



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 SIATON
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

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

June 11, 2025

HONORABLE CEZANNE FRITZ H. DIAZ

Municipal Mayor
Municipal Government of Siaton
Province of Negros Oriental

Dear Honorable Mayor Diaz:

***Management Letter (ML) on the Audit of the Municipal Government of Siaton
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 Siaton, 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 Memorandum 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 Siaton 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 trial balances, financial statements, reports, and accounts.
 - ii. Of the 54 recommendations from previous years, 15 were implemented and 39 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 not able to submit the year-end financial statements (FS) of the Municipality 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, thus preventing municipal officials concerned from utilizing timely financial information, which is essential for making informed decisions.**
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 November 25, 2024, the Audit Team invited the Municipal Mayor, along with other officials and employees, to an Entrance Conference on December 10, 2024. In the Entrance Conference Agenda (ECA), the required submission of FS and other supporting reports and documents was included. In fact, the specific financial statements, schedules, reports and other supporting documents were enumerated in the ECA, for which Management was reminded to submit on or before the mandated deadline, which is on February 14, 2025. It was also agreed that Management submit whatever documents and reports requested by the audit team which would be available, even before February 14. However, the Municipal Accountant and concerned personnel did not comply.
12. A month before the deadline, the audit team reminded the Office of the Municipal Accountant on their commitment to submit. The audit team issued the First Letter of Demand on January 14, 2025, reiterating what has been agreed during the Entrance Conference, i.e. to submit the financial statements, trial balances, and bank reconciliation statements for the financial year ended December 31, 2024 on February 14, 2025. The audit team also reminded Management to submit the rest of the requested documents and reports as soon as available, as agreed.
13. Due to the non-submission of the financial statements, trial balances, and bank reconciliation statements on February 14, 2025, we issued a Second Letter of Demand on March 18, 2025, requesting that the Municipal Accountant promptly submit the required financial statements and reports. However, to date, the Municipal Accountant still has not submitted complied. Only the Check Disbursement Journals (January to December 2024) and Cash Receipts Journals (April 2024 only) for the Special Education Fund (SEF) were received by this office.
14. Our interview with the Municipal Accountant disclosed that the delayed preparation and submission of the FS was due to the large volume of transactions and the limited manpower in the Office of the Municipal Accountant. She also added that most of the documents are still not completed, thus, she cannot complete the preparation of the FS. Further, she emphasized that the Municipal Government of Siaton is using a manual accounting system, which can significantly slow down the process of consolidation and reporting. Manual systems are less efficient than automated ones, leading to delays in data entry, processing, and report generation.
15. The delayed submission of the FS hindered timely audits and reviews, the outcomes of which are necessary for Management to make informed decisions in their daily operations. Also, the late submission of the FS affected their usefulness in providing relevant and timely information vital to decision-making by Management and higher authorities.
16. **We recommended and the Municipal Accountant agreed to improve the processes within the accounting office to streamline the preparation and timely submission of the required financial reports to the Audit Team.**
17. **Additionally, we suggested and the Municipal Accountant agreed to consider implementing the Electronic New Government Accounting System (eNGAS) to automate manual accounting processes and expedite the generation of Financial Statements.**

18. The Municipal Accountant also explained that the operations of her office, along with the Office of the Municipal Treasurer, were hindered by circumstances arising from changes in the political setting within the Municipality during the audited year. There were employees who were transferred and detailed, resulting in unfinished work and responsibilities, which were directly linked to the accomplishment of transaction documents and reports necessary for the recording of accounts and preparation of the financial statements.

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	₱164,036,397.93	0.00	0.00	₱164,036,397.93

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)			
2014	20,104.00	2013	For the issuance of finality of decision
2015	3,458,550.00	2013	
2022	160,557,743.93	2020	With pending appeal
Total ND	₱164,036,397.93		

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.

