



REPUBLIC OF THE PHILIPPINES
COMMISSION ON AUDIT
REGIONAL OFFICE NO. 1
Audit Group E
Local Government Sector – Pangasinan II
Dagupan City

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Office of the Supervising Auditor

May 6, 2022

HONORABLE MAYOR CARLOS F. LOPEZ JR.

Municipality of Asingan
Province of Pangasinan

Dear Mayor Lopez:

We transmit herewith the report on the report on the financial, compliance and revenue audit on the accounts and operations of the Municipality of Asingan, Province of Pangasinan for the year ended December 31, 2021, in compliance with Section 2, Article IX-D of the Philippine Constitution and pertinent Sections of Presidential Decree No. 1445, otherwise known as the Government Auditing Code of the Philippines, and in line with the Commission's effort towards informing management on how fiscal responsibility has been discharged.

The audit was conducted in accordance with International Standards of Supreme Audit Institutions (ISSAI) and we believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

The auditor rendered an unmodified opinion on the fairness of the presentation of the financial statements, as it has been presented fairly, in all material respects, the financial position of the agency as at December 31, 2021, and its financial performance, cash flows, changes in net assets/equity, comparison of budget and actual amounts for the year then ended and its notes to financial statements in accordance with the International Public Sector Accounting Standards (IPSAS).

The report consists of the Audited Financial Statements, Observations and Recommendations, the Status of Implementation of Prior Years' Audit Recommendations. The audit observations and recommendations were discussed with concerned management officials during the exit conference conducted on April 26, 2022. Management comments are included in the report, where appropriate.

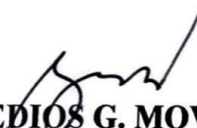
The following is the summary of the most significant findings and observations of which details are discussed in the Observations and Recommendations portion of this report:

1. Expenditures for major repair/rehabilitation and construction of infrastructure assets amounting to ₱1,731,559.91 were not capitalized or recorded as Property, Plant and Equipment (PPE) accounts but erroneously charged to the Repairs and Maintenance account, contrary to International Public Sector Accounting Standards (IPSAS) No. 17, thereby understating the PPE accounts and overstating the Repairs and Maintenance Accounts by the same amount.
2. Cost of goods undelivered, infrastructures not yet constructed and expenditures not yet incurred totaling ₱3,283,806.40 were recorded as various assets or expenses charged to Accounts Payable (AP) contrary to New Government Accounting System (NGAS) for Local Government Units (LGUs), Volume III, thus overstating the various asset, AP and expense accounts affecting the reliability of the financial statements.
3. Construction in Progress (CIP) – Infrastructure Assets account amounting to ₱1,939,189.80 as of December 31, 2021 does not reflect the actual ongoing projects of the Municipal Government totaling ₱699,300.00 with a difference of ₱1,239,889.80 contrary to IPSAS No. 1 hence, affecting the reliability of the CIP account in the financial statements.

We request that the comments and observations contained in the said report be fully addressed and we will appreciate being informed of the action taken in this regard within sixty (60) days from receipt hereof, pursuant to Section 91 of the General Provisions of Republic Act No. 11518, otherwise known as General Appropriations Act of 2021, by accomplishing the Agency Action Plan and Status of Implementation attached herewith.

We express our appreciation for the invaluable support and cooperation extended to the Audit Team by the officials and staff of the Municipal Government.

Very truly yours,


REMEDIOS G. MOVIDA
Supervising Auditor

CC: Director, DILG Regional Office No. I, City of San Fernando, La Union
The Director, BLGF Regional Office No. I, City of San Fernando, La Union
The Presiding Officer, Sangguniang Bayan, Municipality of Asingan, Pangasinan
National Library (e-copy)
UP Law Center (e-copy)
COA Commission Central Library (e-copy)

(Name of the Agency and Address)

**AGENCY ACTION PLAN and
STATUS of IMPLEMENTATION**
Audit Observation and Recommendations
For the Calendar Year **2021**

Ref.	Audit Observations	Audit Recommendations	Agency Action Plan				Status of Implementation	Reasons for partial/Delay /Non-Implementation, if applicable	Action Taken/ Action to be Taken
			Action Plan	Person/Dept. Responsible	Target Implementation date				
					From	To			

Agency Sign-off:

Name and Position of Agency Office

Date

Note: Status of Implementation may either be (a) Fully Implemented, (b) On-going, (c) Not Implemented, (d) Partially Implemented or (e) Delayed



REPUBLIC OF THE PHILIPPINES
COMMISSION ON AUDIT
LOCAL GOVERNMENT SECTOR
AUDIT GROUP E – PANGASINAN II – TEAM 7
Urdaneta City, Pangasinan

Office of the Audit Team Leader

April 29, 2022

MS. REMEDIOS G. MOVIDA

Supervising Auditor
This Audit Group

Madam:

In compliance with Section 2, Article IX-D of the Philippine Constitution and pertinent provisions of Presidential Decree No. 1445, we conducted a financial and compliance audit on the accounts and operations of the Municipality of Asingan, Province of Pangasinan, for the year ended December 31, 2021.

The audit was conducted to ascertain the propriety of financial transactions and compliance of the agency to prescribed rules and regulations. It was also made to ascertain the accuracy of financial records and reports, as well as the fairness of the presentation of the financial statements. Furthermore, the audit thrusts provided in the Calendar Year 2021 by the Local Government Sector – Central Office were adopted. The observations and recommendation were incorporated in this report.

The results of our audit are embodied in the attached report consisting of four parts: Part I – Audited Financial Statements, Part II – Observations and Recommendations, Part III – Status of Implementation of Prior Year's Audit Recommendations and Part IV – Annexes. The observations and recommendations were discussed with the concerned management officials and staff during the exit conference conducted on April 26, 2022.

An unmodified opinion has been rendered on the fairness of the presentation of the financial statements, as it has been presented fairly, in all material respects, the financial position of the agency as at December 31, 2021, and its financial performance, cash flows, changes in net assets/equity, comparison of budget and actual amounts for the year then ended and its notes to financial statements in accordance with the International Public Sector Accounting Standards (IPSAS). Our audit was conducted in accordance with International Standards of Supreme Audit Institutions (ISSAIs) and we believe that it provides reasonable bases for the results of the audit.

We acknowledge the cooperation extended to the audit team by the officials and staff of the Municipal Government.

Very truly yours,

A handwritten signature in blue ink, appearing to read 'Ken Romier', is written over the printed name.

KENNETH ROMIER C. JAVIER

State Auditor III

OIC-Audit Team Leader



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

ANNUAL AUDIT REPORT

on the

**MUNICIPALITY OF ASINGAN
Province of Pangasinan**

For the year ended December 31, 2021

EXECUTIVE SUMMARY

A. INTRODUCTION

The Municipality of Asingan is a second-class municipality that was created under a Spanish Royal Decree issued in 1782. Located in the eastern part of the Province of Pangasinan with 21 Barangays, it has a total population of 57,811 based on the latest census of the Philippine Statistics Authority. Based on these figures, the population density is computed at 868 inhabitants per square kilometer or 2,247 inhabitants per square mile.

The Municipality has a land area of 66.64 square kilometers which is bounded by the Municipalities of Binalonan and San Manuel on the north, the City of Urdaneta on the west, Municipalities of Santa Maria and Villasis on the south and the Municipality of Tayug on the east. It is located 197.40 kilometers from Manila and 50.30 kilometers from Lingayen.

The Municipal Government is committed to improving the living conditions of its citizenry under a sustainable environment conducive to Agri-Industrial and other development efforts, thereby creating a better place to live in for a healthy, educated, empowered, God-Centered, and peace-loving constituents.

It also envisions to be a self-reliant, ecologically balanced and orderly community through the promotions of Agri-Industrial, trading and tourism development, under a righteous, dedicated public servants and strong-willed leadership and a mobilized civil society.

According to Gov.ph, the LGU-Asingan ranks 159th among 508 1st to 2nd class municipalities with an overall score of 33.26. The following data shows the overall rating of the Municipality in various categories:

	Rank	Score
Economic Dynamism	200th	4.8405
Local Economy Size	358th	0.0054
Local Economy Growth	137th	0.0031
Local Economy Structure	79th	0.4586
Safety Compliant Business	196th	0.1709
Increase in Employment	118th	0.1790
Cost of Living	27th	1.3750
Cost of Doing Business	12th	2.3706
Financial Deepening	342nd	0.1226
Productivity	304th	0.0516
Presence of Business and Professional Organizations	142nd	0.1036

For CY 2021, the Municipality had 330 employees, consisting of 120 permanent employees, 13 casual, two contractual employees and 195 employees with contracts of service and ten elected officials headed by the Municipal Mayor Engr. Carlos F. Lopez Jr., and Vice Mayor Heidee L. Ganigan-Chua.

We conducted our audit in accordance with International Standards of Supreme Audit Institutions (ISSAIs). The audit covered the operations of the Municipality for the CY 2021. A financial and compliance audit was conducted to examine the propriety of its transactions, and the reliability and accuracy of financial reports and books of accounts. A performance audit was also included to determine whether agency objectives were attained in an economical, efficient and effective manner.

