EXECUTIVE SUMMARY

Introduction

The Municipality of Mabinay was created by virtue of Republic Act No. 2496, under the sponsorship of then-Congressman Lorenzo G. Teves on June 21, 1956. It is located in the central part of Negros Island with a total land area of 319.44 square kilometers, composed of 32 barangays. Being an interior town, Mabinay is about 87 kilometers northwest of the Provincial Capitol, located in Dumaguete City. Based on the CY 2020 census, its population was reported at 82,953. It is presently classified as a first-class municipality.

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

Nature of Appointment to Office	No. of Personnel	
	2024	2023
Elective Officials	12	13
Permanent Positions	144	139
Coterminous	2	2
Temporary	0	0
Casual/Contractual	135	114
Job Orders	565	409
Total	**858**	**677**

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 Mabinay for 2024. The audit consisted of a review of operating procedures, evaluation of the LGU's programs and projects, interview of concerned government officials and employees, verification, reconciliation, confirmation, inspection, and analysis of accounts, and such other procedures considered necessary.

Financial Highlights

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

Accounts	2024 (in ₱)	2023 (in ₱)	Increase (Decrease)
Assets	1,775,149,622.87	1,524,532,651.23	250,616,971.64
Liabilities	737,286,210.08	570,123,611.97	167,162,598.11
Equity	1,037,863,412.79	954,409,039.26	83,454,373.53

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

Accounts	2024 (in ₱)	2023 (in ₱)	Increase (Decrease)
Revenue	361,336,958.10	335,326,788.64	26,010,169.46
Personnel Services	138,535,631.46	126,468,329.99	12,067,301.47
MOOE	191,513,645.68	132,521,692.07	58,991,953.61
Non-Cash Expenses	14,940,283.25	15,278,052.75	(337,769.50)
Financial Expenses	25,257,855.47	17,413,044.45	7,844,811.02
Transfers, Assistance, and Subsidy From	54,925,546.69	15,909,102.93	39,016,443.76
Transfers, Assistance, and Subsidy To	5,459,465.90	10,212,701.00	(4,753,235.10)
Net Surplus/(Deficit)	40,555,623.03	49,342,071.31	(8,786,448.28)

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	464,592,010.59	576,590,365.03	(111,998,354.44)
Actual Amounts	362,726,021.22	473,247,783.87	(110,521,762.65)

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 entire Loans Payable – Domestic account amounting to ₱385,608,730.24 was incorrectly classified as a non-current liability despite including amortizations due for 2026, thereby understating current liabilities by ₱40,132,228.49, overstating the non-current liabilities by the same amount, and affecting the fair presentation and reliability of the financial statements as of year-end;

2. The correctness of Loans Payable balance per books in the amount of ₱385,608,730.24 as of December 31, 2023 could not be ascertained due to unreconciled amounts between the financial statements and confirmed bank balances, resulting in an understatement of the Loans Payable account of ₱1,879,315.04 affecting the fair presentation of the account in the Financial Statement as of year-end; and

3. The balances of Cash – Local Treasury account per ledger and per cashbook showed a variance of ₱5,180,087.16 due to the non-conduct of at least a quarterly reconciliation of records, thereby preventing the prompt determination of accountability, which could also hinder the discovery of shortages or errors, if any, while adversely affecting the reliability of the balance presented in the financial statements.

Significant Observations and Recommendations

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

1. Cash advances totaling ₱4,209,529.72 remained unliquidated as of December 31, 2024, thus, expenses were not properly recognized on periods these were incurred, affecting the fair presentation of the financial statements at year-end.

   We reiterated our recommendation that the Municipal Accountant pursue the immediate liquidation of all outstanding cash advances by issuing final demand letters to the accountable officers concerned. In cases where liquidation is still not effected within the prescribed period despite due notice, the appropriate sanctions should be enforced, including the withholding of salaries in accordance with existing rules and regulations.

   Furthermore, we recommended that the Municipal Accountant conduct regular monitoring and timely reporting of unliquidated cash advances to the Local Chief Executive, to ensure proper oversight and to facilitate appropriate administrative actions as necessary.

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 ₱90,418,239.18 due to the non-reconciliation of their records thus, the RPT/SET Receivable and Deferred Income accounts, as presented in the financial statements, are deemed unreliable.

   We recommended that the Municipal Mayor instruct the Municipal Accountant and Municipal Treasurer to reconcile the difference amounting to ₱90,418,239.18 between the Real Property Tax (RPT) and Special Education Tax (SET) Receivables account balances.

   To prevent the further accumulation of unreconciled differences, we further recommended that they, in coordination with the Municipal Assessor, conduct regular and timely reconciliations of the total collectibles from the Basic and Special Education Taxes against the recorded RPT and SET Receivables account balances.

   Additionally, to promote transparency and ensure full disclosure, we recommended that any remaining unreconciled differences be properly reported in the Notes to the Financial Statements.

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

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

Particulars	Beginning Balance (01/01/2024)	Issued this Period (01/01/2024 to 12/31/2024)		Ending Balance (12/31/2024)
		NS/ND/NC	NSSDC	
Suspension	₱ 150,700.00	₱ 0.00	₱ 0.00	₱ 150,700.00
Disallowances	1,066,560.00	0.00	0.00	1,066,560.00
Charges	0.00	0.00	0.00	0.00
Total	**₱ 1,217,260.00**	**₱ 0.00**	**₱ 0.00**	**₱ 1,217,260.00**

Status of Implementation of Prior Years' Audit Recommendations

Out of the 43 recommendations embodied in the previous years' Annual Audit Reports, 14 were implemented and the remaining 29 were unimplemented.