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

Very truly yours,

COMMISSION ON AUDIT

By:

FREBE G. DUABAN
State Auditor IV
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 Siaton
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>AAR 2023, AO no. 1, page 25 and AAR 2022, AO no. 1, page 25</p>	<p>The Municipal Government of Siaton was unable to conduct the necessary one-time-cleansing procedures under COA Circular No. 2020-006, because most of the Inventory Committee members are no longer in service, and the remaining members have different schedules and workloads, thus, the reported balance of the PPE account at year-end, totaling ₱598,638,777.83, which includes movable properties amounting to ₱158,377,359.15, still could not be ascertained.</p>	<p>1. The Municipal Mayor create a PPE Inventory Committee in accordance with COA Circular No. 2020-006 dated January 31, 2020, and direct them to:</p> <p>Prepare and submit the PIP for the conduct of a physical count of inventories of the LGU; and</p>	<p>Unimplemented</p> <p>The conduct of one-time cleansing procedures, including the physical count of properties, was not among the priorities of the Municipality.</p>
		<p>2. Expedite its procedures in conducting a physical count of inventories, and timely submit the required reports such as the RPCPPE, ICF, List of PPEs found at Station and List of Non-existing/Missing PPEs, PIP.</p>	<p>Unimplemented</p> <p>This was not one of the priorities of the Municipality.</p>
		<p>3. The Office of the Municipal Accountant collaborate with the PPE Inventory Committee to ensure that all PPEs included in the RPCPPE are duly reconciled with the accounting records.</p>	<p>Unimplemented</p> <p>Without a physical count of its properties, the Municipal Accountant cannot reconcile their records with the Inventory Committee.</p>

Ref.	Observation	Recommendation	Status of Implementation/Results of Validation
AAR 2023, AO no. 2, page 27	Disclosures in the Notes to Financial Statements on the “Loans Payable – Domestic” account balance of ₱227,575,364.56 are incomplete, a departure from the fair presentation requirement under the International Public Sector Accounting Standards (IPSAS), thus affecting the usefulness of the financial information on loans to its users, especially its constituents.	4. The Municipal Accountant revise the Notes to the Financial Statements to include the principal amount, interest rate, maturity date, amount for each purpose, and interest expense of the Loans Payable – Domestic account, to properly inform the users of the financial statements, the financial performance of the Municipal Government, particularly in financial management	Unimplemented The Municipal Accountant has not submitted any financial statements.
AAR 2023, AO no. 3, page 28 and AAR 2022, AO no. 4, page 31	The liquidating and disbursing officers had custody of collections and cash advances that exceeded the maximum accountability covered by their bonds. This goes against Section 305 (f) of Republic Act (RA) No. 7160 and Treasury Circular No. 02-2019, thus increasing the likelihood that the government may not	5. The Municipal Treasurer ensure that the cash accountabilities of AOs are in accordance with their existing bonds, pursuant to Treasury Circular No. 02-2019. 6. Management review and evaluate the maximum accountabilities of AOs and apply for an increase in the amount of bond, when necessary, in	Implemented Bonds of AOs now cover their respective accountabilities. Implemented Management had already reviewed the maximum accountabilities of AOs and applied for the appropriate bonds.

Ref.	Observation	Recommendation	Status of Implementation/Results of Validation
	be able to recover its funds in case of loss or defalcation.	accordance with RA No. 7160 and Treasury Circular No. 02-2019.	
AAR 2023, AO no. 4, page 29	The recently designated Accountable Officers (AO) did follow the requirement stated in Section 6.1 of COA Circular No. 97-002, which mandates the use of a new cashbook upon assumption. As a result, the current AO's accountability was not properly segregated and validated from the previous AO, leading to doubts about the accuracy of the recorded cashbook balances.	7. Municipal Treasurer, henceforth: Require the outgoing AO to submit their cashbook to the Municipal Treasurer and Municipal Accountant for verification and recording purposes;	Implemented The outgoing AO submitted their old cashbook to the Municipal Treasurer and Municipal Accountant.
		8. Instruct the newly appointed or designated AO to use a new cashbook in accordance with COA Circular No. 97-002; and	Implemented The newly appointed AO had used a new cashbook.
		9. Brief the newly appointed or designated AOs on the proper recording of transactions and other matters relating to their role as a disbursing officer.	Implemented The newly appointed AO was oriented and briefed on the proper recording of transactions in the cashbook.
AAR 2023, AO no. 5, page 31	The AO erroneously recorded partially paid payrolls in his cashbook as fully paid inconsistent with Sections 6.2 and 6.3 of COA Circular No. 97-002, thereby understating the	10. The AO, henceforth, record transactions and reconcile the balances per book and cash on hand daily, in accordance with COA Circular No. 97-002.	Implemented The AO recorded transactions in the cashbook, which was reconciled with cash balance.
		11. The Municipal Accountant ensure	Implemented