B. OPERATIONAL HIGHLIGHTS

In line with the Municipality's vision and mission, the Management had undertaken various programs, projects and activities. The most significant of which and validated by the Audit Team were as follows:

No.	Project/ Program/ Activity Name	Location	Total Cost (₱)	Status of Completion
1	Concreting/Construction/Continuation of Farm to Market Road	Ariston West, Baro, CarNorte, CarSur, Dupac, Palaris, Sobol, Toboy	6,403,303.49	Completed
2	Construction of Local Access Road	Ariston East, Ariston West and Bantog, Coldit - San Vicente West	5,597,295.40	Completed
3	Construction/Rehabilitation of Lined Canal	Carosucan Norte, Macalong, Poblacion West Toboy	17,119,552.29	Completed
4	Construction/Continuation/Rehabilitation of Multi-Purpose Hall	Calepaan, Coldit, Macalong, Palaris	4,897,878.17	Completed
5	Repair/Rehabilitation/Construction of Municipal Buildings	Municipal Hall, Poblacion East	3,298,202.61	Completed
6	Installation of Solar Powered Potable Water Supply System	Ariston East, Ariston West, Bantog, Bobonan, Cabalitian, Calepaan, Carosucan Norte, Carosucan Sur, Coldit, Dupac, Palaris, Poblacion East, Poblacion West, San Vicente East, San Vicente West, Toboy, Sobol	4,298,214.60	Completed

C. FINANCIAL HIGHLIGHTS

The financial position, financial performance and source and utilization of funds, appropriations, obligations and disbursements of the Municipality of Asingan for calendar year (CY) 2021, with corresponding figures for CY 2020 are as follows:

	2021	2020 as restated	Increase (Decrease)	% of Increase (Decrease)
Asset	469,699,977.92	437,715,888.60	31,984,089.32	7.31%
Liabilities	71,214,977.42	88,855,020.62	(17,640,043.20)	(19.85%)
Government Equity	398,485,000.50	348,860,867.98	49,624,132.52	14.22%
Income	198,465,228.69	202,870,739.51	(4,405,510.82)	(2.17%)
Expenses	163,668,150.46	163,884,901.52	(216,751.06)	(0.13%)
Appropriation	232,259,037.73	241,515,797.63	(9,256,759.90)	(3.83%)
Obligation	202,267,103.89	214,212,747.17	(11,945,643.28)	(5.58%)
Disbursement	254,181,869.54	306,561,593.50	(52,379,723.96)	(17.09%)

Detailed information presented by fund were attached in Annexes A – A.4.

To help displaced families due to the COVID19 outbreak, the Municipal Government has distributed food packs to affected families from 21 barangays within its jurisdiction.

D. SCOPE OF AUDIT

The audit covered the operations of the Municipality of Asingan for CY 2021. It was conducted to ascertain the fairness of the presentation of the financial statements, check compliance with existing rules and regulations and determine whether management in the implementation of its programs, projects and activities has attained its goals and objectives in an economical, efficient and effective manner.

The audit included analysis of accounts, review of transactions, tests of compliance with existing laws, rules, and regulations, review of operating procedures, an inspection of programs and projects, interview of officials and employees, and such other procedures considered necessary under the circumstances.

E. AUDITOR'S OPINION ON THE FINANCIAL STATEMENTS

The Auditor rendered an unmodified opinion on the fairness of the presentation of the financial statements of the Municipality of Asingan for CY 2021.

F. SUMMARY OF SIGNIFICANT AUDIT OBSERVATIONS AND RECOMMENDATIONS

Part II of the report contains audit observations and recommendations that need to be addressed and were discussed with the management during the exit conference conducted on April 26, 2022. Management comments were incorporated in the report where appropriate. The most significant of which are as follows:

1. Expenditures for major repair/rehabilitation and construction of infrastructure assets amounting to ₱1,731,559.91 were not capitalized or recorded as Property, Plant and Equipment (PPE) accounts but erroneously charged to the Repairs and Maintenance account, contrary to International Public Sector Accounting Standards (IPSAS) No. 17, thereby understating the PPE accounts and overstating the Repairs and Maintenance Accounts by the same amount.

We recommended that the Municipal Mayor direct the Municipal Accountant to prepare adjusting journal entries to correct the understatement of PPE accounts. Henceforth, ensure that costs of major repairs/rehabilitation and construction of infrastructure assets should be capitalized or recognized as property, plant and equipment in accordance with IPSAS No. 17.

2. Cost of goods undelivered, infrastructures not yet constructed, and expenditures not yet incurred totaling ₱3,283,806.40 were recorded as various assets or expenses charged to Accounts Payable (AP) contrary to New Government Accounting System (NGAS) for Local Government Units (LGUs), Volume III, thus overstating the various asset, AP and expense accounts affecting the reliability of the financial statements.

We recommended that the Local Chief Executive requires the following officers:

- a. The Municipal Accountant to strictly observe proper recognition of various assets, AP, and expenses by crediting this account only when the goods are delivered or services are rendered under NGAS for LGUs, Volume III, and to make the necessary adjusting journal entries to correct the balance of the affected accounts.
- b. The Municipal Engineer to provide the Municipal Accountant a complete Report on Programs/Projects/Activities (PPAs) stating/and detailing the date of delivery/construction/completion and
- c. The Designated Supply Officer to provide the list of delivered items as ready reference to facilitate the recording/recognition of assets and/or accrual of expenses at the end of each reporting period.

3. Construction in Progress (CIP) – Infrastructure Assets account amounting to ₱1,939,189.80 as of December 31, 2021 does not reflect the actual ongoing projects of the Municipal Government totaling ₱699,300.00 with a difference of ₱1,239,889.80 contrary to International Public Sector Accounting Standards (IPSAS) No. 1 hence, affecting the reliability of the CIP account in the financial statements.

We recommended that the Local Chief Executive requires the Municipal Engineer to provide a quarterly report of ongoing PPAs to the Municipal Accountant to reconcile their respective records and make the necessary adjusting journal entries to reflect the correct the balance of CIP account in the financial statements in compliance with the fair presentation under IPSAS No. 1.

G. STATUS OF IMPLEMENTATION OF PRIOR YEAR'S AUDIT RECOMMENDATIONS

Of the 26 prior year's audit recommendations, 14 were fully implemented, 12 were not implemented, a 53.85% implementation of the previous year's audit recommendation. Given their significant effects on the financial statements, the unimplemented recommendations were reiterated in this report.

H. STATUS OF SETTLEMENT OF AUDIT SUSPENSIONS, DISALLOWANCES, AND CHARGES

As of December 31, 2021, the Statement of Suspensions, Disallowances, and Charges showed the following balances:

Notice of Suspensions	None
Notice of Disallowances	₱1,745,803.53
Notice of Charges	None

Included in the audit disallowance were payments for gasoline consumption incurred by various officials and employees of the Municipality for the years 2016-2018, disallowed in 2019.

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PART I

AUDITED FINANCIAL STATEMENTS

PART II

OBSERVATIONS AND RECOMMENDATIONS

PART III

STATUS OF IMPLEMENTATION OF PRIOR YEAR'S AUDIT RECOMMENDATIONS

PART IV
ANNEXES



REPUBLIC OF THE PHILIPPINES
COMMISSION ON AUDIT
Commonwealth Avenue, Quezon City

INDEPENDENT AUDITOR'S REPORT

HON. CARLOS F. LOPEZ JR.

Municipal Mayor

Municipality of Asingan, Pangasinan

Unmodified Opinion

We have audited the financial statements of Municipality of Asingan, Pangasinan which comprise the statement of financial position as of December 31, 2021, and the statement of financial performance, statement of changes in net assets/equity, statement of cash flows and statement of comparison of budget and actual amounts for the year then ended, and notes to the financial statements, including a summary of significant accounting policies.

In our opinion, the accompanying financial statements present fairly, in all material respects, the financial position of the Municipality of Asingan, as of December 31, 2021, and its financial performance, its cash flows, and its comparison of budget and actual amounts for the year then ended, in accordance with the International Public Sector Accounting Standards (IPSASs).

Basis for Unmodified Opinion

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

Emphasis of Matter Paragraph

Without modifying our opinion, we draw attention to Note 20 of the Notes to Financial Statements, which explains that the financial statements for the year ended December 31, 2020 have been restated from those which we originally reported on April 30, 2021.

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

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

Those charged with governance are responsible for overseeing the LGU's financial reporting process.

Auditor's Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not guarantee that an audit conducted in accordance with ISSAIs will always detect a material misstatement when it exists. Misstatement can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

COMMISSION ON AUDIT

BY:



KENNETH ROMIER C. JAVIER
State Auditor III
OIC-Audit Team Leader

April 28, 2022



MUNICIPALITY OF ASINGAN



Seal of
Good
Local
Governance

AWARDEE: 2010 2017 2019

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Email: asenso.asingan2022@yahoo.com | Website: www.asingan.gov.ph

STATEMENT OF MANAGEMENT RESPONSIBILITY FOR FINANCIAL STATEMENTS

The Management of the Municipality of Asingan is responsible for all information and representation contained in the Consolidated Statement of Financial Positions as of December 31, 2021 and the related Consolidated Statements of Financial Performance and Cash Flows for the period then ended. The Financial statements have been prepared in conformity with the International Public Sector Accounting Standards and reflect amounts that are based on best estimates and informed judgement of management with an appropriate consideration of materiality.

In this regard, management maintains a system of accounting and reporting which provides for the necessary internal controls to ensure that transactions are properly authorized and recorded, assets are safeguarded against unauthorized use or disposition and liabilities recognized.


