents from the Audit Team, which included the required submission of the Status Reports on unliquidated cash advances, fund transfers, and other receivables as of December 31, 2024.
49. On February 25, 2025, or 45 days after the required date of submission, the Municipality submitted the status report of all receivables, unliquidated cash advances, and fund transfers.
50. The submission of the required semestral reports beyond the prescribed period reflects weak internal financial controls, as it obstructs oversight over fund movements and increases the risk of mismanagement, inefficiency, or fund misuse. This non-compliance also impedes the auditor’s ability to track and verify outstanding amounts, delays the identification of responsible accountable officers, and ultimately risks the

prolonged inaction or write-off of dormant receivables that could otherwise be recovered.

51. We recommended and the Municipal Accountant agreed to ensure the timely preparation and submission of the Semestral Report on the Status of Unliquidated Cash Advances, Fund Transfers, and Other Receivables on or before the 8th day following the end of each semester, in compliance with Section 122 of P.D. 1445 and COA Memorandum 2017-010 dated May 15, 2017.

b) Summary of Total Suspensions, Disallowances, and Charges

There were no outstanding suspensions or charges as of the end of the year. However, the Notices of Disallowance showed the following balance as of December 31, 2024:

Particulars	Beginning Balance (1/1/2024)	Issued this Period (1/1/2024 to 12/31/2024)		Ending Balance (12/31/2024)
		ND	NSSDC	
Disallowance	₱ 7,857,900.00	1,890,000.00	0.00	₱9,747,900.00

This ending balance pertains to audit disallowances issued and received in the following years:

Years Issued	Balance as of 12/31/2024	Transaction Year	Remarks
Notice of Disallowance (ND)			
Prior Years	748,000.00	Prior Years	ND Records not found.
2020	2,559,900.00	2019	NFD was issued.
2023	4,550,000.00	2021	With pending appeal
2024	1,890,000.00	2022	Received on October 10, 2024
Total ND	₱9,747,900.00		

We would like to note that the aforesaid balances do not include Notices of Suspension, Disallowance, and Charge issued prior to the effectivity of the Rules and Regulations on Settlement of Accounts, which are still subject to reconciliation with the balances of the accounting record.

c) Other Matters

We have audited other areas, but we have not yet obtained sufficient and competent evidence on these matters to warrant the inclusion of audit observations in this Letter.

52. We wish to express our appreciation to the Management and staff of the Municipal Government of Amlan, Negros Oriental for the cooperation and assistance extended to our Audit Team during the audit.

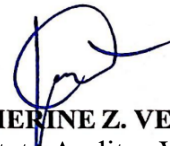
Very truly yours,

COMMISSION ON AUDIT

By:



REGIE R. BAOY
State Auditor II
OIC- Audit Team Leader



KATHERINE Z. VELEZ
State Auditor V
Supervising Auditor

Copy furnished:

1. The Honorable Sangguniang Bayan Members
Thru: The Secretary, Sangguniang Bayan
Municipality of Amlan
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)

Ref.	Observation	Recommendation	Status of Implementation/ Results of Validation
<p><u>2023 AAR</u> AO No. 1, Page 28</p>	<p>The non-reconciliation of the net difference of ₱111,615,997.53 between the General Ledger balance and the Report on the Physical Count of Property, Plant and Equipment (PPE), which goes against the guidelines outlined in COA Circular No. 2020-006 dated January 31, 2020, for the One-Time Cleansing of PPE, rendered the balance of the PPE accounts with a gross amount of ₱186,677,741.86 as of December 31, 2023, unreliable and inaccurate.</p>	<p>The Inventory Committee to:</p> <ol style="list-style-type: none"> 1. Assist the Municipal Accountant in reconciling the difference of ₱111,615,997.53 between the accounting and property records and the result of the actual physical count; 2. Adopt the uniform numbering system for property numbers of PPE and require the Property Unit to update the property stickers based on the prescribed format and to include the required information under Section 5.6 and 5.7 of COA Circular No. 2020-006 dated January 31, 2020; and 3. Prepare and submit the approved PIP to the COA Audit Team within the prescribed period. 	<p>Unimplemented</p> <p>Due to a lack of personnel</p> <p>Unimplemented</p> <p>The recommendation had not been acted on because management was waiting for reconciliation to be completed.</p> <p>Unimplemented</p>
<p><u>2023 AAR</u> AO No. 2, Page 32</p>	<p>The accuracy and reliability of the LRN account totaling ₱22,438,979.28 could not be ascertained due to various deficiencies noted, in violation of COA Circular No. 2015-008 dated November 23, 2015, thereby, affecting the fair presentation of the account in the financial statements (FS).</p>	<p>Management to:</p> <ol style="list-style-type: none"> 4. Create an Inventory Committee to focus on the physical count of local roads; and 5. Enjoin the Municipal Treasurer, Municipal Accountant, and Municipal Engineer to strictly comply with the accounting and reporting guidelines on the local roads asset management 	<p>Implemented</p> <p>Unimplemented</p>

Ref.	Observation	Recommendation	Status of Implementation/ Results of Validation
	<ul style="list-style-type: none"> • Non-conduct of inventory of local roads and non-preparation of RPCLRN • The costs of each road component of the local road projects in the books of accounts were not segregated • Non-maintenance of LRNLC and LRNPC showing complete description and cost segregation of LRN components • Non-disclosure of the total road network system in the Notes to the FS 	system pursuant to COA Circular No. 2015-008 dated October 23, 2015	
<p><u>2023 AAR</u> AO No. 3, Page 34</p>	<p>Items of PPE with a total cost of ₱262,904,766.30 were not provided with depreciation, inconsistent with International Public Sector Accounting Standard (IPSAS) 17, affecting the accuracy and reliability of the FS.</p>	<p>6. The Local Chief Executive direct the Municipal Accountant to maintain PPE Ledger Cards to track all the transactions related to PPE.</p> <p>7. The Municipal Accountant ensure that all depreciable PPEs have been provided with a depreciation expense and that all necessary data have been appropriately recorded in compliance with IPSAS 17.</p> <p>8. The Municipal Accountant prepare the appropriate journal entries to correct the omitted depreciation and present the</p>	<p>Unimplemented</p> <p>Unimplemented</p> <p>Unimplemented</p> <p>Verification could not be completed because documents</p>

Ref.	Observation	Recommendation	Status of Implementation/ Results of Validation
		asset accounts to their correct carrying amounts.	proving the implementation of the recommendations had not been submitted as of date.
<u>2023 AAR</u> AO No. 4, Page 36	The Cash in Bank balances showed a difference of ₱15,072,769.53 against the confirmed balances from the depository bank, which remained unadjusted because Bank Reconciliation Statements (BRS) were not prepared, inconsistent with Section 74 of PD No. 1445 and Sections 3.2, 3.3, and 3.4 of COA Circular No. 96-011 dated October 2, 1996, thus presenting an inaccurate and unreliable balance in the financial statements.	9. The Municipal Accountant reconcile their records with the bank statements to determine the valid reconciling items for adjustments in the books of accounts and submit the BRS to the COA Auditor every month, together with copies of the bank statements, subsidiary ledgers of each depository account, and original copies of the debit and credit memos pursuant to COA Circular No. 96-011 dated October 2, 1996.	Unimplemented The required documents had not been submitted as of date.
<u>2023 AAR</u> AO No. 5, Page 37	Current Accounts (LCCA) showed unreconciled differences of ₱(25,109,917.27) and ₱(3,050,337.84), respectively, against the cashbook balances due to non-reconciliation of both records on a regular basis, inconsistent with Section 143 (A.7) of the Local Treasury Operations Manual (LTOM), 2nd Edition, hence, balances at year-end are unreliable.	The Municipal Treasurer and Municipal Accountant to: 10. Trace the differences between the Cash Local Treasury and Cash in Bank-LCCA accounts; 11. Conduct properly the quarterly reconciliation between the treasury records and accounting records in compliance with Section 143 (A.7) of the LTOM; and	Unimplemented Unimplemented