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	recorded balance in his cashbook.	that newly appointed/designated AOs are briefed on the proper recording of the transactions and other matters related to their work.	The newly appointed AOs received orientation on the proper recording of transactions.
AAR 2023, AO no. 6, page 32	Management did not provide a safety vault to its Disbursing Officer (DO) to ensure the security of its cash, contrary to Sections 2 and 123 of PD No. 1445, thus exposing government funds to a higher risk of loss through theft or misplacement.	12. Management include in its annual budget the appropriations for the purchase and installation of a safety vault or a steel cabinet with a vault for the DO and the provision of additional security features at the Municipal Treasurer's Office. This measure is necessary to exercise prudence and ensure the safety of government funds and important financial documents, in accordance with Sections 2 and 123 of PD No. 1445.	Implemented The Office of the Municipal Treasurer had purchased and installed safety vaults in her office.
AAR 2023, AO no. 7, page 33	The Municipality designated Job Orders (JOs) as Field Collectors, performing the work of accountable officers, inconsistent with Sec. 7.3 of COA-DBM JC No. 2, s. 2020, thereby	13. Management stop designating JOs as field collectors and strictly adhere to the provisions of Section 7.3 of the COA-DBM JC No. 2, s. 2020. 14. Management fill the vacant positions in	Unimplemented There was shortage of personnel in the Treasurer's Office. This was not one of the priority activities of the

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	accountability could not be established, potentially exposing government funds to the risk of loss or defalcation.	the Treasurer's Office and regularly review and assess the effectiveness of the current staffing structure to ensure optimal performance and compliance.	Municipality during the audited year.
AAR 2023, AO no. 8, page 34	Monthly Bank Reconciliation Statements (BRS) of the Municipality's bank accounts were not prepared and submitted to the Auditor contrary to Section 74 of P.D No. 1445 and Sections 3.2 and 3.4 of COA Circular No. 96-011 dated October 2, 1996, thus the total balance of the accounts Cash in Bank-Local Currency Current (1-01-02-010) and Cash in Bank-Local Currency Savings (1-01-02-020) could not be validated, hindering the timely reconciliation book and bank balances and the detection of errors and/or fraud, if any.	15. The Municipal Accountant prepare and submit to the Audit Team the monthly BRS pursuant to Sections 3.2 and 3.4 of COA Circular No. 96-011 dated October 2, 1996	Unimplemented This was revised in the audit of the CY 2024 accounts in Paragraph Nos. 6 to 17
		16. The Municipal Accountant and Municipal Treasurer closely coordinate and regularly reconcile their respective records for early detection and correction of adjustments and errors, if any, pursuant to Section 74 of PD No. 1445.	Unimplemented This was revised in the audit of the CY 2024 accounts in Paragraph Nos. 6 to 17
AAR 2023, AO no.	The Municipal Government purchased ten types	17. The Municipal Health Officer (MHO) and the Bids	Unimplemented