MARJORIE V. TINTE, CPA
Municipal Accountant


ENGR. CARLOS F. LOPEZ, JR.
Municipal Mayor

MUNICIPAL GOVERNMENT OF ASINGAN
STATEMENT OF FINANCIAL POSITION
As at December 31, 2021 - ALL FUNDS
(With Corresponding Figure For CY 2020)

	<u>Note</u>	<u>2021</u>	<u>2020</u> <u>Restated</u>
ASSETS			
Current Assets			
Cash and Cash Equivalents	4	70,035,140.55	71,428,993.21
Receivables	5	50,078,972.95	48,874,896.36
Inventories	6	19,590.00	19,590.00
Total Current Assets		<u>120,133,703.50</u>	<u>120,323,479.57</u>
Non-Current Assets			
Property, Plant and Equipment	7	349,566,274.42	317,392,409.03
Total Non-Current Assets		<u>349,566,274.42</u>	<u>317,392,409.03</u>
Total Assets		<u>469,699,977.92</u>	<u>437,715,888.60</u>
LIABILITIES			
Current Liabilities			
Financial Liabilities	8	10,335,324.98	8,558,846.61
Inter-Agency Payables	8	3,963,996.86	22,592,181.37
Intra-Agency Payables	8	5,075,063.41	10,752,983.37
Trust Liabilities	8	2,191,410.73	3,970,429.65
Deferred Credits/Unearned Income	8	43,785,566.16	34,020,201.02
Other Payables	9	5,863,615.28	8,960,378.60
Total Current Liabilities		<u>71,214,977.42</u>	<u>88,855,020.62</u>
Total Liabilities		<u>71,214,977.42</u>	<u>88,855,020.62</u>
NET ASSETS/EQUITY			
Government Equity	10	398,485,000.50	348,860,867.98
Total Liabilities and Net Assets/Equity		<u>469,699,977.92</u>	<u>437,715,888.60</u>

MUNICIPAL GOVERNMENT OF ASINGAN
STATEMENT OF FINANCIAL PERFORMANCE
For the Year Ended December 31, 2021 - ALL FUNDS
(With Corresponding Figure For CY 2020)

	<u>Note</u>	<u>2021</u>	<u>2020</u> <u>Restated</u>
Revenue			
Tax Revenue	11	15,145,713.76	11,307,741.29
Share from Internal Revenue	11	166,164,696.00	155,037,996.00
Service and Business Income	12	14,862,318.93	13,289,652.01
Shares, Grants and Donations	13	860,000.00	10,129,788.80
Other Income	14	32,500.00	105,728.41
Total Revenue		<u>197,065,228.69</u>	<u>189,870,906.51</u>
Less: Current Operating Expenses			
Personnel Services	16	74,435,658.34	71,553,460.23
Maintenance and Other Operating Expenses	17	64,108,251.54	75,780,428.72
Non-cash Expenses	18	24,010,006.22	15,578,958.40
Total Current Operating Expenses		<u>162,553,916.10</u>	<u>162,912,847.35</u>
Surplus (Deficit) from Current Operation		<u>34,511,312.59</u>	<u>26,958,059.16</u>
Add (Deduct):			
Transfers, Assistance and Subsidy From	15	1,400,000.00	12,999,833.00
Transfers, Assistance and Subsidy To	19	(1,114,234.36)	(972,054.17)
Net Transfers, Assistance and Subsidy		<u>285,765.64</u>	<u>12,027,778.83</u>
Surplus(Deficit) for the period		<u>34,797,078.23</u>	<u>38,985,837.99</u>

MUNICIPAL GOVERNMENT OF ASINGAN
STATEMENT OF CHANGES IN NET ASSETS/EQUITY
For the Year Ended December 31, 2021
(With Corresponding Figures for CY 2020)

	<u>Note</u>	<u>2021</u>	<u>2020</u> <u>Restated</u>
Balance at January 1		345,832,367.98	296,342,412.49
Add (Deduct)			
Prior Period Errors	20	<u>3,028,500.00</u>	<u>-</u>
Restated Balance		<u>348,860,867.98</u>	<u>296,342,412.49</u>
 Changes in Net Assets/Equity for the Calendar Year			
Adjustment of net revenue recognized directly in net assets/equity		14,827,054.29	13,532,617.50
Surplus (Deficit) for the period		<u>34,797,078.23</u>	<u>38,985,837.99</u>
Total recognized revenue and expenses for the period		<u>49,624,132.52</u>	<u>52,518,455.49</u>
 Balance at December 31		<u>398,485,000.50</u>	<u>348,860,867.98</u>

MUNICIPAL GOVERNMENT OF ASINGAN
STATEMENT OF CASH FLOWS
For the Year Ended December 31, 2021 - ALL FUNDS
(With Corresponding Figure For CY 2020)

	<u>Note</u>	<u>2021</u>	<u>2020</u> <u>Restated</u>
Cash Flows from Operating Activities	21		
Cash Inflows			
Collection from taxpayers		16,668,258.69	14,466,055.44
Share from Internal Revenue Allotment		166,164,696.00	155,037,996.00
Receipts from business/service income		14,662,894.65	12,408,225.81
Interest Income		221,124.28	374,892.86
Other Receipts		<u>55,071,043.26</u>	<u>107,716,790.76</u>
Total Cash Inflows		<u>252,788,016.88</u>	<u>290,003,960.87</u>
Cash Outflows			
Payment of Accounts Payable		105,222,287.70	159,585,810.16
Payments to employees		68,919,554.86	68,010,323.56
Other Expenses		<u>13,368,249.66</u>	<u>15,409,395.40</u>
Total Cash Outflows		<u>187,510,092.22</u>	<u>243,005,529.12</u>
Net Cash Flows from Operating Activities		<u>65,277,924.66</u>	<u>46,998,431.75</u>
Cash Flows from Investing Activities			
Cash Inflows			
Proceeds from Sale/Disposal of Property, Plant and Equipment		-	-
		<u>-</u>	<u>-</u>
Cash Outflows			
Payment for Purchase or Construction of PPE		<u>66,671,777.32</u>	<u>63,556,064.38</u>
Total Cash Outflows		<u>66,671,777.32</u>	<u>63,556,064.38</u>
Net Cash Flows from Investing Activities		<u>(66,671,777.32)</u>	<u>(63,556,064.38)</u>
Cash Flows from Financing Activities			
Cash Inflows		-	-

MUNICIPAL GOVERNMENT OF ASINGAN
STATEMENT OF CASH FLOWS
For the Year Ended December 31, 2021 - ALL FUNDS
(With Corresponding Figure For CY 2020)

	<u>Note</u>	<u>2021</u>	<u>2020</u> <u>Restated</u>
Cash Outflows			
Payment of loan amortization and interest		-	-
Total Cash Outflows		-	-
 Net Cash Flows from Financing Activities		-	-
 Increase in Cash and Cash Equivalents		<u>(1,393,852.66)</u>	<u>(16,557,632.63)</u>
Cash and Cash Equivalents, January 1		<u>71,428,993.21</u>	<u>87,986,625.84</u>
Cash and Cash Equivalents, December 31		<u><u>70,035,140.55</u></u>	<u><u>71,428,993.21</u></u>

MUNICIPAL GOVERNMENT OF ASINGAN
STATEMENT OF COMPARISON OF BUDGET AND ACTUAL AMOUNTS
For the Year Ended December 31, 2021 - ALL FUNDS

Particulars	Note	Budgeted Amount		Difference (Final Budget and Actual)	Actual Amounts on Comparable Basis	Difference (Final Budget and Actual)
		Original	Final			
REVENUE	22					
A. Local Sources						
1. Tax Revenue						
a. Tax Revenue - Property		7,840,000.00	7,840,000.00	-	9,240,556.96	1,400,556.96
b. Tax Revenue - Goods and Service		-	-	-	-	-
c. Other Local Taxes		4,635,000.00	4,635,000.00	-	5,905,156.80	
Total Tax Revenue		12,475,000.00	12,475,000.00	-	15,145,713.76	1,400,556.96
2. Non-Tax Revenue						
a. Service Income		-	-	-	4,884,316.93	4,884,316.93
b. Business Income		-	-	-	7,201,731.71	7,201,731.71
c. Other Income and Receipts		-	-	-	2,808,770.29	2,808,770.29
Total Non-Tax Revenue		-	-	-	14,894,818.93	14,894,818.93
B. External Sources						
1. Share from National Internal Revenue		155,422,775.00	155,037,996.00	(384,779.00)	166,164,696.00	11,126,700.00
2. Share from GOCCs		-	-	-	-	-
3. Other Shares from National Tax Collec		-	-	-	-	-
4. Other Receipts		-	-	-	-	-
a. Grants and Donations		-	-	-	-	-
b. Other Subsidy Income		-	-	-	-	-
5. Inter-local Transfer		-	-	-	-	-
6. Capital/Investment Receipts		-	-	-	-	-
C. Receipts from Borrowings		-	-	-	-	-
Total Revenues and Receipts		167,897,775.00	167,512,996.00	(384,779.00)	196,205,228.69	27,422,075.89
EXPENDITURES						
General Public Services						
Personal Services		41,319,914.42	45,712,613.04	4,392,698.62	44,588,922.82	1,123,690.22
Maintenance and Other Operating Expenses		22,133,494.48	25,879,308.24	3,745,813.76	21,765,889.37	4,113,418.87
Capital Outlay		7,895,607.84	13,030,551.84	5,134,944.00	12,207,439.40	823,112.44
Education						
Maintenance and Other Operating Expenses		959,880.00	959,880.00	-	893,000.52	66,879.48
Capital Outlay		1,259,100.00	1,259,100.00	-	1,238,694.00	20,406.00
Health, Nutrition and Population Control						
Personal Services		10,662,223.80	11,713,380.69	1,051,156.89	11,629,155.33	84,225.36
Maintenance and Other Operating Expenses		3,799,309.00	3,799,309.00	-	3,321,370.00	477,939.00
Capital Outlay		95,000.00	95,000.00	-	66,982.00	28,018.00
Housing and Community Development						
Maintenance and Other Operating Expenses		6,000,000.00	6,000,000.00	-	6,000,000.00	-
Social Services and Social Welfare						
Personal Services		3,679,764.80	3,858,133.81	178,369.01	3,805,467.16	52,666.65
Maintenance and Other Operating Expenses		2,652,542.92	2,852,542.92	200,000.00	2,425,368.06	427,174.86
Capital Outlay		460,000.00	460,000.00	-	306,164.00	153,836.00
Economic Services						
Personal Services		14,137,386.78	15,048,380.26	910,993.48	14,412,113.03	636,267.23
Maintenance and Other Operating Expenses		15,104,419.00	15,104,419.00	-	14,686,586.40	417,832.60
Capital Outlay		480,000.00	480,000.00	-	407,844.00	72,156.00
LDRRMF						
Maintenance and Other Operating Expenses		4,681,030.00	4,739,264.80	58,234.80	3,691,016.00	1,048,248.80
Capital Outlay		4,024,570.00	4,024,570.00	-	3,979,584.44	44,985.56
20% Development Fund						
Maintenance and Other Operating Expenses		5,103,808.66	5,363,751.41	259,942.75	2,568,915.84	2,794,835.57
Capital Outlay		27,896,191.34	27,896,191.34	-	27,860,850.66	35,340.68
Allocation for Senior Citizens and PWD						
Maintenance and Other Operating Expenses		1,616,000.00	1,753,200.00	137,200.00	1,341,407.00	411,793.00
Capital Outlay		34,000.00	34,000.00	-	34,000.00	-
Others						
Maintenance and Other Operating Expenses		7,865,980.13	7,938,236.13	72,256.00	5,439,744.31	2,498,491.82
Capital Outlay		3,933,255.15	4,233,255.15	300,000.00	3,933,255.15	300,000.00
Total Expenditures		185,793,478.32	202,235,087.63	16,441,609.31	186,603,769.49	15,631,318.14