Ref.	Observation	Recommendation	Status of Implementation/ Results of Validation
		12. Submit an explanation of why the observation has remained unacted for the past five years.	Unimplemented
<u>2023 AAR</u> AO No. 6, Page 39	The balance in the Loans Payable-Domestic account of ₱11,589,807.42 did not reconcile with the loan balance per confirmation letters from the lending institutions, resulting in a discrepancy of ₱2,543,940.18, making the year-end balance of the account unreliable. Moreover, disclosure in the FS is incomplete, a departure from the fair presentation requirement under the IPSAS thus, affecting the usefulness of the financial information on loans to its users.	The Municipal Accountant to: 13. Analyze the Loans Payable-Domestic account and coordinate with DBP and LBP to reconcile and update records maintained by both parties. Discrepancies noted should be reconciled, and the necessary adjustments be effected to ensure a fair presentation of the account in the FS; and 14. Revise the notes to FS to include the principal amount, interest rate, maturity date, purpose of the loan, and interest expense for the Loans Payable - Domestic account.	Unimplemented Unimplemented None submitted as of date.
<u>2023 AAR</u> AO No. 7, Page 41	The Municipal Accountant was unable to submit the year-end FS of the Municipality for CY 2023 within the prescribed period due to delayed submission of the Report of Disbursements from the Municipal Treasurer's Office, contrary to Section 41(2) of Presidential Decree (PD) No. 1445,	15. The Municipal Accountant to: a) Reconcile the balance of the Cash and Cash Equivalents in the Statement of Financial Position and Statement of Cash Flows and conduct regular cross-checking and reconciliation of these two	Unimplemented <i>This is reiterated in paragraph no. 7 of this report.</i>

Ref.	Observation	Recommendation	Status of Implementation/ Results of Validation
	and Section 4.1 of COA Circular No. 2010-01 dated March 2, 2010, thus preventing users from utilizing the financial information for decision-making in a timely manner.	statements to prevent discrepancies; and b) Submit copies of the approved Journal Entry Vouchers to record the closing entries for CY 2023. 16. The Disbursing Officer submit the RDs within the prescribed period to avoid delays in preparing the FS and submitting it to the Audit Team.	Unimplemented
<u>2023 AAR</u> AO No. 8, Page 43	The Municipal Accountant did not maintain Subsidiary Ledgers (SLs) for applicable accounts, contrary to Sections 4 and 70, Volume 1, of the Manual on the New Government Accounting System (NGAS), for Local Government Units (LGUs), precluding us to validate the details of the transactions that appeared in the GLs and FS for CY 2023.	17. The Municipal Accountant prepare the applicable SLs and submit them to the COA Auditor pursuant to Sections 4 and 70, Volume I, of the NGAS Manual for LGUs. 18. The Municipal Accountant explain to the COA Auditor why the audit finding has not been acted upon since CY 2018.	Unimplemented Unimplemented The required documents had not been submitted as of date.
<u>2023 AAR</u> AO No. 9, Page 44	Expenses for fuel used for administrative purposes amounting to ₱100,000.00 were charged to the 20% Development Fund (DF) despite being expressly prohibited under Section 3.2.5 of the Department of Budget and Management (DBM), Department of Finance (DOF), and Department of the	19. Management stop charging administrative expenditures to the 20% DF pursuant to Section 3.2.5 of the DBM, DOF, and DILG JMC No. 1 dated November 4, 2020.	Unimplemented

Ref.	Observation	Recommendation	Status of Implementation/ Results of Validation
	Interior and Local Government (DILG) Joint Memorandum Circular (JMC) No. 1 dated November 4, 2020, resulting in the irregular utilization of the fund and reducing the amount available for development projects.	20. Management appropriate funds from the General Fund to reimburse the 20% DF for administrative expenditures.	Unimplemented
<u>2023 AAR</u> AO No. 10, Page 46	The Municipality spent ₱294,686.31 out of the LDRRMF on office supplies and fuel that are not related to disaster rescue or response activities, inconsistent with Section 5.0 of NDRRMC-DBM-DILG Joint Memorandum Circular No. 2013-1 dated March 25, 2013, and DILG Memorandum Circular No. 2012-73 dated April 17, 2012. Thus, the municipality reduced the funds available for disaster risk management, relief, rehabilitation, and recovery programs.	Management to: 21. Adhere strictly to the provisions of DILG Memorandum Circular No. 2012-73 dated April 17, 2012, and NDRRMC-DBM-DILG Joint Memorandum Circular No. 2013-1 dated March 25, 2013, on the utilization of the LDRRMF; and 22. Reimburse the LDRRMF from the General Fund for the cost of supplies and fuel used for purposes other than those related to disaster risk reduction and management.	Unimplemented Unimplemented The required documents had not been submitted as of date.
<u>2023 AAR</u> AO No. 11, Page 48	The Municipality purchased 10 units of Apple iPad amounting to ₱229,950.00, with reference to brand name, in violation of Section 18 of the Republic Act (R.A.) No. 9184, thereby, limiting the procurement and selection process which prevented the	23. Management and the BAC to strictly comply with the provisions of R.A No. 9184 in the procurement of goods, particularly the prohibition of referring to brand names.	Implemented (Closed due to a change in condition)

Ref.	Observation	Recommendation	Status of Implementation/ Results of Validation
	Municipality from securing the most advantageous price for the government.		
<u>2023 AAR</u> AO No. 12, Page 49	The Municipality paid a total of ₱40,000.00 as reimbursement to the Acting Chief of Police of Amlan for confidential expenses, contrary to Item 3.23 of the Commission on Audit (COA), DBM, DILG, Governance Commission for GOCCs (GCG) and Department of National Defense (DND) Joint Circular No. 2015-01 dated January 8, 2015, thus, supporting documents were not submitted to the Intelligence and Confidential Fund Audit Unit (ICFAU) and confidential information was exposed to unauthorized personnel.	24. Management to use the CF for confidential expenses and submit the liquidation reports to ICFAU pursuant to COA, DBM, DILG, GCG, and DND Joint Circular No. 2015-01 dated January 8, 2015.	Implemented (Closed due to a change in condition)
<u>2022 ML</u> page 9	The Municipality granted monetary awards under its Program on Awards and Incentives for Service Excellence (PRAISE) to all its 63 officials and employees amounting to ₱30,000.00 each without adhering to the pertinent provisions of Civil Service Commission (CSC) Memorandum Circular (MC) No. 01, s. 2001 dated January 26, 2001, thus resulting in irregular expenditures totaling ₱1,890,000.00.	25. Management submit a list of employees whose special achievements resulted in monetary savings, indicating the amount of monetary savings generated by their suggestions, inventions, superior accomplishments, and other personal efforts. 26. Henceforth, adhere strictly to the provisions of CSC MC No. 1, series of	Unimplemented The required documents had not been submitted as of date. Unimplemented

Ref.	Observation	Recommendation	Status of Implementation/ Results of Validation
		2001 in the granting of monetary awards under the PRAISE.	
<u>2022 ML</u> page 18	Two (2) mandatory positions for the Local Disaster Risk Reduction and Management Office (LDRRMO) were not filled up as required under the National Disaster Risk Reduction and Management Council (NDRRMC)/Department of Interior and Local Government (DILG)/Department of Budget and Management (DBM)/Civil Service Commission (CSC) Joint Memorandum Circular (JMC) No. 2014-01 dated April 4, 2014, hence, disaster risk reduction and management measures and activities and the implementation thereof may not be assured.	27. Management fill up the mandatory positions in compliance with NDRRMC-DILG-DBM-CSC JMC No. 2014-1 to ensure the implementation of actions and measures related to disaster risk reduction and management.	Unimplemented The two mandatory positions for the LDRRMO still had not been filled as of date.
<u>2021 AAR</u> AO No.2, Page 30	The difference of ₱12,466,087.91 between the Cash Local Treasury account and the Cashbook-Local Treasury remained unreconciled as at year-end because there was no regular reconciliation of the cashbook and the ledger balances contrary to Section 63.F of the Local Treasury Operations Manual and Section 181(c) of the Government Accounting and Auditing	Management: 28. require the Municipal Accountant and the Municipal Treasurer to reconcile the cashbook balances to determine the valid reconciling items for adjustments in the books of accounts; 29. require the Municipal Accountant to prepare the adjusting entry debiting Cash in Bank- Local Currency, Current	Unimplemented Unimplemented