Ref.	Observation	Recommendation	Status of Implementation/Results of Validation
9, page 35	of drugs and medicines amounting to ₱1,659,000.00 even though each of their unit costs exceeded the Drug Price Reference Index (DPRI) provided by the DOH, contrary to RA No. 9502 and DOH AO No. 2019-0040 dated October 14, 2019, hence, not securing the best value for money in procuring essential pharmaceutical products.	and Awards Committee (BAC) Chairman, henceforth, use the latest DPRI as the ceiling price in the procurement of drugs and medicines in compliance with RA No. 9502 and DOH AO No. 2019-0040 dated October 14, 2019.	Confirmation of procurement transactions cannot be achieved since disbursement vouchers relating thereto were not submitted.
AAR 2023, AO no. 10, page 37 and AAR 2022, AO no. 5, page 32	Complete detailed specifications, such as the pharmaceutical form and strength, were not indicated in the Purchase Orders (POs) in the procurement of drugs and medicines totaling ₱1,624,536.00, inconsistent with Item B of COA Circular No. 96-010 dated August 15, 1996, thus, potency and safety, as well as the reasonableness of prices of these drugs and medicines, could not be guaranteed.	18. The BAC ensure the indication of complete detailed specifications in the PO before proceeding with the delivery of drugs and medicines.	Unimplemented Confirmation of procurement transactions cannot be achieved since disbursement vouchers relating thereto were not submitted.

Ref.	Observation	Recommendation	Status of Implementation/Results of Validation
		19. The personnel concerned or the end-user duly authorized by the Municipal Mayor, as Head of the Procuring Entity, fill up the relevant and required information in the PO pursuant to Item B of COA Circular No. 96-010 dated August 15, 1996	Unimplemented Confirmation of procurement transactions cannot be achieved since disbursement vouchers relating thereto were not submitted.
AAR 2023, AO no. 11, page 38	A Municipal Health Officer (MHO) was hired under a Contract of Service (COS) and was given control and supervision over regular personnel, which goes against Civil Service Commission (CSC) Memorandum Circular No. 26, S. 1997, as amended, thereby circumventing the rules and procedures of appointment of the CSC and increasing risks of demoralization among regular employees.	20. Management immediately cease or amend its Contract of Service to ensure that the hired personnel does not have control and supervision over regular employees under the Municipal Government.	Implemented Management already had an acting MHO.
		21. Otherwise, the said personnel obtain the necessary qualifications, before applying for the MHO position in the Municipality of Siaton.	Implemented Management already had an acting MHO.
AAR 2023, AO no.	The MHO hired under the COS is receiving a monthly	22. Management immediately stop providing RATA and	Implemented

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12, page 39	Representation and Transportation Allowance (RATA) of ₱13,500.00 from October 1, 2023, to December 31, 2023, in contravention with Section 3(c) of CSC Resolution No. 020790 dated June 5, 2002, thus, incurring expenses which are not in adherence to established rules and policies, rendering such expenses irregular.	other allowances and benefits to personnel hired under the Contract of Service.	RATA for the contract of service personnel was no longer paid.
AAR 2023, AO no. 13, page 40	Management has yet to establish an Internal Audit Service (IAS) office due to the pending approval of its Resolution from the Sanggunian Panlalawigan at the Province of Negros Oriental, in contravention with Administrative Order No. 70, s. 2003, thereby, preventing the optimal achievement of an efficient and effective fiscal administration and performance of governmental functions.	23. The Municipal Mayor: Include in its annual budget the appropriation for the establishment of IAS; and	Unimplemented This was not one of the priority activities of the Municipality during the audited year.