MUNICIPAL GOVERNMENT OF ASINGAN
STATEMENT OF COMPARISON OF BUDGET AND ACTUAL AMOUNTS
For the Year Ended December 31, 2021 - ALL FUNDS

Particulars	Note	Budgeted Amount		Difference (Final Budget and Actual)	Actual Amounts on Comparable Basis	Difference (Final Budget and Actual)
		Original	Final			
CONTINUING APPROPRIATIONS						
General Public Services				-		
Capital Outlay		4,449,602.61	4,449,602.61	-	2,465,302.76	1,984,299.85
Health, Nutrition and Population Control				-		
Capital Outlay		47,948.00	47,948.00	-	-	47,948.00
Social Services and Social Welfare				-		
Capital Outlay		74,627.52	74,627.52	-	-	74,627.52
Economic Services				-		
Capital Outlay		25,376,338.97	25,376,338.97	-	13,127,231.64	12,249,107.33
Others				-		
Capital Outlay		75,433.00	75,433.00	-	70,800.00	4,633.00
Total Continuing Appropriations		30,023,950.10	30,023,950.10	-	15,663,334.40	14,360,615.70
Total Appropriations		215,817,428.42	232,259,037.73	16,441,609.31	202,267,103.89	29,991,933.84

NOTES TO THE FINANCIAL STATEMENTS

1. General Information / Agency Profile

Municipality of Asingan was founded in 1689 by the Spaniards who named it Villa De Asingan and later shortened to Asingan. It is envisioned to be a self-reliant, ecologically-balanced, disaster-resilient and orderly community through the promotion of agriculture, agro-industrial, trading and tourism development, under righteous, dedicated public servants, gender-sensitive, accountable, competent, responsive and service-oriented leaders and a participative mobilized civil society.

It has a land area of 66.64 square kilometers or 25.73 square miles which constitutes 1.22% of Pangasinan's total area. Its population as determined by the 2015 census was 57,355. This represented 1.94% of the total population of the Province of Pangasinan, or 1.14% of the overall population of the Ilocos Region. Based on these figures, the population density is computed at 861 inhabitants per square kilometer or 2,229 inhabitants per square mile.

Asingan is a second (2nd) class municipality and has 21 barangays. Municipal center is situated at approximately 16° 0' North, 120° 40' East, in the island of Luzon. Elevation at these coordinates is estimated at 49.1 meters or 160.9 feet above mean sea level.

The Municipal Government of Asingan is committed to improve the living conditions of its citizenry under a sustainable environment conducive to agriculture, agri-industrial and other rights-based, inclusive socio-economic development undertakings, thereby creating a better and safer place to live in, work and do business for healthy, educated, empowered men and women, God-centered and peace-loving constituents, and transparent leadership.

The Municipal Government is committed to improve the living conditions of its citizenry under a sustainable environment conducive to Agri-Industrial and other development efforts, thereby creating a better place to live in for a healthy, educated, empowered, God – Centered, and peace-loving constituents.

It also envisions to be a self-reliant, ecologically-balanced and orderly community through the promotions of Agri-Industrial, trading and tourism development, under a righteous, dedicated public servants and strong-willed leadership and a mobilized civil society.

Currently, the Municipality had 330 employees, consisting of 120 permanent employees, 13 casual, two contractual employees and 195 employees with contracts of service and ten elected officials headed by the Municipal Mayor Engr. Carlos F. Lopez Jr., and Vice Mayor Heidee L. Ganigan-Chua.

2. Basis for Financial Statements Presentation

The financial statements of the LGU have been prepared in accordance with and comply with the International Public Sector Accounting Standards (IPSAS). The consolidated financial statements are presented in Philippine Peso, which is the functional and reporting currency of the LGU. Figures presented were rounded to two decimal places.

3. Summary of significant accounting policies

3.1 Basis of accounting

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

3.2 Consolidation

The controlled entities (funds) are all those over which the controlling entity has the power to govern the financial and operating policies. Inter-group transaction, balances and unrealized gains and losses on transactions between entities and funds are eliminated in full. The LGU has three (3) funds, General Fund, Trust Fund and SEF Fund. The LGU maintains special accounts under the General Fund for its Market and Slaughterhouse Operations.

3.3 Revenue recognition

Revenue from non-exchange transactions

Taxes, fines and fees

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

Transfers from other government entities

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

Revenue from exchange transactions

Rendering of services

The LGU recognizes this revenue from rendering of services by reference to the stage of completion when the outcome of the transaction can be estimated reliably. The stage of completion is measured by reference to labor hours incurred to date as a percentage of total estimated labor hours. Where the contract outcome cannot be measured reliably, revenue is recognized only to the extent that the expenses incurred are recoverable.

Interest income

Interest income is accrued on a time proportion basis that takes into account the effective yield on the assets. The effective yield discounts estimated future cash receipts through the expected life of the financial asset to that asset's net carrying amount. The method applies this yield to the principal outstanding to determine interest income each period

3.4 Property, plant and equipment

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

Depreciation on assets is charged on a straight-line basis over the estimated useful life of the asset from 5 to 30 years as per COA Circular No. 2003-07 dated December 11, 2003 as amended by COA Circular 2004-005 dated August 9, 2004, COA Circular No. 2015-008 dated November 23, 2015 and DPWH Department Order No. 176 dated November 23, 2015.

The estimation of the useful life of asset is a matter of judgment based on the experience of the agency with similar assets and in conformity with above mentioned COA Circulars. A residual value equivalent to at least five percent (5%) of the cost was used unless a more appropriate percentage is determined by the agency based on operation.

Public Infrastructures were not previously recognized in the books. The LGU availed of the 5-year transitional provision for the recognition of the Public Infrastructure. This year, which is the fifth year of implementation of the IPSAS, the LGU had already recognized 100% of the Public Infrastructure in the books of accounts.

3.5 Financial instruments

Financial assets

Initial recognition and measurement

Financial assets are classified as financial assets at fair value through surplus or deficit, loans and receivable. The LGU determines the classification of its financial assets at initial recognition.

Purchases or sales of financial assets that require delivery of assets within a time frame established by regulation or convention in the marketplace (regular way trades) are recognized on the trade date, i.e., the date that the LGU commits to purchase or sell the asset.

The LGU's financial assets include: cash and short-term deposits; and other receivables.

Subsequent measurement

The subsequent measurement of financial assets depends on their classification.

Financial liabilities

Initial recognition and measurement

Financial liabilities within the scope of IPSAS 29 are classified as financial liabilities at fair value through surplus or deficit or loans and borrowings, as appropriate. The LGU determines the classification of its financial liabilities at initial recognition.

All financial liabilities are recognized initially at fair value and, in the case of loans and borrowings.

The financial liabilities of the LGU include other payables, loans and borrowings.

Subsequent measurement

The measurement of financial liabilities depends on their classification.

Offsetting of financial instruments

Financial assets and financial liabilities are offset and the net amount reported in the consolidated statement of financial position if, there is a currently enforceable legal right to offset the recognized amounts and there is an intention to settle on a net basis, or to realize the assets and settle the liabilities simultaneously.

3.6 Cash and cash equivalents

Cash and cash equivalents comprise cash on hand and cash in bank which is subject to insignificant risk of changes in value. For the purpose of the consolidated statement of cash flows, cash and cash equivalents consist of cash and short-term deposits as defined above.

3.7 Inventories

Inventory is measured at cost. However, to the extent that a class of inventory is distributed or deployed at no charge, that the class of inventory is measured at the lower of cost and current replacement cost. Inventories are recognized as an expense when deployed for utilization or consumption in the ordinary course of operations of the LGU.

3.8 Changes in accounting policies and estimates

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

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

3.9 **Related parties**

The LGU regards a related party as a person or an entity with the ability to exert control individually or jointly, or to exercise significant influence over the LGU, or vice versa.

Members of key management are regarded as related parties and comprise the Municipal Mayor, Vice-Mayor, Sanggunian Bayan Members, Committee Officials and Members, Municipal Accountant, Municipal Treasurer, Municipal Budget Officer, Municipal Engineer and all Chiefs of Departments/Divisions.

3.10 **Budget information**

The annual budget is prepared on modified cash basis, that is, all planned costs and income are presented in a single statement to determine the needs of the LGU. As a result of the adoption of the modified cash basis for budgeting purposes, there are basis, timing or entity differences that would require reconciliation between the actual comparable amounts and the amounts presented as a separate additional financial statement in the statement of comparison of budget and actual amounts.

3.11 **Significant judgments and sources of estimation uncertainty**

Judgments

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

Operating lease commitments – LGU as lessor

The LGU has entered into property leases of some of its properties. The LGU has determined, based on an evaluation of the terms and conditions of the arrangements, (such as the lease term not constituting a substantial portion of the economic life of the commercial property) that it retains all the significant risks and rewards of ownership of the properties and accounts for the contracts as operating leases.

Useful lives and residual values

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

- a) The condition of the asset based on the assessment of experts employed by the LGU;

- b) The nature of the asset, its susceptibility and adaptability to changes in technology and processes;
- c) The nature of the processes in which the asset is deployed; and
- d) Changes in the market in relation to the asset

Impairment of non-financial assets – non- cash generating assets

The LGU reviews and tests the carrying value of non-cash-generating assets when events or changes in circumstances suggest that there may be a reduction in the future service potential that can reasonably be expected to be derived from the asset. Where indicators of possible impairment are present, the LGU undertakes impairment tests, which require the determination of the fair value of the asset and its recoverable service amount. The estimation of these inputs into the calculation relies on the use of estimates and assumptions.