Ref.	Observation	Recommendation	Status of Implementation/ Results of Validation
	<p>Manual (GAAM), Volume I, resulting in erroneous and unreliable Cash Local Treasury account balance as of December 31, 2021.</p> <p>a. The reconciliation of the cashbook balance with the subsidiary accounting records was not complied with; thus, we could not ascertain both records' accuracy, completeness, and correctness.</p> <p>b. The Local Government Support Fund (LGSF) from the Department of Budget and Management (DBM) directly credited to the Municipality's bank account amounting to ₱11,000,000.00 was erroneously recorded as Cash Local Treasury (1-01-01-010), thereby overstating the account by the same amount.</p>	<p>Account (1-01- 02-010) and crediting Cash- Local Treasury (1-01-01-010) amounting to ₱11,000,000.00 based on the bank credit memo to recognize the deposit of the fund transfer; and</p> <p>30. Require the Municipal Accountant and Municipal Treasurer to, henceforth, conduct regular reconciliation of the cashbooks with the subsidiary accounting records in accordance with Sections 63(A.2) and 63.F of the Local Treasury Operations Manual and pertinent provisions of the NGAS Manual.</p>	Unimplemented
<p><u>2021 AAR</u> AO No.3, Page 32</p>	<p>The reliability and accuracy of the reported account balances of Real Property Tax Receivable (1-03-01- 020), Deferred Real Property Tax (2-05-01-010), Due to BIR (2-02-01-010), and Due to NGAs (2-02-01-050) in the General Fund are doubtful because of the absence of the updated subsidiary ledgers, resulting in</p>	<p>31. The Municipal Treasurer furnish the Municipal Accountant at the beginning of the year with a certified list of taxpayers with the amount due and collectible for the current year as their basis for recording the RPT and SET Receivables in compliance with</p>	Unimplemented

Ref.	Observation	Recommendation	Status of Implementation/ Results of Validation
	<p>negative/abnormal balances, contrary to Sections 111(2) and 112 of Presidential Decree (P.D.) No. 1445 and Section 27 of the Philippine Public Sector Accounting Standards (PPSAS) No. 1, thereby, affecting the fair presentation of the financial statements.</p> <p>a. Real Property Tax Receivable was not established at the beginning of the year based on the duly certified list of tax collectibles from the Municipal Treasurer contrary to Section 19(b) and 20 of the Manual on the New Government Accounting System (NGAS), Volume I.</p> <p>b. The Local Government Support Fund (LGSF) from the Department of Budget and Management (DBM) directly credited to the Municipality's bank account amounting to ₱11,000,000.00 was erroneously recorded in the books of accounts, thereby, understating Due to NGAs account by the same amount.</p>	<p>Sections 19(b) and 20, Volume I of the NGAS Manual.</p> <p>32. The Municipal Accountant prepare the adjusting entry debiting Cash in Bank-Local Currency, Current Account (1-01-02-010) and crediting Due to NGAS (2-02-01-050) amounting to ₱11,000,000.00.</p> <p>33. The Municipal Mayor instruct the Municipal Accountant to update and maintain the subsidiary ledgers of the general ledger accounts, conduct a thorough review of the affected accounts to determine the other causes of the abnormal balances, initiate corrections/adjustments, and thereafter come up with all accounts in their normal balances to fairly present the financial statements.</p>	<p>Unimplemented</p> <p>Unimplemented</p>

Ref.	Observation	Recommendation	Status of Implementation/ Results of Validation
<p><u>2021 AAR</u> AO No.6, Page 44</p>	<p>The financial assistance from The Provincial Government of Negros Oriental for COVID-19 response operations was utilized for the payment of hazard pay to some personnel of the Rural Health Unit (RHU) and barangay officials and employees of the Municipality contrary to Item 1 of the Memorandum of Agreement (MOA) dated May 17, 2021, and Section 9 of COA Circular No. 94-013 dated December 13, 1994. Moreover, the conditions on the grant of the hazard pay under Section 4.0 of DBM Budget Circular No. 2020-1 dated March 24, 2020, were not fully complied with, casting doubt on the validity and propriety of the disbursement.</p> <p>a. The financial assistance for COVID- 19 response operations was utilized for the payment of hazard pay contrary to Item 1 of the Memorandum of Agreement (MOA) dated May 17, 2021, and Section 9 of COA Circular No. 94-013 dated December 13, 1994.</p> <p>b. The grant was not supported with authority from the Head of the Agency and</p>	<p>34. Management require the elected officials who are not among those entitled to Hazard Pay as provided under Section 2 of A.O. No. 26 and Section 3 of DBM Budget Circular No. 2020-1 dated March 24, 2020, to refund the amount of ₱126,000.00.</p> <p>35. Each respective Sanggunian appropriate funds for hazard pay in accordance with Section 5 of A.O. No. 26 dated March 23, 2020, as amended by A.O. No. 43 dated June 1, 2021, and reimburse the Trust Fund for the amount utilized for hazard pay, adequately supported with the documentary requirements mentioned above to ascertain the propriety and validity of the grant.</p>	<p>Unimplemented</p> <p>The persons liable still had not refunded the amount.</p> <p>Unimplemented</p>

Ref.	Observation	Recommendation	Status of Implementation/ Results of Validation
	<p>other documentary requirements to prove that the recipients physically reported for work during Enhanced Community Quarantine (ECQ) or Modified Community Quarantine (MECQ), contrary to Section 4.3 of the Department of Budget and Management (DBM) Budget Circular No. 2020-1 dated March 24, 2020.</p> <p>c. Elected officials of the barangay were granted hazard pay contrary to Section 2 of AO No. 26 dated March 23, 2020, and Section 3 of DBM Budget Circular No. 2020-1 dated March 24, 2020, resulting in the illegal disbursement of funds amounting to ₱126,000.00.</p>		
<p><u>2021 AAR</u> AO No.7, Page 49</p>	<p>The fund intended for the operation and maintenance of the Office for Senior Citizens Affairs (OSCA) amounting to ₱10,000.00 per month or aggregating ₱120,000.00 was granted through financial assistance and was not supported with any documentary requirement setting out conditions governing the use of the funds and the reporting responsibilities of the recipient as required under Section 3.0 of</p>	<p>36. In the preparation of the Annual Budget, the Head of the OSCA submit to the Municipal Budget Officer a request for allotment of funds for the maintenance and operation of the OSCA showing the estimated amount needed for each function, activity, or purpose consistent with the Revised Chart of Accounts for LGUs, as prescribed under COA</p>	<p>Unimplemented The supporting documents of the subject transaction were not submitted to the COA Auditor.</p>

Ref.	Observation	Recommendation	Status of Implementation/ Results of Validation
	<p>COA Circular No. 2012-001 dated June 14, 2012, thus, leaving no basis for monitoring of fund utilization and reporting while exposing such funds totaling ₱120,000.00 to risk of possible misuse.</p> <p>a. The fund intended for the maintenance and operations of the OSCA was granted through financial assistance.</p> <p>b. The DVs on the payment of financial assistance to OSCA were not supported by any documentary requirements to support the claim, thereby leaving no basis for monitoring fund utilization and reporting.</p>	<p>Circular No. 2015-009 dated December 1, 2015.</p> <p>37. The Municipal Accountant submit the abovementioned documentary requirements provided under Section 3.1 of COA Circular No. 2012-001 dated June 14, 2012 to support the fund transfers or financial assistance extended to OSCA totaling ₱120,000.00.</p>	<p>Unimplemented</p> <p>The supporting documents of the subject transaction still had not been submitted to the COA Auditor.</p>
<p><u>2021 AAR</u> AO No.9, Page 57</p>	<p>Competitiveness and transparency were not assured in the procurement of catering services for the meals provided to persons under quarantine totaling ₱389,407.94 because the issuance of the contract to the supplier and the delivery of meals were made before the procurement procedures provided under Item 8.b, Annex H of the Revised Implementing Rules and Regulations (IRR) of Republic Act (R.A.) No. 9184 were undertaken. Moreover, the caterers who participated in the canvass</p>	<p>38. Management submit the following:</p> <p>a. An explanation of the issuance of work orders or contracts and the delivery of services by the supplier before the procurement procedures provided under Item 8.b, Annex H of the Revised IRR of R.A. No. 9184 were undertaken;</p> <p>b. An explanation of why the caterers who participated in the canvass were able to come up with their bids despite the lack of a menu; and</p>	<p>Unimplemented</p> <p>Management still had not submitted their explanation.</p>