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		24. Facilitate the creation of an IAS in the Municipality, in accordance with AO No. 70 and RA No. 3456, as amended, following up the approval from the Sangguniang Panlalawigan of the Province of Negros Oriental.	Unimplemented IAS was not established because of budget constraints in the Municipality.
		25. The IAS use the 2020 Revised PGIAM in the exercise of their internal audit functions.	Unimplemented The Municipality still has not existing IAS.
AAR 2023, AO no. 14, page 42	The Municipality did not undertake the general revision of real property assessments every three years because the Province did not enact an ordinance updating the Schedule of Market Values, contrary to Sections 212 and 219 of RA No. 7160 and DILG-DOF JMC No. 2010-01, hence precluding the Municipality from maximizing its revenue-raising power to generate additional funds to finance development projects beneficial to	26. The Municipal Assessor: Coordinate with the Provincial Assessor in the preparation of the updated SMV of the Municipality pursuant to Section 212 of RA No. 7160; and	Implemented The Municipal Assessor had already informed the Province.
		27. Initiate the immediate conduct of a GRRPA after the enactment of the updated SMVs and ensure that this is done every three years as required under Section 219 of RA No. 7160 and DILG-DOF JMC No. 2010-001.	Unimplemented The Municipality was still awaiting for the updated SMVs from the Province.

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	its constituents and to augment the special education fund.		
AAR 2022, AO no. 2, page 27	Cash advances totaling ₱2,234,055.20 remained unliquidated as at year-end, even if their purposes had been served contrary to Section 89 of Presidential Decree (PD) 1445 and Section 5 of COA Circular No. 97-002 dated February 10, 1997, thus exposing the funds to possible loss and/or misappropriation, while resulting further in the non-recognition of expenses in the period they were incurred.	28. The Municipal Mayor order the withholding of payment of any money due from officials and employees with unliquidated cash advances, 30 days after the service of the demand letters where no liquidation has been submitted by the accountable officers concerned, pursuant to COA Circular No. 97-002.	Unimplemented Demand from accountable officers had been made. Possible actions would be considered in the next calendar year, wherein Management can demand liquidation, withhold payment, or impose legal actions against personnel concerned.
		29. Management impose sanctions on the responsible officials and employees, in accordance with PD No. 1445 and the revised Penal Code.	Unimplemented This remedy was not implemented by Management to give another chance to responsible officials and employees.
AAR 2022, AO no. 9, page 38	Unliquidated cash advances amounting to ₱308,000.00 as of December 31, 2022, pertained to the procurement of goods and supplies which were made through the drawing of cash advances totaling ₱500,000.00, contrary to the	30. Management demand the immediate liquidation and settlement of the cash advance for construction materials of ₱300,000.00.	Unimplemented The official receipts needed to liquidate the cash advance were still incomplete. An assigned personnel was tasked with locating them.

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	<p>provisions of COA Circular No. 97-002 dated February 10, 1997, and the Revised Implementing Rules and Regulations (IRR) of the Republic Act (RA) No. 9184, thus, there is no assurance that the prices secured under these contracts were the most reasonable and advantageous to the Municipality.</p>		
<p>AAR 2022, AO no. 12, page 46</p>	<p>Only seventy-two percent (72%) or ₱13,648,088.07 of the total Gender and Development (GAD) budget amounting to ₱19,012,515.55 was utilized in CY 2022, contrary to Republic Act (RA) No. 9710 and 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</p>	<p>31. The GAD Focal Point System (GFPS):</p> <p>Ensure that budget allocation for GAD is optimally utilized in providing adequate facilities and services, to address gender issues and the GAD mandate of the LGU;</p>	<p>Unimplemented</p> <p>The required reports to confirm allocation and utilization were not prepared and submitted.</p>

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	Circular (JMC) No. 2013-1, thereby not optimally utilizing the GAD funds and jeopardizing the attainment of GAD goals.		
AAR 2021, AO no. 4, page 31	Due to the impact of the COVID-19 pandemic, the Municipality's Scholarship Program with an annual appropriation of ₱1,000,000.00 remained unimplemented contrary to Section 447 of the Republic Act (RA) No. 7160, thus depriving constituents from its benefits.	32. The Sangguniang Bayan enact an Ordinance establishing the Scholarship Program of the Municipality and, henceforth, implement the same.	Unimplemented Only the initial implementing rules of the scholarship program were prepared. This was not a priority program of the Municipality.
		33. The Municipal Mayor create a Scholarship Committee which will establish the Implementing Rules and Regulations (IRR) of the program, including the criteria, conditions of the scholarship and responsibilities of the Scholarship Committee, as well as the scholars.	Unimplemented This was not one of the priority programs of the Municipality.
AAR 2020, AO no. 1, page 25	Procured food and medical supplies totaling ₱19,978,726.00 already distributed were still carried in the books of accounts as of December 31, 2021 because the	34. The Municipal Mayor require the personnel responsible for the distribution of food supplies and testing kits to immediately submit the list of recipients to the	Unimplemented Only a partial amount of the food and medical supplies can be supported by the Distribution Lists. Management was still locating and securing the rest of the documents to