3.12 Financial instruments – financial risk management

Cash and cash equivalents

The LGU limits its exposure to credit risk by depositing only with government depository banks and approved by the Sanggunian. Consequently, the LGU does not consider there to be any significant exposure to credit risk.

Credit Risk

Credit risk is the risk of financial loss to the LGU if customers or counterparties to financial instruments fail to meet their contractual obligations, and it arises principally from the LGU's investments, loans, receivables, and cash and cash equivalents. The carrying amount of financial assets represents maximum credit exposure.

4. Cash and Cash Equivalents

	2021	2020 (Restated)
<i>Cash on Hand</i>		
Cash Local Treasury	53,988.88	6,154.90
Petty Cash	-	-
<i>Cash in Bank-Local Currency</i>		
Cash in Bank -Local Currency, Current Account	52,807,903.91	54,438,641.92
<i>Investments in Time Deposits (<90 days)</i>		
Cash in Bank - Local Currency, Time Deposits	<u>17,173,247.76</u>	<u>16,984,196.39</u>
Total Cash and Cash Equivalent	<u>70,035,140.55</u>	<u>71,428,993.21</u>

- 4.1 Cash in banks earns interest based on the prevailing bank deposit rates. Short-term deposits are made for varying periods, depending on the immediate cash requirements of the LGU and earn interest at the respective short-term deposit rate.
- 4.2 Cash on Hand – Cash on Local Treasury consist of collections under the General Fund – Proper amounting to ₱53,988.88. These collections by the cashiers and collectors were made after the banking hours of December 29, 2021. These were mostly Real Property Taxes and from the operation of Public Markets and Slaughterhouse, deposited on the following working days of January, 2022. Cash and cash equivalents presented in the Statement of Cash Flow consist of the Cash Local Treasury and Cash in Bank - Local currency amounting to ₱53,988.88 and ₱52,807,903.91 respectively.
- 4.3 The Municipality does not maintain a petty cash fund for the year 2021.
- 4.4 The Depository bank of the agency are Land Bank of the Philippines (LBP) located at Barangay Nancayasan, Urdaneta City, Pangasinan and United Coconut Planters Bank (UCPB) located at UCPB Building Alexander Street, Urdaneta City Pangasinan. Cash in Bank -Local Currency, Current Accounts under the LBP includes the amount of ₱39,572,353.39 in General Fund-Proper, ₱7,276,467.44 in SEF and ₱3,958,111.74 for Trust Fund Account while CIB-LC UCPB has balance amounting to ₱2,000,971.34 for the General Fund. Cash in bank earns interest based on the prevailing bank deposit rates of the LBP and UCPB.
- 4.5 The Cash in Bank - LCCA represents LGU deposits in Development Bank of the Philippines - Dagupan Branch ₱15,455,402.68 and ₱1,717,845.08 from the General Fund and Trust Fund respectively.
- 4.6 Transfers from other government agencies represent those funds received for specific projects undertaken by the LGU for specific purpose. These funds were received on the basis of the project budgets submitted. Accordingly, the LGU is

contractually bound to spend these funds only in connection with the projects. Furthermore, the contracts stipulate that the funds received for the project may only be applied to the costs incurred for the project, as and when the phases of the project are certified as complete. The conditions remaining therefore represent phases of the projects that are yet to be certified as complete. Returned of the unspent portion of the fund is subject to the conditions stated in the respective Memorandum of Agreements executed between the LGU and the proponent government agencies.

5. Receivables

	2021	2020 (Restated)
<i>Loans and Receivable Accounts</i>		
Accounts Receivable	166,675.00	166,675.00
Real Property Tax Receivable	21,892,312.68	17,010,100.51
Special Education Tax Receivable	21,893,253.48	17,010,100.51
Loan Receivables - Others	<u>278,961.57</u>	<u>278,961.57</u>
	<u>44,231,202.73</u>	<u>34,465,837.59</u>

	2021	2020 (Restated)
<i>Intra-Agency Receivables</i>		
Due from Other Funds	<u>5,075,063.41</u>	<u>13,781,483.37</u>

	2021	2020 (Restated)
<i>Advances</i>		
Advances to Officers and Employees	<u>20,000.00</u>	<u>20,000.00</u>

	2021	2020 (Restated)
<i>Other Receivables</i>		
Receivables - Disallowances/Charges	1,000.00	1,000.00
Due from Officers and Employees	1,970.40	945.40
Other Receivables	<u>749,736.41</u>	<u>605,630.00</u>
	<u>752,706.81</u>	<u>607,575.40</u>

	2021	2020 (Restated)
<i>Receivables</i>		
Loans and Receivable Accounts	44,231,202.73	34,465,837.59
Intra-Agency Receivables	5,075,063.41	13,781,483.37

Advances	20,000.00	20,000.00
Other Receivables	<u>752,706.81</u>	<u>607,575.40</u>
Total Receivables	<u>50,078,972.95</u>	<u>48,874,896.36</u>

5.1 The significant increase in the Real Property Tax and Special Education Tax Receivables represents the estimated total real property taxes collectible for 2021 recorded in the books of the LGU.

5.2 The balance of Accounts Receivables includes ₱166,675.00 receivables from officials and employees and Job Orders who were no longer in service.

5.3 The balance in Advance for Officers and Employees account as of December 31, 2021 represents cash advance from a former official that has absconded and failed to liquidate the account.

5.4 Included in the balance of Other Receivables amounting to ₱716,336.41 represents the uncollected operating lease rentals from various Stall Occupants.

5.5 The Receivables - Disallowance and Charges amounting to ₱1,000.00 represent receivables from various supplies.

5.6 There was no evidence for impairment of receivable accounts hence no allowance for impairment was recorded during 2021.

5.7 As of December 31, 2021, the aging analysis of outstanding receivables is as follows:

	Total	Neither past due or impaired	Past due but not impaired		
			<30 days	30-60 days	>60 days
Accounts Receivable	166,675.00	-	-	-	166,675.00
Real Property Tax Receivable	21,892,312.68	-	-	10,592,111.13	11,300,201.55
Special Education Tax Receivable	21,893,253.48	-	-	9,567,511.80	12,325,741.68
Loan Receivables - Others	278,961.57	-	-	-	278,961.57
Due from Other Funds	5,075,063.41	-	-	-	5,075,063.41
Advances to Officers and Employees	20,000.00	-	-	-	20,000.00
Receivables - Disallowances/Charges	1,000.00	-	-	-	1,000.00
Due from Officers and Employees	1,970.40	-	-	-	1,970.40
Other Receivables	749,736.41	-	-	144,106.41	605,630.00
Total	50,078,972.95	-	-	20,303,729.34	29,775,243.61

6. Inventories

	2021	2020 (Restated)
<i>Inventory Held for Sale</i>		
Merchandise Inventory	<u>13,290.00</u>	<u>13,290.00</u>
	2021	2020 (Restated)
<i>Inventory Held for Consumption</i>		
Accountable Forms, Plates and Stickers	<u>6,300.00</u>	<u>6,300.00</u>
	2021	2020 (Restated)
<i>Inventories</i>		
Inventory Held for Sale	13,290.00	13,290.00
Inventory Held for Consumption	<u>6,300.00</u>	<u>6,300.00</u>
Total Inventories	<u>19,590.00</u>	<u>19,590.00</u>

6.1 As at December 31, 2021, total inventory was carried at fair value less cost to sell.

6.2 No inventory items were pledge as security during the current or prior financial year.

7. Property, Plant and Equipment

(See *Annex A.5*)

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

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

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

(refer to Notes 3.4 on Significant Policies on PPE)

8. Liabilities

	2021	2020 (Restated)
<i>Financial Liabilities</i>		
Accounts Payable	10,306,540.66	8,558,846.61
Due to Officers and Employees	<u>28,784.32</u>	<u>-</u>
Total Financial Liabilities	<u>10,335,324.98</u>	<u>8,558,846.61</u>
	2021	2020 (Restated)
<i>Inter-Agency Payables</i>		
Due to BIR	-	-
Due to GSIS	96,099.17	-
Due to PAG-IBIG	51,506.13	1,400.00
Due to PhilHealth	450.00	-
Due to NGAs	419,293.14	19,953,771.47
Due to LGUs	<u>3,396,648.42</u>	<u>2,637,009.90</u>
Total Inter-Agency Payables	<u>3,963,996.86</u>	<u>22,592,181.37</u>
	2021	2020 (Restated)
<i>Intra-Agency Payables</i>		
Due to Other Funds	<u>5,075,063.41</u>	<u>10,752,983.37</u>
	2021	2020 (Restated)
<i>Trust Liabilities</i>		
Trust Liabilities - Disaster Risk Reduction and Management Fund	2,095,844.01	3,970,429.65
Guarantee/Security Deposits Payable	<u>95,566.72</u>	<u>-</u>
Total Trust Liabilities	<u>2,191,410.73</u>	<u>3,970,429.65</u>
	2021	2020 (Restated)
<i>Deferred Credits/Unearned Income</i>		
Deferred Real Property Tax	21,892,312.68	17,010,100.51
Deferred Special Education Tax	<u>21,893,253.48</u>	<u>17,010,100.51</u>
Total Deferred Credit/Unearned Income	<u>43,785,566.16</u>	<u>34,020,201.02</u>

8.1 Accounts Payable is composed of unpaid obligation to suppliers, creditors and employees.

8.2 Trade payables are non-interest bearing and are normally settled on 60-days terms. Other payables are non-interest bearing and have an average term of six

months. Interest payable is normally settled quarterly throughout the financial year.

8.3 Due to BIR, Due to GSIS, Due to Pag-ibig and Due to Philhealth accounts represent the amounts deducted from the salaries of officials and employees and are remitted to the respective government agencies immediately on the month following the month for which these were deducted.