Ref.	Observation	Recommendation	Status of Implementation/ Results of Validation
	<p>came up with their quotations despite the lack of a menu. Hence, the integrity of the procurement process is questionable.</p> <p>a. The issuance of the contract to the supplier and the delivery of meals were made before the procedures in the procurement process were undertaken.</p> <p>b. The suppliers who participated in the canvass came up with their quotations despite the lack of a menu.</p>	<p>c. A breakdown of each caterer's menu offering.</p>	
<p><u>2021 AAR</u> AO No.10, Page 61</p>	<p>The necessity, propriety and legality of hiring two medical consultants is questionable because the nature of work they performed was redundant to the functions of the Municipal Health Officer (MHO) as provided under Section 478, Title V of Republic Act (RA) No. 7160, thus, contrary to Section 7 of COA and DBM Joint Circular No. 2 dated October 20, 2020. Moreover, the expected output/deliverables were not clearly specified in the Contract of Service, which could possibly result in irregular and unnecessary expenditures, as defined in Paragraph 4.1 of COA Circular</p>	<p>39. Management refrain from hiring consultants whose functions can be performed by regularly appointed officials of existing offices of the LGU as set forth in laws, rules and regulations or in their position description form to avoid the unnecessary duplication of works/functions and wastage of government funds.</p> <p>40. In the hiring of consultants, Management should clearly define the consultants' expected output in their individual contract and require the latter to prepare their monthly accomplishment reports vis-à-vis their</p>	<p>Implemented (Closed due to change in condition)</p> <p>Unimplemented</p>

Ref.	Observation	Recommendation	Status of Implementation/ Results of Validation
	<p>No. 2012-003 dated October 29, 2012, amounting to ₱495,000.00.</p> <p>a. Medical consultants' services are redundant to the functions of the regularly appointed Municipal Health Officer of the Municipality.</p> <p>b. Expected outputs/deliverables were not clearly provided in the Terms of Reference (TOR) or Contract of Services.</p> <p>c. The documentary requirements peculiar to the contract and/or the mode of procurement necessary in the auditorial review and in the technical evaluation were not submitted to the Auditor nor attached to the DVs.</p>	<p>respective definite expected output to establish the necessity of the consultancy services they are employed for. Henceforth, payment of the services rendered by medical consultants shall be properly supported with the documentary requirements provided under Section 9.1.2 of COA Circular No. 2012-001 dated June 14, 2012.</p>	
<p><u>2021 AAR</u> AO No.11, Page 67</p>	<p>A monetary award under the Municipality's Program on Awards Incentives for Service Excellence (PRAISE) was paid to all officials and employees at ₱70,000.00 each without adhering to the pertinent provision of Civil Service Commission (CSC) Memorandum Circular No. 01, s. 2001 dated January 26, 2001, thus, resulting in irregular expenditures totaling ₱4,550,000.00.</p>	<p>41. Management submit a list of employees with special achievements recognized by an outside group, indicating the amount of monetary savings generated by their suggestions, inventions, superior accomplishments, and other personal efforts in accordance with Section 6 of CSC MC No. 1, s. 2001.</p> <p>42. Management discontinue the use of their savings for payment of monetary awards</p>	<p>Unimplemented</p> <p>Unimplemented</p>

Ref.	Observation	Recommendation	Status of Implementation/ Results of Validation
		<p>under the PRAISE program in the absence of proof to establish that these savings were generated from employees' suggestions, innovations, inventions, superior accomplishments, and other personal efforts. Otherwise, they could be held liable for willful violations of existing laws, rules, and regulations.</p>	
<p><u>2020 ML</u> Par. No.17, Page 3</p>	<p>Medicine and medical supplies purchased to respond to the crisis brought about by the coronavirus disease (COVID-19) pandemic totaling ₱1,922,304.00 out of the Bayanihan Grant to Cities and Municipalities (BGCM) were directly charged to Drugs, Medicines and Expenses and Medical, Dental and Laboratory Expenses, respectively, contrary to Section 44 of the Philippine Public Sector Accounting Standards (PPSAS) and Section 114 of the Manual on the New Government Accounting Standards (MNGAS), Volume I, hence, affecting the fair presentation of the financial statements.</p>	<p>43. Management require the Inventory Committee to prepare and submit the duly accomplished RPCI.</p> <p>44. The Municipal Accountant make the necessary adjustments, to reflect the correct balances of the Inventory accounts in the financial statements based on the result of the inventory count of the Inventory Committee.</p> <p>45. Henceforth, the Municipal Accountant properly record the purchases of inventories in the appropriate inventory accounts and the consumption thereof as expense, upon receipt of the Summary of Supplies and Materials Issued (SSMI) from the Property Officer.</p>	<p>Implemented (Closed due to a change in condition)</p> <p>Unimplemented</p> <p>Unimplemented</p>

Ref.	Observation	Recommendation	Status of Implementation/ Results of Validation
<p><u>2020 ML</u> Par. No.29, Page 6</p>	<p>Medical equipment and other supplies with a serviceable life of more than one year but small enough to be considered as Property, Plant, and Equipment (PPE) amounting to ₱582,400.00 were capitalized to PPE contrary to the pertinent provisions of COA Circular Nos. 2005-002 and 2020-004 dated April 14, 2015, and January 31, 2020, respectively, resulting in the overstatement of the PPE accounts by the same amount.</p>	<p>46. The Municipal Accountant prepare the necessary adjusting entry to correct the accounting treatment of items small enough to be considered as PPE to Inventory accounts.</p> <p>47. Henceforth, strict compliance to COA Circular No. 2005-002 dated April 14, 2005, and Section 4(ee) of COA Circular No. 2020-004 dated January 31, 2020, is enjoined.</p>	<p>Unimplemented</p> <p>Documents to support the implementation of the recommendation had not been submitted as of date.</p> <p>Unimplemented</p>
<p><u>2020 ML</u> Par. No.53, Page 16</p>	<p>The updated Annual Procurement Plan (APP), Notice of Awards (NOA), and other related information of goods amounting to ₱7,629,138.52 procured through emergency procurement out of the Bayanihan Grant to Cities and Municipalities (BGCM) were not submitted to and posted in the GPPB online portal contrary to Section 9 of GPPB Circular No. 01- 2020 dated April 6, 2020, and Section 4.1 of the DBM Local Budget Circular (LBC) No. 125 dated April 7, 2020, hence, accountability and transparency in the conduct of Emergency Procurement under the Bayanihan Act was not fully achieved.</p>	<p>48. Management require the BAC, through its Secretariat, to post in the GPPB online portal the updated APP, NOA, and other information relative to the procurement of projects in accordance with the provisions of GPPB Circular No. 01- 2020 dated April 6, 2020.</p> <p>49. The LCE send a written notice to the Auditor and other government agencies stated under Section 4.4 of DBM LBC No. 125 dated April 7, 2020, on the posting of NOA, Contract or Purchase Orders and other necessary information in the GPPB Online Portal.</p>	<p>Implemented (Closed due to a change in condition)</p> <p>Unimplemented</p>