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	<p>Summary of Supplies and Materials Issued (SSMI) together with the Requisition Issue Slip (RIS) or distribution list of the said supplies from the Office of the Mayor, duly signed by the recipients, were not submitted to the Office of the Municipal Accountant, contrary to Section 121 of the Manual on New Government Accounting System (NGAS), Volume I, thereby overstating the asset and equity accounts in the financial statements.</p>	<p>Office of the Municipal Accountant as basis for the preparation of the JEV to record the expenses.</p>	<p>support all the distribution.</p>
<p>AAR 2019, AO no. 1, page 26</p>	<p>The brand-new heavy equipment including the related documentary stamp tax expenses amounting to ₱90,098,995.07 paid out of a loan were not recognized in the books contrary Section 111 (2) of Presidential Decree (PD) No. 1445 and Paragraph 27 of International Public Sector Accounting</p>	<p>35. Management require the BAC to provide the Municipal Accountant documents pertaining to the acquisition of heavy equipment.</p>	<p>Unimplemented</p> <p>The Municipal Accountant was able to verify three units amounting to ₱24,910,000.00 that were confirmed to be procured and delivered. However, for the remaining nine units, she could provide the documents. She requested documents from the bank, but was still in the process of reconciling them.</p>

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	Standards (IPSAS) 1, thereby, understating the assets of the Municipality by said amount.	36. Moreover, Management also require the Municipal Accountant to secure documents from the DBP and draw a journal entry voucher to record the acquisition of the heavy equipment to fairly present the Property, Plant and Equipment account in the financial statements.	Implemented The Municipal Accountant secured the documents from DBP and was in the process of verifying and reconciling them.
AAR 2018, AO no. 8, page 34	The Municipality granted financial assistance amounting to ₱1,500,000.00 to the Philippine National Police Regional Office VII (PNP RO 7) in CY 2018 even if the previous financial assistance of ₱1,200,000.00 in CY 2017 was not liquidated in violation of Item 3.1.3 of COA Circular 2012-001 dated June 14, 2012, thus, casting doubt whether the funds were used in accordance with the Memorandum of Agreement (MOA)	37. Management demand from PNP RO 7 the liquidation documents of the current and prior year's fund transfers as required in Item No. 3.1.3 of COA Circular No. 2012-01 dated June 14, 2012 as amended by COA Circular No. 2016-02 dated May 16, 2016.	Unimplemented The Municipal Accountant had already demanded liquidation from the PNP RO 7, however, said office was unable to provide the necessary supporting documents for liquidation.

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	between the PNP and the Municipality.		
AAR 2018, AO no. 2, page 26	Financial assistance granted to Philippine Councilors League (PCL) Negros Oriental Chapter totaling ₱1,200,000.00 was not supported with a Memorandum of Agreement (MOA), providing among others, the purposes for which the funds were released and the responsibilities of the League as well as the Municipality, thus, government funds might not be utilized in accordance with Section 498 of Republic Act (RA) No. 7160.	38. Management enter into a MOA between the Municipality of Siaton and the PCL NOC to ensure that the financial assistance is utilized in accordance with the powers and functions of the League pursuant to Section 498 of RA No. 7160.	Implemented The recommendation is no longer applicable. The PCL members, during the granting of financial assistance, were no longer in service. As a result, there was no one to facilitate the preparation of the MOA, since the transaction had already taken place.
AAR 2017, AO no. 5, page 39	The operation of market, slaughterhouse and cemetery as local economic enterprises (LEEs) is not consistent with the Manual on the Setting Up and Operation of LEE (LEE Manual) as prescribed in Local Budget Circular No. 111 dated June 10, 2016, thus might	39. Management prepare a 5-Year Business Plan and request the Sangguniang Bayan to pass an ordinance recognizing the continued operations of the existing LEEs in accordance with the LEE Manual as prescribed in Local Budget Circular No. 111 dated June 10, 2016 to ensure the efficient and	Unimplemented Management did not consider this a priority activity in the audited year.

