EXECUTIVE SUMMARY

Introduction

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

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

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

Audit Objective

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

Audit Methodology

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

Scope of Audit

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

Financial Highlights

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

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

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

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

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

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

Independent Auditor’s Report on the Financial Statements

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

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

2. Property, Plant, and Equipment (PPE) under the Trust fund totaling ₱17,379,465.70 were not transferred to the General Fund nor provided with depreciation allowances, thus resulting in the understatement of the PPE accounts and depreciation expenses in the General Fund; and

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

Significant Observations and Recommendations

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

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

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

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

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

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

2. The balances of the Real Property Tax (RPT) Receivable and Special Education Tax (SET) Receivable accounts as of December 31, 2024, between the records of the Municipal Accounting Office (MAO) and the Municipal Treasurer's Office (MTO) showed a difference of ₱40,038,710.14 because the Municipal Accountant and Municipal Treasurer did not periodically reconcile their records while the RPT and SET receivables were not recorded thus, RPT/SET Receivable and Deferred RPT/SET Income accounts as presented in the financial statements are deemed unreliable.

   We recommended that the Municipal Mayor direct:

   a. The Municipal Accountant and Municipal Treasurer to reconcile the difference between the RPT and SET Receivables account balances totaling ₱40,038,710.14 and henceforth, conduct periodic reconciliation, together with the Municipal Assessor, of the total collectibles from the Basic and Special Education Tax with the balances of the RPT Receivables and SET Receivables accounts to avoid accumulation of unreconciled differences; and

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

3. The Municipality awarded and paid a contract amounting to ₱2,249,200.00 for the purchase and installation of a solar system to a bidder who did not provide a Single Largest Completed Contract (SLCC), making the transaction irregular and raising concerns about the Municipality's compliance with procurement regulations.

   We recommended that the Municipal Mayor:

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

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

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

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

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

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

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

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

Status of Implementation of Prior Years' Audit Recommendations

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