Ref.	Observation	Recommendation	Status of Implementation/ Results of Validation
<p><u>2020 ML</u> Par. No.63, Page 19</p>	<p>The reasonableness of fuel consumption amounting to ₱499,969.32 as well as the propriety of the use of various vehicles purportedly used in response to COVID-19 emergency could not be determined because the supporting trip tickets lacked the required information while some were not submitted for audit purposes, contrary to Item 2 on the Specific Rules and Regulations of COA Circular No. 77-61 dated September 26, 1977. Moreover, Monthly Reports of Fuel Consumption of government vehicles were not prepared and submitted contrary to Item 4 on the Specific Rules of the Circular.</p>	<p>50. The rules and regulations on the use of government vehicles be strictly implemented by requiring, for each and every trip, the driver's trip ticket which should contain all the required information prior to approval.</p> <p>51. Likewise, Management ensure that the odometers of all vehicles are working properly to ascertain the distance travelled per trip, otherwise, indicate in the trip tickets the point of origin and the point of destination.</p> <p>52. Management submit Monthly Report of Official Travels and Monthly Report of Fuel Consumption to the Auditor for verification purposes pursuant to the Manual on Audit for Fuel Consumption of Motor Vehicles (COA Circular No. 77-61 dated September 26, 1977).</p>	<p>Unimplemented</p> <p>Unimplemented</p> <p>Unimplemented</p> <p>The Monthly Report on Official Travels and Monthly Report on Fuel Consumption had not been submitted to the COA Auditor for verification purposes.</p>
<p><u>2020 ML</u> Par. No.74, Page 21</p>	<p>Procurement of fuel under the Bayanihan Act totaling ₱499,969.32 was not supported with complete documentation contrary to the pertinent provisions of the Government Procurement Policy Board (GPPB) Circular No. 01-2020 dated April 6, 2020. Moreover,</p>	<p>53. The Bids and Awards Committee (BAC) submit copies of the Mayor's/Business Permit and duly notarized OSS.</p> <p>54. The Municipal Accountant see to it that the required documents for negotiated procurement (emergency cases) are</p>	<p>Unimplemented</p> <p>Unimplemented</p>

Ref.	Observation	Recommendation	Status of Implementation/ Results of Validation
	<p>withdrawals of 5,250.20 liters of diesel from the supplier amounting to ₱173,479.05 were already made prior to the date of the Purchase Request (PR), hence, failing to establish transparency and efficiency in the procurement process.</p>	<p>complete before payments are made in accordance with the provisions of GPPB Circular No. 01- 2020 dated April 6, 2020.</p> <p>55. Likewise, the BAC submit an explanation for the withdrawal of the 5,250.20 liters of diesel before the PR was approved on May 26, 2020.</p> <p>56. Management strictly comply with RA No. 9184 and its Revised IRR and any relevant policies and issuances of GPPB on emergency procurement during the State of Public Health Emergency arising from COVID-19.</p>	<p>Unimplemented</p> <p>Unimplemented</p> <p>The legal documents for the procurement of fuel still had to be submitted or attached to the DVs. Furthermore, the Audit Team had not received an explanation for the withdrawal of 5,250.20 liters of diesel before the PR was approved.</p>
<p><u>2020 ML</u> Par. No.86, Page 28</p>	<p>The Municipality procured rice in the total amount of ₱1,999,795.50 out of the Provincial Aid from private suppliers instead of the National Food Authority (NFA) contrary to Section 1 of Executive Order No. 51 dated December 22, 1998, thereby, incurring prices of rice at</p>	<p>57. Management consider forging a Memorandum of Agreement with NFA to ensure rice supply.</p> <p>58. Lastly, the Bids and Awards Committee (BAC) and other officials who approved the award and payment to submit explanations why they should not be</p>	<p>Unimplemented</p> <p>Unimplemented</p>

Ref.	Observation	Recommendation	Status of Implementation/ Results of Validation
	commercial rate. Moreover, the liquidation report was not adequately supported with documentary requirements in violation of Sections 142 and 146 of COA Circular No. 92-386 dated October 20, 1992, and other existing rules and regulations, hence, the propriety and validity of the transaction could not be ascertained.	held liable for the loss to the government of at least ₱375,000.00 arising from the purchase of rice from private suppliers at higher prices than that offered by NFA.	
<u>2020 ML</u> Par. No.90.2, Page 31	The distribution of rice to the affected households of the Municipality due to the COVID-19 pandemic was not adequately documented contrary to Sections 142 and 146 of COA Circular No. 92-386 dated October 20, 1992, and other existing regulations, thus, precluding evaluation to ensure that these were properly accounted for and distributed to the intended recipients.	59. Management submit proof of receipt by and distribution of rice to the beneficiaries to ensure actual receipt of rice by the recipients pursuant to Section 123 of the New Government Accounting System Manual, Volume I.	The distribution sheets did not specify the quantity of relief goods given to each unit, making it hard to track how much was distributed and what remains in inventory.
<u>2020 ML</u> Par. No.108, Page 38	Various expenses amounting to ₱213,486.49 were improperly charged to the 70% Local Disaster Risk Reduction and Management Fund (LDRRMF) contrary to	60. Management refrain from charging the aforementioned expenditures to the LDRRMF and, henceforth, utilize it for PPAs enumerated under NDRRMC,	Unimplemented

Ref.	Observation	Recommendation	Status of Implementation/ Results of Validation
	Section 2.5.6 of DBM Local Budget Circular (LBC) No. 124 dated March 26, 2020 and Section 5.0 of NDRRMC, DBM and DILG Joint Memorandum Circular No. 2013-1 dated March 25, 2013, hence, reducing the funds available for disaster risk reduction and management activities.	DBM, and DILG Joint Memorandum Circular No. 2013-01 dated March 25, 2013, to strengthen the capacity of the Municipality to avoid or mitigate the adverse effects of disasters or calamity.	
<u>2020 ML</u> Par. No.118, Page 40	The reporting requirements for in-kind donations were not complied with by the Municipality contrary to Section 1 of COA Circular No. 2020-009 dated April 21, 2020, thus, preventing timely validation of actual distribution and balances of the donated goods.	61. The Municipality prepare and furnish the Auditor a copy of the (a) acknowledgment receipts of the donations in-kind; (b) proof of receipt by and distribution to the beneficiaries; and (c) inventory of remaining undistributed items, if any, in accordance with Section 1 of COA Circular No. 2020-009 dated April 21, 2020.	Unimplemented Management had not submitted the report for in-kind donations in CYs 2020, 2021, 2022, and 2023
<u>2020 ML</u> Par. No.129, Page 42	The distribution of social amelioration under the Emergency Subsidy Program (ESP) through the Social Amelioration Programs (SAP) of the Department of Social Welfare and Development (DSWD) amounting to P22,134,000.00 was not properly supported with the documentary requirements prescribed under Item I.A(9)	62. Management submit to the Auditor photocopy of the identification card with specimen signature of the beneficiaries and photos of the beneficiaries during the actual receipt of the assistance pursuant to Item I.A(9) of the MOA between the DSWD and the Municipality dated April 9, 2020 as well	Unimplemented The Audit Team still had not received the documentary requirements for the distribution of social amelioration under the ESP.