Ref.	Observation	Recommendation	Status of Implementation/Results of Validation
	affect the efficient and effective provision of basic services and facilities to the constituents.	effective provision of basic services and facilities to its constituents.	
AAR 2015, AO no. 8, page 33	The existence, ownership and accuracy of Land account totaling ₱8,512,950.71 could not be ascertained due to lack of Transfer Certificate of Titles (TCT) or Original Certificate of Titles (OCT) contrary to Section 148 of COA Circular No. 92-386.	40. The Municipal Assessor exert effort in titling the said properties recorded in the aforementioned Land account.	Unimplemented The supporting documents of the remaining three lots still had to be submitted for titling once they were completed.
AAR 2013, AO no. 7, page 4	Collective Negotiation Agreement (CNA) Incentive and Anniversary Bonus amounting to ₱529,750.00 and ₱516,000.00, respectively, were granted to the officers and employees of LGU-Siaton although the agency was not able to generate savings from cost-cutting measures as condition for the grant pursuant to DBM Budget Circular No. 2012-4 dated December 17,	41. Require the refund of the 2012 CNA Incentive and the Anniversary Bonus paid to the officers and employees of LGU-Siaton.	Unimplemented There were still employees who had not fully refunded the benefits received.

Ref.	Observation	Recommendation	Status of Implementation/Results of Validation
	2012 and Administrative Order No. 263 dated March 28, 1996, thus resulting to irregular expenditures of ₱1,045,750.00.		
AAR 2013, AO no. 10, page 31	In spite of the fact that the Personal Services limitation had already been exceeded, the municipality granted increases in Representation and Transportation Allowances contrary to Section 12 of Local Budget Circular No. 102 and Section 325(a) of R.A. 7160, thus resulting to irregular expenditures of ₱703,800.00 for CY 2013.	42. The concerned officials refund the increases in RATA they have received in CY 2013 totaling ₱703,800.00.	Unimplemented The remaining concerned officials opted to refund the disallowed RATA upon retirement or resignation. For those who had already retired, they fully paid the difference.
AAR 2013, AO no. 6, page 32	The grant by LGU-Siaton of Productivity Enhancement Incentive at ₱10,000.00 per employee despite having exceeded the PS limitation in CY 2013 is contrary to Section 325(a) of RA 7160 and Sections 4.2 and 9.1 of DBM Local Budget	43. All employees be required to refund the PEI of ₱10,000.00 each or a total of ₱1,709,000.00.	Unimplemented Employees who had already retired will receive a full refund. The remaining employees will refund the amount upon their retirement.

Ref.	Observation	Recommendation	Status of Implementation/Results of Validation
	Circular No. 98 dated October 14, 2011 and Budget Circular No. 2013-3 dated November 21, 2013, thus resulting to illegal disbursement of government funds amounting to ₱1,709,000.00.		
AAR 2012, AO no. 1, page 17	The Municipal Accountant failed to submit to the auditor the year-end and quarterly Trial Balances and Financial Statements for calendar year 2012 contrary to sections 70, 72 and 76 of the Manual on the New Government Accounting System, Volume I, thus precluding the local officials from being informed on the state of the municipality's finances, which is important in legislative and executive decision-making.	44. Management, henceforth, regularly prepare and submit the Trial Balances, Financial Statements and its supporting schedules and accounts every end of quarter to the auditor concerned.	Unimplemented This was revised in the audit of CY 2024 accounts in Paragraph Nos. 6 to 17.
AAR 2012, AO no. 10, page 37	Market and Slaughterhouse, among the income generating projects of the municipal government, were	45. Management design/adopt measures and strategies to remedy the high expenditures in the operations of	Unimplemented Management did not consider this a priority activity in the audited year.