8.4 The balance of Due to NGA account includes grants from various national government agencies recorded under the Trust Fund. Transfers from these government agencies represent those funds received for specific projects undertaken by the LGU for specific purpose. These funds were received on the basis of the project budgets submitted. Accordingly, the LGU is contractually bound to spend these funds only in connection with the projects. Furthermore, the contracts stipulate that the funds received for the project may only be applied to the costs incurred for the project, as and when the phases of the project are certified as complete. The conditions remaining therefore represent phases of the projects that are yet to be certified as complete. Return of the unspent portion of the fund is subject to the conditions stated in the respective Memorandum of Agreements executed between the LGU and the proponent government agencies.

8.5 Deferred Credits represents advanced payments for basic property tax on land residential/commercial houses and buildings and improvements.

9. Other Payables

	2021	2020 (Restated)
<i>Other Payables</i>		
Other Payables	<u>5,863,615.28</u>	<u>8,960,378.60</u>

10. Government Equity

	2021	2020
Cash Available for Appropriations/(Deficit)		
Cash	<u>70,035,140.55</u>	<u>71,428,993.21</u>
Total	70,035,140.55	71,428,993.21
Less: Current Liabilities		
Financial Liabilities	10,335,324.98	8,558,846.61
Inter-agency Payables	3,963,996.86	22,592,181.37
Intra-agency Payables (Net of Due from		
Other Funds)	(5,102,950.59)	(3,028,500.00)
Trust Liabilities	2,191,410.73	3,970,429.65
Other Payables	<u>5,863,615.28</u>	<u>8,960,378.60</u>

Total Current Liabilities	<u>17,251,397.26</u>	<u>41,053,336.23</u>
Cash Balance/(Overdraft)	<u>52,783,743.29</u>	<u>30,375,656.98</u>
Cash Available for Operations (Deficit)	<u>52,783,743.29</u>	<u>30,375,656.98</u>
Net Other Current Assets		
Receivables (Net of Deferred RPT, SET Income and Due to Other Funds accounts)	6,293,406.79	1,073,211.97
Inventories	<u>19,590.00</u>	<u>19,590.00</u>
Total Net Current Assets	<u>6,312,996.79</u>	<u>1,092,801.97</u>
Net Non-Current Assets		
Property, Plant and Equipment (Net of Acc. Depreciation)	<u>349,566,274.42</u>	<u>317,392,409.03</u>
Total Non-Current Assets	<u>349,566,274.42</u>	<u>317,392,409.03</u>
Government Equity	<u>398,485,000.50</u>	<u>348,860,867.98</u>

11. Tax Revenue

	2021	2020 (Restated)
<i>Tax Revenue - Individual and Corporation</i>		
Community Tax	621,979.10	612,101.81
<i>Tax Revenue – Property</i>		
Real Property Tax- Basic	4,075,925.00	2,408,988.12
Special Education Tax	5,096,960.65	3,010,764.95
<i>Tax Revenue - Goods and Services</i>		
Business Tax	5,008,228.38	4,364,257.92
Tax on Sand, Gravel and Other Quarry Products	13,941.30	11,648.40
Amusement Tax	206,870.50	47,717.50
<i>Tax Revenue - Fines and Penalties</i>		
Tax Revenue - Fines and Penalties - Property Taxes	121,808.83	852,262.59
<i>Share from National Taxes</i>		
Share from Internal Revenue Collections (IRA)	<u>166,164,696.00</u>	<u>155,037,996.00</u>
Total Tax Revenue	<u>181,310,409.76</u>	<u>166,345,737.29</u>

12. Service and Business Income

	2021	2020 (Restated)
<i>Service Income</i>		
Permit Fees	2,242,436.87	2,044,572.68
Registration Fees	476,230.00	431,811.50
Clearance and Certification Fees	1,249,613.21	1,260,848.28
Inspection Fees	410,230.00	407,138.00
Occupation Fees	212,671.00	213,750.00
Fees for Sealing and Licensing of Weights and Measures	42,410.00	47,744.20
Fines and Penalties - Service Income	177,057.85	84,087.47
Other Service Income	73,668.00	26,804.00
<i>Business Income</i>		
Rent Income	117,989.36	124,101.82
Parking Fees	76,490.00	171,395.00
Receipt from Market Operations	7,007,252.35	5,631,992.20
Receipt from Slaughterhouse Operation	630,105.01	1,356,052.00
Receipt from Cemetery Operations	443,550.00	128,800.00
Garbage Fees	337,151.00	339,135.00
Hospital Fees	1,139,240.00	644,352.00
Interest Income	221,124.28	374,892.86
Fines and Penalties - Business Income	5,100.00	2,100.00
Other Business Income	=	75.00
Total Service and Business Income	<u>14,862,318.93</u>	<u>13,289,652.01</u>

13. Shares, Grants and Donation

	2021	2020 (Restated)
<i>Grants and Donations</i>		
Grants and Donations in Kind	<u>860,000.00</u>	<u>10,129,788.80</u>

14. Miscellaneous Income

	2021	2020 (Restated)
<i>Miscellaneous Income</i>		
Miscellaneous Income	<u>32,500.00</u>	<u>105,728.41</u>

15. Transfers, Assistance and Subsidy From

	2021	2020 (Restated)
<i>Subsidy From</i>		
Subsidy from National Government	-	12,919,833.00
Subsidy from Local Government Units	<u>1,400,000.00</u>	<u>80,000.00</u>
Total Assistance and Subsidy From	<u>1,400,000.00</u>	<u>12,999,833.00</u>

16. Employee Costs

	2021	2020 (Restated)
<i>Personnel Services</i>		
Salaries and Wages – Regular	41,907,801.33	40,284,467.61
Salaries and Wages - Casual/Contractual	1,545,003.32	1,272,844.00
<i>Other Compensation</i>		
Personal Economic Relief Allowance (PERA)	3,152,545.45	2,994,818.17
Representation Allowance (RA)	1,781,387.50	1,855,125.00
Transportation Allowance (TA)	1,610,112.50	1,536,375.00
Clothing/Uniform Allowance	818,275.00	1,366,513.13
Subsistence Allowance	271,400.00	317,575.00
Laundry Allowance	900.00	-
Productivity Incentive Allowance	665,000.00	641,500.00
Honoraria	22,100.00	-
Hazard Pay	703,500.00	1,199,903.04
Overtime and Night Pay	92,298.63	137,823.83
Year End Bonus	3,682,842.00	3,445,440.00
Cash Gift	664,500.00	637,000.00
Other Bonuses and Allowances	3,614,890.00	4,783,478.17
<i>Personnel Benefits Contributions</i>		
Retirement and Life Insurance Premiums	5,114,702.56	4,870,273.42
Pag-IBIG Contributions	157,600.00	152,700.00
PhilHealth Contributions	564,150.00	541,875.00
Employees Compensation Insurance Premiums	143,623.58	151,194.63
<i>Other Personnel Benefits</i>		
Terminal Leave Benefits	476,789.78	267,964.55
Other Personnel Benefits	<u>7,446,236.69</u>	<u>5,096,589.68</u>
Total Personnel Services	<u>74,435,658.34</u>	<u>71,553,460.23</u>

16.1 The key management personnel are the local elected officials and the department heads. The aggregate remuneration within this category are:

Category	No. of Persons	Aggregate Remuneration
Local Elected Officials	12	16,805,442.74
Department Heads	11	15,514,204.79

17. Maintenance and Other Operating Expenses

	2021	2020 (Restated)
<i>Traveling Expenses</i>		
Traveling Expenses – Local	1,463,240.36	1,136,292.00
<i>Training and Scholarship Expenses</i>		
Training Expenses	873,397.06	589,536.70
Scholarship Grants/Expenses	507,000.00	300,000.00
<i>Supplies and Material Expenses</i>		
Office Supplies Expenses	4,509,838.68	5,007,933.09
Accountable Forms Expenses	216,500.00	199,140.00
Food Supplies Expenses	5,790,864.00	18,899,441.70
Drugs and Medicines Expenses	3,069,374.00	3,692,401.00
Medical, Dental and Laboratory Supplies Expenses	2,421,689.00	2,674,964.80
Fuel, Oil and Lubricants Expenses	3,506,664.38	2,273,401.34
Agricultural and Marine Supplies Expenses	11,000.00	11,500.00
Other Supplies and Materials Expenses	3,598,424.87	2,921,379.92
<i>Utility Expenses</i>		
Water Expenses	845,121.50	572,868.00
Electricity Expenses	5,530,950.82	4,293,944.02
<i>Communication Expenses</i>		
Postage and Courier Services	339.00	244.00
Telephone Expenses	1,222,348.81	998,441.05
Internet Subscription Expenses	567,909.11	318,104.20
<i>Confidential, Intelligence and Extraordinary Expenses</i>		
Extraordinary and Miscellaneous Expenses	5,572,954.96	4,423,936.49
<i>Professional Services</i>		
Legal Services	4,595.00	-
<i>General Services</i>		
Environment/Sanitary Services	-	4,100.00
Janitorial Services	-	-
Other General Services	14,389,320.60	14,447,788.64

<i>Repairs and Maintenance</i>		
Repairs and Maintenance - Land Improvements	56,985.00	-
Repairs and Maintenance - Infrastructure Assets	479,777.99	2,794,734.83
Repairs and Maintenance - Buildings and Other Structures	1,057,238.86	3,299,298.33
Repairs and Maintenance - Machinery and Equipment	22,450.00	-
Repairs and Maintenance - Transportation Equipment	1,169,465.74	1,540,290.00
Repairs and Maintenance - Other Property, Plant and Equipment	316,445.00	410,570.94
<i>Taxes, Insurance Premiums and Other Fees</i>		
Taxes, Duties and Licenses	23,705.24	16,010.06
Fidelity Bond Premiums	287,260.94	99,697.50
Insurance Expenses	630,077.62	93,324.82
<i>Other Maintenance and Operating Expenses</i>		
Advertising Expenses	547,500.00	695,120.00
Representation Expenses	426,930.00	180,951.50
Other Maintenance and Operating Expenses	<u>4,988,883.00</u>	<u>3,885,013.79</u>
Total Maintenance and Other Operating Expenses	<u>64,108,251.54</u>	<u>75,780,428.72</u>