Ref.	Observation	Recommendation	Status of Implementation/ Results of Validation
	of the Memorandum of Agreement (MOA) dated April 3, 2020, and Section VII.A.1 of DSWD Memorandum Circular No. 09, series of 2020, dated April 9, 2020, hence, the effectiveness of the program could not be determined whether only those who suffered the greatest impact of the implementation of the community quarantine were given assistance.	as any proof of authenticity provided under Section VII.A.1 of DSWD Memorandum Circular No. 09 series of 2020 dated April 9, 2020.	
2020 ML Par. No.137, Page 45	The specific guidelines on the implementation of the Emergency Subsidy Program (ESP) through the Social Amelioration Programs (SAP) of the Department of Social Welfare and Development (DSWD) under Sections VI-B and VII(A) of DSWD Memorandum Circular No. 09, series of 2020 dated April 9, 2020 and Item I.A(3) of the Memorandum of Agreement (MOA) dated April 9, 2020, were not fully complied by the Municipality, resulting in the payment of SAP amounting to ₱30,000.00 to ineligible beneficiaries, like the job order (JO) and contracted personnel as well as those who	63. Management refund the ESP assistance received by the JOs and other contracted personnel amounting to ₱24,000.00 as they are ineligible to receive the same pursuant to Section VI-B of DSWD Memorandum of Circular No. 09 series of 2020 dated April 9, 2020. 64. The family who received the SAP through ESP and UCT amounting to ₱6,000.00 shall be disqualified from receiving the next tranche of the cash assistance, if any, otherwise require the MSWDO to ensure that the amount shall be returned to the Municipal Treasurer.	Unimplemented The assistance received by JOs and other contracted personnel still had not been fully recovered. Unimplemented

Ref.	Observation	Recommendation	Status of Implementation/ Results of Validation
	had already received other assistance from the national government.	65. Henceforth, comply with applicable guidelines on the implementation of the ESP of the DSWD.	Unimplemented
<u>2020 ML</u> Par. No.151, Page 48	Management did not submit the Agency Action Plan and Status of Implementation (AAPSI) within 60 days from the date of receipt of the 2019 Annual Audit Report (AAR) contrary to Section 99 of the General Provisions of Republic Act (R.A.) No. 11260 dated April 15, 2019, the General Appropriations Act (GAA) of Fiscal Year (FY) 2019, precluding the Auditor from monitoring and validating the actions taken to implement audit recommendations, hence, the risk that deficiencies may continue to exist and, thus, affect the fairness of the presentation of the Municipality's financial statements as well as its operational efficiency.	66. The Local Chief Executive direct all department heads concerned to submit their respective AAPSI on the CY 2019 AAR, and assign personnel to consolidate the same for submission to the Auditor. 67. Management strictly comply with the submission of the AAPSI within 60 days upon receipt of the AARs for the succeeding years.	Unimplemented Unimplemented The AAPSI had been submitted late and not completely filled out.
<u>2019 AAR</u> AO No.5, Page 33	Wages of job order (JO) and contract of service personnel amounting to ₱974,379.45 were erroneously debited to Other Structures (1-07-04- 990) and Other Land Improvement (1-07-02-990) accounts contrary to Section 5.2 of COA Circular No.	68. The Municipal Accountant prepare the necessary adjusting entries to properly present the payment of wages of JO and contract of service personnel in the financial statements in accordance with COA Circular No. 2015-009 dated	Unimplemented The Municipal Accountant had not submitted the JEV to support the adjustment made on the erroneous entry.

Ref.	Observation	Recommendation	Status of Implementation/ Results of Validation
	2015-009 dated December 1, 2015 and Civil Service Commission (CSC), Commission on Audit (COA), Department of Budget and Management (DBM) Joint Circular No. 1, s. 2017 dated June 15, 2017, thereby, affecting the fair presentation of the Property, Plant, and Equipment (PPE) and expense accounts in the financial statements.	December 1, 2015 and CSC-COA-DBM Joint Circular No. 1, s. 2017 dated June 15, 2017.	
<u>2019 AAR</u> AO No. 6, Page 35	Due to the various awards and recognitions received in CY 2019, the Municipality granted monetary awards under its Program on Awards and Incentives for Service Excellence (PRAISE) to all its 63 officials and employees amounting to ₱60,000.00 each without adhering to the pertinent provisions of Civil Service Commission (CSC) Memorandum Circular No. 01, s. 2001 dated January 26, 2001, thus, resulting in irregular expenditures totaling ₱3,780,000.00.	69. Management submit a list of employees with special achievements recognized by an outside group, indicating the amount of monetary savings generated by their suggestions, inventions, superior accomplishments, and other personal efforts. 70. Henceforth, adhere strictly to the provisions of CSC Memorandum Circular No. 1, series of 2001 in the granting of monetary awards under the PRAISE.	Unimplemented Unimplemented The Audit Team issued a Notice of Disallowance upon evaluating the documents submitted by Management for the PRAISE monetary incentive granted in CY 2019. Refunds were made on an installment basis through salary

Ref.	Observation	Recommendation	Status of Implementation/ Results of Validation
			deduction. However, in CY 2021 and 2022, the Municipality granted the same monetary award to all its officials and employees.
<p><u>2019 AAR</u> AO No.7, Page 38</p>	<p>The Municipality conducted a five- day workshop on the formulation of its Executive Legislative Agenda (ELA) at Jelly’s Haven Resort in Sta. Fe, Bantayan Island, Cebu City, in violation of the pertinent provisions of COA Circular No. 2012-003 dated October 29, 2012, and DILG Memorandum Circular No. 2011-59, resulting in extravagant expenditures amounting to ₱621,590.75</p>	<p>71. Management observe the prudent use of their scarce resources by adhering to the limitations prescribed under COA Circular No. 2012-003 dated October 29, 2012, and DILG Memorandum Circular No. 2011-59 dated April 25, 2011, and, henceforth, conduct similar activities in the most economical manner possible to save funds for other development projects.</p> <p>72. Management require the officials and employees concerned to refund the excessive traveling expenses totaling ₱57,090.00 and stop the practice of allowing national government personnel to charge their traveling expenses against the municipal funds.</p>	<p>Unimplemented</p> <p>Unimplemented</p>

Ref.	Observation	Recommendation	Status of Implementation/ Results of Validation
<p><u>2019 AAR</u> AO No.8, Page 42</p>	<p>The Municipality paid its 12 Public Health Workers (PHWs) hazard pay at fixed rates per month from January to September 2019 totaling ₱430,917.50 without the required proof of actual exposure to hazards and hardships pursuant to Department of Budget and Management (DBM) and Department of Health (DOH) Joint Circular No. 1, series of 2012 dated November 29, 2012, as amended by DBM-DOH Joint Circular No. 1, series of 2016 dated July 15, 2016 and Revised Implementing Rules and Regulations (IRR) of Republic Act (R.A.) No. 7305, and the documentary requirements prescribed under Section 5.8 of COA Circular No. 2012-001 dated June 14, 2012, hence, the validity and propriety of the payment could not be determined.</p>	<p>73. The Municipal Accountant require all the PHWs to submit proof of actual exposure to specific health hazards and occupational risks, and documents required under Section 5.8 of COA Circular No. 2012- 001 dated June 14, 2012 to support their hazard pay.</p>	<p>Unimplemented</p> <p>The Municipal Accountant and the PHWs had not submitted the certification from the DOH and proof of actual exposure to the hazard.</p>
<p><u>2019 AAR</u> AO No.10, Page 46</p>	<p>Salaries and wages of job order (JO) and contract of service personnel assigned in the Local Disaster Risk Reduction and Management Office (LDRRMO) amounting to P1,079,312.00 were charged to the Local Disaster Risk Reduction and Management Fund (LDRRMF) contrary to Section 4.0 of</p>	<p>74. Management stop charging the wages of JO and contract of service personnel, who performed administrative and maintenance works, to the 70% LDRRMF.</p> <p>75. Henceforth, utilize the fund for more worthy projects and programs that</p>	<p>Unimplemented</p> <p>Unimplemented</p>

Ref.	Observation	Recommendation	Status of Implementation/ Results of Validation
	National Disaster Risk Reduction and Management Council (NDRRMC), Department of the Interior and Local Government (DILG), Department of Budget and Management (DBM) and Civil Service Commission (CSC) Joint Memorandum Circular (JMC) No. 2014-1 dated April 4, 2014, and Section 5.0 of NDRRMC, DBM, and DILG JMC No. 2013-1 dated March 25, 2013, thus, significantly reducing the funds intended to support disaster risk management activities.	would strengthen the LGU's capacity to avoid or mitigate the adverse effects of disaster or calamity.	
<u>2019 AAR</u> AO No.11, Page 51	The Local Disaster Risk Reduction and Management Officer (LDRRMO) has not yet submitted the Monthly Report on Sources and Utilization of the Disaster Risk Reduction and Management Fund (DRRMF) for the months of January to June 2019 to the Auditor, contrary to Section 5.1.5 of COA Circular No. 2012-002 dated September 12, 2012, thus, preventing timely validation and monitoring of programs, projects and activities (PPAs).	76. The Municipal Accountant prepare the Monthly Report on Sources and Utilization and include in the report all information required in Annex B of COA Circular No. 2012- 002 and require the MDRRMO to submit the said report on or before the 15th day after the end of each month to the Office of the Auditor.	Unimplemented The Monthly Report on Sources and Utilization of the LDRRMF still had not been submitted on or before the 15th day after the end of each month.