Ref.	Observation	Recommendation	Status of Implementation/Results of Validation
	operating under a net loss of ₱1,541,767.52 and ₱838,897.75, respectively during the year thus the objective of earning additional income as economic enterprises was not attained.	the Market and Slaughterhouse.	
46. Review and revisit the Plans and Targets in the operations of these economic enterprises in order to address the areas where the municipal government can generate additional income and minimize costs/expenses.		Unimplemented Management did not consider this a priority activity in the audited year.	
47. Study possible options or remedies in order to rescind the contract with the private contractor in the operation of the comfort rooms in the market that will be beneficial to the government.		Unimplemented Management did not consider this a priority activity in the audited year.	
AAR 2012, AO no. 7, page 57	Contributions released and paid to the League of Municipalities of the Philippines (LMP) amounting to ₱200,000.00, to the Councilors' League of the Philippines (PCL) amounting to ₱100,000.00 and to the Sangguniang Kabataan Federation in the amount of ₱20,000.00 were not acknowledged with	48. Management require the Municipal Treasurer to demand for the issuance of an official receipt of the government by the recipient Leagues concerned in order to support the release of financial aid to the latter.	Implemented The Municipal Treasurer now requires an official receipt for each financial aid release.
49. Require the Leagues concerned to submit a copy of their Constitution and By-Laws as basis of		Unimplemented No submissions from the concerned leagues.	

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	official receipts of the Republic of the Philippines, contrary to Section 68 of P.D.1445, hence, transfer and receipt of said funds could not be properly validated/accounted for which may lead to risk of loss and wastage of government funds.	reviewing bodies in determining the propriety of the fund release.	
AAR 2010	Balances of cash accounts shown in the general ledger and the municipal treasurer's cashbooks reflected discrepancies because the monthly reconciliation of cashbook and ledger balances of cash had been discontinued in violation of Section 181 (c) of the Government Accounting and Auditing Manual Volume I, thus casting doubt as to the veracity and correctness of the account balance in the financial statements.	50. The Municipal Accountant and Municipal Treasurer effect the monthly closing of the books only after the two records are reconciled.	Unimplemented Reconciliations were initiated. However, due to the high volume of work in the Accounting Office and shortage of Accounting personnel, not much time was allocated for reconciliation. Nevertheless, the reconciliation procedures will continue until all discrepancies are addressed.
AAR 2010	Accounts receivable amounting to ₱282,369.38 as of	51. Management notify the concerned individuals or	Unimplemented

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	December 31, 2003 have remained outstanding in the books for more than two years and have not been reviewed as to validity or recommended for write-off, thus the reported asset accounts may no longer be valid and recoverable.	entities to settle their accounts or initiate appropriate actions to recover the amount.	Verification of accounts receivable was still ongoing.
		52. Management request authority from the proper officials to write-off receivables which are deemed uncollectible and no longer valid.	Unimplemented Retrieving the source documents for the mentioned receivables, particularly the KKK receivables, had been challenging. Therefore, a write-off cannot be requested at this time.
AAR 2010	The Municipal Treasurer did not maintain Stock Cards for supplies and Property Cards for Property, Plant and Equipment, in violation of Sec. 119, Volume I of the NGAS Manual, thus proper accountability cannot be easily established.	53. Management improve its internal control system on asset management, by ensuring that all Property issued are properly documented, duly receipted and recorded.	Unimplemented Lack of personnel to focus on preparing and maintaining the Stock Cards.
		54. Management comply with existing rules and regulations on supplies and property.	Unimplemented Due to the shortage of personnel, management was unable to fully comply.