18. Non-cash Expenses

	2021	2020 (Restated)
<i>Depreciation</i>		
Depreciation - Land Improvements	1,794,911.38	1,079,213.90
Depreciation - Infrastructure Assets	7,290,253.30	1,480,250.06
Depreciation - Buildings and Other Structures	9,483,262.66	8,519,769.94
Depreciation - Machinery and Equipment	2,520,552.96	2,532,169.57
Depreciation - Transportation Equipment	2,057,445.67	1,263,483.34
Depreciation - Furniture, Fixtures and Books	814,521.17	674,654.50
Depreciation - Other Property, Plant and Equipment	<u>49,059.08</u>	<u>29,417.09</u>
Total Non-Cash Expenses	<u>24,010,006.22</u>	<u>15,578,958.40</u>

19. Transfers, Assistance and Subsidy to

	2021	2020 (Restated)
<i>Financial Assistance/Subsidy to</i>		
Subsidy to Other Local Government Units	21,000.00	522,000.00
<i>Transfers to</i>		
Transfers of Unspent Current Year DRRM Funds to the Trust Funds	<u>1,093,234.36</u>	<u>450,054.17</u>
Total Transfers, Assistance and Subsidy to	<u>1,114,234.36</u>	<u>972,054.17</u>

20. Prior Period Errors

21.1 Prior period errors were corrected retrospectively by restating the comparative amounts for the prior period presented in which the error occurred.

21.2 The restatement of prior period amounts presented affected the following accounts for the CY 2020:

Effect on Statement of Financial Performance:

Affected Account	Balance	Adjustment	Restated amount
Traveling Expenses – Local	1,129,962.00	6,330.00	1,136,292.00
Food Supplies Expenses	17,512,716.70	1,386,725.00	18,899,441.70
Drugs and Medicines Expenses	2,642,956.00	1,049,445.00	3,692,401.00
Medical, Dental and Laboratory Supplies Expenses	2,088,964.80	586,000.00	2,674,964.80
Total	23,374,599.50	3,028,500.00	26,403,099.50

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

	Total	General Fund	Special Education Fund	Trust Fund
Surplus(Deficit)	34,797,078.23	31,400,324.71	3,866,078.52	(469,325.00)
Non-cash transactions	30,480,846.43	18,100,395.77	129,925.90	12,250,524.76
Depreciation	24,010,006.22	23,526,718.30	483,287.92	-
Amortization of Intangible Assets	-	-	-	-
Grants and Donation in kind	(860,000.00)	(860,000.00)	-	-
Increase / (Decrease) in payables	8,057,237.14	(994,413.21)	(314,328.68)	9,365,979.03
Decrease / (Increase) in receivables	(775,962.69)	(3,621,475.08)	(39,033.34)	2,884,545.73
Prior Period Adjustments	49,565.76	49,565.76		
Net Cash from Operating Activities	65,277,924.66	49,500,720.48	3,996,004.42	11,781,199.76

22. Reconciliation between actual amounts on a comparable basis as presented in the Statement of Comparison of Budget and Actual amounts and in the Statement of Financial Performance for the Year Ended December 31, 2021

	Income	Personnel Services	MOOE	Financial Expenses	Capital Outlay
Comparison Statement of Budget and Actual	196,205,228.69	74,435,658.34	62,133,297.50	-	65,698,148.05
Entity Differences	-	-	-	-	-
Basis Differences:	-	-	-	-	-
Income not considered budgetary items	-	-	-	-	-
Non-cash income	860,000.00	-	-	-	-
Gain on Sale of Assets	-	-	-	-	-
Receipts not considered as income	-	-	-	-	-
Sale of capital assets	-	-	-	-	-
Borrowings	-	-	-	-	-
Non-cash expenses:	-	-	-	-	-
Depreciation	-	-	24,010,006.22	-	-
Amortization – Intangible Assets	-	-	-	-	-
Impairment Loss	-	-	-	-	-
Losses/other adjustments	-	-	-	-	-
Debt Service (Loan Amortization, Retirement of Debt Instruments)	-	-	-	-	-
Interest Expenses capitalized	-	-	-	-	-
Capital Expenditures	-	-	(219,287.92)	-	(65,698,148.05)
Timing Differences:	-	-	-	-	-
Prepayments charged to current appropriations	-	-	-	-	-
Obligated Payables with partial deliveries	-	-	(3,283,806.40)	-	-
Unexpended Calamity Fund transferred to TF	-	-	1,093,234.36	-	-
Expenditures charged to continuing appropriation	-	-	3,915,489.00	-	-
Other reconciling items:					
MOOE charged to Trust			469,325.00		
Per Statement of Financial Performance	197,065,228.69	74,435,658.34	88,118,257.76	-	-

23. Local Disaster Risk Reduction and Management Fund

The LDRRMF represents the amount set aside by the LGU to support its disaster risk management activities pursuant to R.A. No. 10121 otherwise known as the Philippine Disaster Risk Reduction and Management Act of 2010. The amount available for utilization totaled ₱10,036,744.45, broken down as follows:

Particulars	Available	Utilized	Balance
Current Year Appropriation:			
Quick Response Fund (QRF)	2,611,680.00	2,611,680.00	-
Mitigation Fund (MF)			
MOOE	4,058,234.80	3,009,420.44	1,048,814.36
Capital Outlay	<u>2,093,920.00</u>	<u>2,049,500.00</u>	<u>44,420.00</u>
Total Current Year	8,763,834.80	7,670,600.44	1,093,234.36
Continuing Appropriation			
Special Trust Fund			
CY 2020	450,054.17	-	450,054.17
CY 2019	<u>822,855.48</u>	<u>270,300.00</u>	<u>552,555.48</u>
Total Special Trust Fund	<u>1,272,909.65</u>	<u>270,300.00</u>	<u>1,002,609.65</u>
Total	<u>10,036,744.45</u>	<u>7,940,900.44</u>	<u>2,095,844.01</u>

OBSERVATIONS AND RECOMMENDATIONS

A. Financial and Compliance Audit

PPE items recognized as Repairs and Maintenance Expenses

1. **Expenditures for major repair/rehabilitation and construction of infrastructure assets amounting to ₱1,731,559.91 were not capitalized or recorded as Property, Plant and Equipment (PPE) accounts but erroneously charged to the Repairs and Maintenance account, contrary to International Public Sector Accounting Standards (IPSAS) No. 17, thereby understating the PPE accounts and overstating the Repairs and Maintenance Accounts by the same amount.**

- 1.1 IPSAS No.17 prescribes the accounting treatment for the Property, Plant and Equipment. Pertinent provisions are as follows:

Paragraph 13 – Property, Plant and Equipment as tangible items that: (a) are held for use in the production or supply of goods or services, for rental to others, or for administrative purposes; and (b) are expected to be used during more than one reporting period.

Paragraph 14 – The cost of an item of property, plant and equipment shall be recognized as an asset if, and only if:

- a. *It is probable that future economic benefits or service potential associated with the item will flow to the entity; and*
- b. *The cost or fair value of the item can be measured reliably.*

Paragraph 23 – Under the recognition principle in paragraph 14, an entity does not recognize in the carrying amount of an item of property, plant and equipment the costs of the day-to-day servicing of the item. Rather, these costs are recognized in surplus or deficit as incurred. Costs of day-to-day servicing are primarily the costs of labor and consumables and often described as for the “repairs and maintenance” of the item of property, plant and equipment.

Paragraph 24- Parts of some items of property, plant and equipment may require replacement at regular intervals. xxx. Under the recognition principle in paragraph 14, an entity recognizes in the carrying amount of an item of property, plant

and equipment the cost of replacing part of such an item when that cost is incurred if the criteria are met. The carrying amount of those parts that are replaced is derecognized in accordance with the derecognition provisions of this Standard.

- 1.2 Verification of the transactions of the Municipality showed that the amount of ₱1,731,559.91 was disbursed as payment for major repairs/rehabilitation and construction of some infrastructure assets. Said disbursements were recorded to the Repairs and Maintenance account, details shown in *Annex B*.
- 1.3 As shown in *Annex B*, the cost incurred for major repairs/rehabilitation of PPE assets amounting to ₱993,485.64 were recorded in the repairs and maintenance account instead of being capitalized/ recognized as new or part of the carrying cost of an asset. It is evident that the benefit of these expenditures extends beyond the current period and should be recorded as an asset. Likewise, construction of some assets amounting to ₱738,074.27 were erroneously recorded to the Repairs and Maintenance expense account instead of the appropriate PPE account, thereby understating the PPE account by the total amount of ₱1,731,559.91 and overstating the Repairs and Maintenance account by the same amount.
- 1.4 **We recommended that the Municipal Mayor direct the Municipal Accountant to prepare adjusting journal entries to correct the understatement of PPE accounts. Henceforth, ensure that costs of major repairs/rehabilitation and construction of infrastructure assets should be capitalized or recognized as property, plant and equipment in accordance with IPSAS No. 17.**

Management Comment/s:

- 1.5 The Municipal accountant submitted a letter dated February 04, 2022 informing the Audit Team that she has taken this into account and she will prepare the necessary adjusting entries to reclassify and capitalize the aforementioned disbursements accordingly.