Ref.	Observation	Recommendation	Status of Implementation/ Results of Validation
<p><u>2019 AAR</u> AO No.14, Page 56</p>	<p>Per diems and travel expenses claimed exceeded the allowable amount in violation of the pertinent provisions of Executive Order No. 298 dated March 23, 2004, resulting in excess payment of ₱69,459.00. Moreover, liquidation reports totaling ₱18,665.00 were not completely supported with the required documents as provided under Section 1.2.4 of COA Circular No. 2012-01 dated June 14, 2012, thus, affecting the review and evaluation on the propriety of the subject transaction.</p>	<p>77. Management require the concerned government employees refund the excess amount of per diems claimed for their travels and, henceforth, strictly comply with the provisions of the existing law, rules and regulations on travel.</p>	<p>Unimplemented</p> <p>The proof of payment had not been provided to the COA Auditor.</p>
<p><u>2018 AAR</u> AO No.5, Page 36</p>	<p>The eight disbursement vouchers (DVs) covering the payment of food items for the Supplemental Feeding Program (SFP) procured thru bidding totaling ₱940,640.50 were not completely supported with documentary requirements enumerated under the pertinent provisions of Republic Act (RA) No. 9184 and Section 9.1 of COA Circular No. 2012-001 dated June 14, 2012, hence, the integrity of the bidding process could not be properly evaluated.</p>	<p>78. Management require the Municipal Accountant to, henceforth, ensure the completeness of supporting documents to the DVs covering payments of goods procured thru competitive bidding in accordance with the pertinent provisions of RA No. 9184 and Section 9.0 of COA Circular No. 2012-001 dated June 14, 2012.</p>	<p>Unimplemented</p>

Ref.	Observation	Recommendation	Status of Implementation/ Results of Validation
<u>2018 AAR</u> AO No.6, Page 38	Purchases of food items in connection with the implementation of the Supplementary Feeding Program- Cycle 7 were not supported with an approved menu but the same items with almost the same quantity were purchased for each feeding week for the period December 2017 to March 2018 contrary to DSWD Administrative Order No. 03 series of 2017 dated February 8, 2017.	79. The MSWDO prepare the PRs for the procurement of food items based on the suggested cycle menu (Annex A of AO No. 04, series of 2016). If there be any modification thereof, the MSWDO is likewise required to attach in the DV the duly reviewed and approved menu by the MNAO/Nutritionists of the Field Office so that purchases of ingredients could be properly evaluated.	Unimplemented The submitted modified menu was not duly signed as reviewed and approved by the MNAO/ Nutritionist.
<u>2018 AAR</u> AO No. 8, Page 44	The current year unexpended/unobligated balance of the Quick Relief Fund (QRF) and the Local Disaster Risk Reduction and Management Fund (LDRRMF) Maintenance and Other Operating Expenses (MOOE) amounting to ₱1,965,805.80 was not transferred to the Special Trust Fund (TF) under the account “Trust Liability- DRRMF” contrary to Section 5.1.10 of COA Circular No. 2012-01 dated September 12, 2012. Moreover, in the prior years’ only the unexpended QRF was credited to Trust Liability-DRRMF account in the General Fund instead in the TF, hence, overstating “Government	80. The Municipal Accountant prepare a correcting entry to transfer the unexpended balances of the QRF and LDRRMF-MOOE from the General Fund to the Trust Fund books. 81. Likewise, the Municipal Treasurer coordinate with the Municipal Accountant to ascertain the amount to be transferred to the Trust Fund in the issuance of check.	Unimplemented Unimplemented The Audit Team could not ascertain the correctness of the amount in the absence of subsidiary records and necessary supporting documents.

Ref.	Observation	Recommendation	Status of Implementation/ Results of Validation
	Equity” and understating “Trust Liability-DRRMF” account in the General Fund and Trust Fund, respectively.		
<u>2018 AAR</u> AO No. 11, Page 48	The Local Disaster Risk Reduction and Management Office (LDRRMO) did not maintain stock cards for relief goods totaling ₱129,919.00 purchased out of the Local Disaster Risk Reduction and Management Fund (LDRRMF) in CY 2018, hence, issuances thereof were not properly reported contrary to Item IV.A of COA Circular No. 2014-002 dated April 15, 2014 resulting in unaccounted goods worth ₱48,053.96. Moreover, based on the Acknowledgement Receipts (AR) submitted by the LDRRMO, goods amounting to ₱27,850.54 were distributed to the job order personnel of the LDRRMO, thus, defeating the purpose of stockpiling emergency supplies.	We recommended that the LDRRMO 82. henceforth, maintain stock cards to record the purchases and issuances of relief goods to monitor the movement of goods stored in the stockroom; 83. submit the RDS to account for the relief goods costing ₱49,788.30; and 84. refrain from distributing prepositioned relief items to JO personnel who are not victims of calamity.	Unimplemented Unimplemented Unimplemented
<u>2018 AAR</u> AO No. 12, Page 51	Programs, projects, and activities (PPAs) included in the Gender and Development (GAD) Plan and Budget for CY 2018 with appropriations totaling ₱2,150,000.00 did not clearly address gender-related issues,	85. Management require the GAD Focal Person to carefully identify and include in the GAD Plan and Budget only PPAs that would address gender issues and concerns. Henceforth, stop using GAD	Unimplemented

Ref.	Observation	Recommendation	Status of Implementation/ Results of Validation
	contrary to Section 4.C.14 of the Philippine Commission on Women (PCW), Department of the Interior and Local Government (DILG), Department of Budget and Management (DBM) and National Economic and Development Authority (NEDA) Joint Memorandum Circular No. 2013-01 dated July 18, 2013, thus, failing to ensure gender equality and empowerment of women.	funds for projects that are not gender-related.	
<u>2017 AAR</u> AO No.1, Page 22	The Municipality did not comply with the rules and regulations regarding the grant, utilization, and liquidation of cash advances under COA Circular No. 97-002 dated February 10, 1997, hence, the accumulation of unliquidated cash advances for travel and operating expenses totaling ₱321,277.70 as at year-end, ₱234,405.42 of which have been outstanding for over one year and above, which could possibly result in the overstatement of the assets and equity accounts.	86. Management strictly observe the regulations on the grant, utilization and liquidation of cash advances pursuant to COA Circular No 97-002 dated February 10, 1997. 87. Management demand from concerned employees for the immediate settlement of their cash advances.	Unimplemented Unimplemented Cash advance monitoring reports still present unliquidated cash advances that had been outstanding for over one year. Concerned employees had made no demand for the immediate settlement of their cash advances.

Ref.	Observation	Recommendation	Status of Implementation/ Results of Validation
<p><u>2017 AAR</u> AO No.2, Page 24</p>	<p>The establishment and maintenance of the Petty Cash Fund (PCF) were not in accordance with the pertinent sections of the Manual on the New Government Accounting System (NGAS) for Local Government Units (LGUs), Volume I and COA Circular No. 97-002 dated February 10, 1997, thus, using the Fund for regular and recurring expenses.</p>	<p>88. We recommended that the Municipal Accountant see to it that: (a) the grant of initial cash advance for the PCF is supported with authority by the Local Chief Executive and estimate of expenses; (b) replenishment of the cash advance is made only when the disbursements reach at least 75%, or as the need requires, by submitting a replenishment voucher supported by PCVs and other documents duly summarized in a report of disbursements; and (c) the PCF is not used for regular expenses, such as rentals, subscription, utilities and the like.</p>	<p>Unimplemented</p>
<p><u>2017 AAR</u> AO No.6, Page 32</p>	<p>The LCPC in the Municipality is not fully operational, thus, failing to monitor the programs and projects that would have ensured the development of children and protection of their rights, contrary to DILG MC No. 2005-07 dated February 1, 2005.</p>	<p>89. The Chairman of the LCPC see to it that the Council perform its functions in accordance with the DILG MC No. 2005-07 dated February 1, 2005.</p>	<p>Unimplemented</p> <p>The LCPC in the Municipality had not submitted the Records or Minutes of Meetings and Accomplishment Report; hence, the Audit Team could not review and validate whether it was fully operational.</p>

Ref.	Observation	Recommendation	Status of Implementation/ Results of Validation
<u>2016 AAR</u> AO No.2, Page 24	Cash advances for the payment of salaries, wages, and allowances amounting to ₱4,095,163.20 were not supported with complete documents contrary to Section 1.1 of COA Circular No. 2012-001 dated June 14, 2012, thus, the validity of the claims could not be ascertained.	90. The Municipal Treasurer require the Disbursing Officer to submit the lacking documents and henceforth, strictly comply with the documentary requirements enumerated under Section 1.1 of COA Circular No. 2012-01 dated June 14, 2012.	Unimplemented The lacking supporting documents for the subject transactions had not been submitted to the Auditor.
<u>2015 AAR</u> AO No. 6, Page 28	Taxes withheld amounting to ₱236,384.51 in the Special Education Fund and the Trust Fund were not remitted to the Bureau of Internal Revenue (BIR) within the reglementary period in violation of Revenue Regulation No. 6-2001 resulting in possible incurrence of interest/penalty for late payment and depriving the government of the much-needed funds for national growth and development.	91. The Municipal Treasurer remit the amount of withholding taxes to the BIR in accordance with the rules and regulations to avoid penalties and interest that might be imposed on late remittances.	Unimplemented
<u>2014 AAR</u> AO No.3, Page 20	Productivity Enhancement Incentive (PEI) granted to officials and employees of the municipality of Amlan amounting to ₱1,200,000.00 exceeded the ₱5,000.00 allowable amount per personnel, resulting in a total excess of P900,000.00, violating DBM Budget Circular No. 2014-3 dated December 2, 2014, which implements E.O.	92. The Local Chief Executive, together with the Sanggunian Bayan, require a refund of the excess payment and discontinue the granting of PEI in excess of the allowable maximum rate of ₱5,000.00 per personnel, as provided for in Section 1.a of E.O. No. 80 dated July 20, 2012, to avoid overpayment.	Unimplemented Management had not provided proof of payment.

Ref.	Observation	Recommendation	Status of Implementation/ Results of Validation
	No. 80 dated July 20, 2012, hence depriving the municipal government of utilizing such excess funds for other lawful purposes.		
<u>2013 AAR</u> AO No.5, Page 25	The Municipal Government of Amlan made an advance payment on sand and gravel procured for the Improvement of Cantalina-Penusuan-Tuybo Road totaling ₱252,358.45 before these were delivered contrary to section 88 (1) of Presidential decree No. 1445, which could have resulted to possible loss of government funds had the delivery of materials had not taken place at all.	93. The Municipal Treasurer desist from making advance payments in accordance with Item 4, Annex D of the Revised IRR of RA 9184. 94. The Property and Inspection Officer must submit a written explanation on the discrepancy noted between the date the Acceptance and Inspection Report was signed by them and the actual dates of delivery of the materials per delivery receipts.	Unimplemented Unimplemented The Property and Inspection Officer still had not submitted the written explanation for the discrepancy between the dates the Acceptance and Inspection Report was signed and the actual dates of delivery of the materials per delivery receipts.
<u>2013 AAR</u> AO No.6, Page 28	Had the Municipal Government of Amlan not fully paid Earthworks Construction & Supply for the procured construction materials before their complete delivery, it could have imposed and collected liquidated damages on delayed deliveries totaling ₱140,664.02 in accordance with Paragraph 3.1, Annex D of the Revised Implementing	95. The Municipal Treasurer immediately collect the liquidated damages amounting to ₱140,664.02 less the amount of the performance security, if there is still any, from Earthworks Construction & Supply for the delayed deliveries of construction materials.	Unimplemented Management still had not collected the liquidated damages. Moreover, the incumbent Municipal Treasurer did not know about the subject transaction.

Ref.	Observation	Recommendation	Status of Implementation/ Results of Validation
	Rules and Regulations of Republic Act No. 9184.		
<u>2011 AAR</u>	Municipal officials in calendar year 2010, granted excessive Productivity Enhancement Incentive (PEI) to its officers and employees at ₱21,000.00 each in excess of the maximum allowable amount of ₱10,000.00 per employee as stipulated under DBM Budget Circular No. 2010-3 dated November 30, 2010, thus, resulting in irregular and excessive disbursements in the total amount of ₱748,000.00	96. Immediate refund in full of the amounts received in excess of what is authorized in DBM Budget Circular No. 2010-3 totaling ₱748,000.00.	Unimplemented Management had not provided proof of payment.
<u>2010 AAR</u>	The municipality could have earned additional income from the sale of its unserviceable properties with a book value of ₱359,846.58 had these items been auctioned to the public, instead of keeping and/or allowing them to be exposed to natural and man-made elements thus resulting in complete deterioration and deprived the municipality if additional revenue which may have been made to available to finance other projects. In addition, these properties were not reclassified from the PPE account to the	97. Management consider the disposal of its unserviceable properties. 98. The Municipal Treasurer prepare the IIRUP with the appraisal of each item made by an appraisal committee for the purpose and have those items inspected and approved by the Regional Technical and Information Technology Services, COA Region VII. 99. The Municipal Treasurer undertake the disposal of the unserviceable properties following the procedures and guidelines provided under Sections 502-505 of the	Unimplemented Unimplemented Unimplemented

Ref.	Observation	Recommendation	Status of Implementation/ Results of Validation
	Other Assets account, thereby, overstating the former account and correspondingly understating the latter account by the same amount.	Government Accounting and Auditing Manual, Volume I. Furthermore, for a fair presentation of accounts in the financial statements, we require the municipal accountant to reclassify the unserviceable properties based on the IIRUP to Other Assets account. 100. Management require the Office of the Municipal Treasurer and the Municipal Accountant to drop the amounts of the unserviceable property from their books after disposal, and the municipal accountant to record the proceeds of the auction sale, if any.	Unimplemented
<u>2010 AAR</u>	Purchase Orders (POs)/Job Orders (JOs)/contracts and its related supporting documents were not submitted to COA within five (5) working days from issuance contrary to COA Circular No. 2009- 001 dated February 12, 2009, thus precluding the timely review thereof.	101. Management submit a copy of the Purchase Order/Job Orders/Contracts and each of all the related supporting documents within five (5) working days from its execution to enable the timely review thereof.	Unimplemented Government contracts, purchase orders, and their supporting documents had not been submitted to COA within the prescribed period.
<u>2008 AAR</u>	Several lots of the Municipality with a total market value of ₱3,209,760.00 were not recorded in the books of accounts in	102. Management require the Municipal Assessor, as well as the Municipal Treasurer to the convene the Provincial	Unimplemented

Ref.	Observation	Recommendation	Status of Implementation/ Results of Validation
	<p>violation of Section 72 of the New Government Accounting System (NGAS) Manual for LGUs, Volume II, thus, understating the assets of the Municipality. Moreover, there were lots owned by the local government unit with no certificates of title which contravenes Section 148 of COA Circular No. 92-386.</p>	<p>Appraisal Committee to immediately act in the determination of the value of the unrecorded lots. Also direct them to process the titling of the lots owned by the Municipality and for the Municipal Budget Officer to allocate funds for the titling thereof.</p> <p>103. Likewise, instruct the Municipal Accountant to review the land account and record only in the books of accounts those lots that are owned by the municipality. Moreover, the value of the lots which will be determined by the Provincial Appraisal Committee shall also be recorded in the books of accounts to avoid understatement of assets.</p>	<p>Management had not submitted proof of compliance with this recommendation.</p> <p>Unimplemented</p>