Inappropriate items charged to Accounts Payable

2. **Cost of goods undelivered, infrastructures not yet constructed and expenditures not yet incurred totaling ₱3,283,806.40 were recorded as various assets or expenses charged to Accounts Payable (AP) contrary to New Government Accounting System (NGAS) for Local Government Units (LGUs), Volume III, thus overstating the various asset, AP and expense accounts affecting the reliability of the financial statements.**

- 2.1 IPSAS 1 provides that financial statements shall present fairly the financial position, financial performance and cash flows of an entity. Fair presentation requires the faithful representation of the effects of transactions, other events and conditions in accordance with the definitions and recognition criteria for assets, liabilities, revenue and expenses set out in IPSAS.
- 2.2 Definition of asset under the same standard provides that Assets are resources controlled by an entity as a result of past events and from which future economic benefits or service potential are expected to flow to the entity.
- 2.3 Section 141 of NGAS for LGUs, Vol. III provides the definition of Accounts Payable (AP) in the Chart of Accounts, as follows:

Sec. 141. Accounts Payable (401). This account is used to record obligations/ indebtedness to contractors/suppliers arising from the purchase of goods and services. This also includes those held under escrow by government agencies and other obligations in connection with the agencies' operations, trade/business.

Debit this account for:

- *Payment/liquidation/settlement of obligations*
- *Settlement thru offsetting of transactions*
- *Reversions*

Credit this account for:

- *Amount of liabilities arising from goods delivered or services rendered*
- *Excess payments received from private entities*
- *Amount of liabilities arising from the cancellation of checks issued for which replacement shall be made*

- 2.4 Further, the Revised Chart of Accounts LGUs prescribed under COA Circular No. 2015-009 dated December 1, 2015 describes Accounts Payable as:

*This account is used to record receipt of goods or services on account in the normal course of trade and business operation.
Debit this account for payment or settlement of liabilities.*

- 2.5 Also, Section 3.5 of COA Accounting Circular Letter No. 2007-002 instructs that:

The Budget Officer/Head of Budget Unit shall also submit a List of Not Yet Due and Demandable Obligations (Annex E). Such obligations which are not yet recorded as liabilities are agencies' valid commitments based on approved contracts/purchase orders where projects are not yet implemented and/or goods are not yet delivered. The same shall be disclosed in the Notes to Financial Statements.

- 2.6 Review of the Property, Plant & Equipment (PPE) and AP schedule showed that several goods, buildings and other structures amounting to ₱3,283,806.40 were found to be undelivered or not yet constructed. Details of the assets are presented in *Annex C*.
- 2.7 It has been the practice of the Accounting Office to record the transactions as AP as soon as the funds for the purpose have been obligated through the issuance of an Obligation Request (OBR) from the Municipal Budget Office.
- 2.8 Upon obligation of the unpaid expected disbursements, Journal Entry Voucher (JEV) No. 100-21-12-3506OB to 100-21-12-3587OB were made by the Municipal Accountant at year-end in the General Journal (GJ) of the Municipality with the following entries:

Account Title	Debit	Credit
Road Networks	599,694.80	
Water Supply Systems	1,248,750.00	
Other Infrastructures Assets	299,901.00	
Buildings	199,950.00	
Other Structures	599,688.33	
Information and Communication Technology Equipment	48,000.00	
Office Supplies Expenses	6,525.00	
Other Supplies and Materials Expenses	74,189.40	
Extraordinary and Miscellaneous Expenses	14,875.00	
Repairs and Maintenance-Buildings and Other Structures	29,980.00	
Repairs and Maintenance-Transportation Equipment	10,000.00	
Repairs and Maintenance-Other Property Plant and Equipment	149,952.87	
Other Maintenance and Operating Expenses	2,300.00	
Accounts Payable		3,283,806.40
<i>To record year-end payables for CY 2021</i>		

- 2.9 The above-compounded journal entries imply that the Municipality assumes the rights and obligations over these assets amounting to ₱ 2,995,984.13. Definition taken from IPSAS I which signifies that asset are resources controlled by an entity. In this case, there are no deliveries made yet or no

payments have been made which indicates that there is no control by the Municipality to be able to qualify as assets or justify the rights and obligations over these items in the books of the Municipality.

- 2.10 Accounts Payable, as defined above, is credited for the amount of liabilities arising from goods delivered or services rendered. One of the criteria set for its recognition is the existence of a valid claim against the entity as evidenced by the actual delivery of goods or rendering of service.
- 2.11 The Municipal Accountant also made recognition of expenses and inventories not yet paid at year-end, thus, charged to AP. For expenditures having a total amount of ₱287,822.27, perfected Purchase Orders (POs) will not constitute a valid claim unless the other party has fulfilled its promise to deliver. Hence, the subject transactions should not have been recorded as payables as of December 31, 2021.
- 2.12 Inquiry with the Management revealed that these are Maintenance and Other Operating Expenses (MOOE) and Capital Outlay (CO) items appropriated in CY 2021 but were not yet paid in the same year. The related assets remained undelivered or have not yet started as of December 31, 2021. These were requested to be obligated through the issuance of OBR to be included in the budget for the next period.
- 2.13 Improper recording of these transactions result in an overstatement of assets by ₱2,995,984.13; liabilities by ₱3,283,806.40; and expenses by ₱287,822.27, thus, affecting the reliability of the financial statements at the reporting period. Any request for obligations shall only be reflected in the budgetary accounts of the Municipal Budget Officer but not for the accruals by the Municipal Accountant at year-end which shall only be made for expenses incurred during the year.
- 2.14 **We recommended that the Local Chief Executive require:**
 - a. **The Municipal Accountant to strictly observe proper recognition of various assets, accounts payable and expenses by crediting this account only when the goods are delivered or services are rendered pursuant to NGAS for LGUs, Volume III, and to make the necessary adjusting journal entries to correct the balance of the affected accounts;**
 - b. **The Municipal Engineer to provide the Municipal Accountant a complete Report on Programs/Projects/Activities (PPAs) stating/and detailing the date of delivery/construction/completion; and**

- c. **The Designated Supply Officer to provide the list of delivered items as a ready reference to facilitate the recording/recognition of assets and/or accrual of expenses at the end of each reporting period.**

Management Comment/s:

- 2.15 A written management reply is yet to be received, nonetheless, the Municipal Accountant responded during the exit conference that the management will comply with the recommendation.

Construction in Progress not reconciled

3. Construction in Progress (CIP) – Infrastructure Assets account amounting to ₱1,939,189.80 as of December 31, 2021 does not reflect the actual ongoing projects of the Municipal Government totaling ₱699,300.00 with a difference of ₱1,239,889.80 contrary to IPSAS No. 1 hence, affecting the reliability of the CIP account in the financial statements.

- 3.1 IPSAS No. 1 provides that financial statements shall present fairly the financial position, financial performance and cash flows of an entity. Fair presentation requires the faithful representation of the effects of transactions, other events and conditions in accordance with the definitions and recognition criteria for assets, liabilities, revenue and expenses set out on IPSASs...
- 3.2 Construction in Progress – Infrastructure Assets account, as defined by Annex B of COA Circular No. 2015-009, is used to record the accumulated cost or other appropriate value of infrastructure assets that are still in the process of construction or acquisition.
- 3.3 Review of the CIP – Infrastructure account with a balance of ₱1,939,189.80 of the Municipal Government revealed that the amount reported does not reflect the actual payment for ongoing PPAs as reported by the Municipal Engineer for the year ended December 31, 2021. The report on PPAs includes all infrastructure projects that were started and are still ongoing totaled as ₱999,000.00 for the reporting period. Payment made to suppliers for all ongoing projects amounted to ₱699,300.00 which is composed of the following:

Table 1 – List of On-going Projects

Project/ Program/ Activity Name	Location	Total Cost	Date Started	Project Status		
Installation of Solar Powered Potable Water Supply System	Cabalitian	249,750.00	25/08/2021	70.00%	174,825.00	On- going

Project/ Activity Name	Program/ Location	Total Cost	Date Started	Project Status		
Installation of Solar Powered Potable Water Supply System	Carosucan Sur	249,750.00	25/08/2021	70.00%	174,825.00	On-going
Installation of Solar Powered Potable Water Supply System	San Vicente East	249,750.00	25/08/2021	70.00%	174,825.00	On-going
TOTAL		₱999,000.00			₱699,300.00	

- 3.4 The difference between the reported balance of ₱1,939,189.80 in the financial statements and the payments made for all ongoing PPAs which totaled ₱699,300.00 resulted in a difference of ₱1,239,889.80. No reconciliation of records was made between Municipal Accountant and Municipal Engineer due to voluminous financial transactions to be recorded in the books and also the time-constraint in the preparation and submission of annual reports.
- 3.5 Improper recording of the CIP account undermines the reliability of the PPE account as part of the assets in the financial statements thus casting doubts on whether the same account in the financial statements reflects the correct balance of the actual payment on all ongoing PPAs.
- 3.6 We recommended that the Local Chief Executive requires the Municipal Engineer to provide a quarterly report of ongoing PPAs to the Municipal Accountant to reconcile their respective records and make the necessary adjusting journal entries to reflect the correct balance of CIP account in the financial statements in compliance with the fair presentation under IPSAS No. 1.**

Management Comment/s:

- 3.7 The Honorable Mayor in his letter dated March 09, 2022 said that the discrepancy in the CIP account was due to the timing difference in the cut-off period of the Engineering and Accounting Office.

B. Compliance Audit

Audit of COVID-19 Vaccination

4. Procurement of COVID-19 Vaccines

- 4.1 The Municipality did not procure COVID-19 vaccines in C.Y. 2021.

5. Administration of COVID-19 Vaccines

- 5.1 The Municipality registered a total population of 60,924 residents. Of this number, 42,454 was set as the target population to be vaccinated. The target was distributed among the priority groups, to wit:

Table 2 – Target Population

Priority Group	No. of Persons
A1	1,044
A2	6,200
A3	3,831
A4	6,511
A5	8,811
Rest of Adult Population (ROAP)	9,271
Rest of Pediatric Population (ROPP)	6,786
Total	42,454

- 5.2 As of December 31, 2021, 23,125 out of 24,302 vials received from the Department of Health were administered in the vaccination program. The inventory details of vaccine vials are outlined below:

Table 3– Inventory of Vaccine Vials

Brand Names	No. of Dose (s) per Vial*	No. of Vials Received from DOH	Less: No. of Vials Administered	Less: Wastage/ Expired	Ending Inventory as of 12/31/2021
Sinovac	1	18,686	18,682	4	0
Astra Zeneca	10 doses	152	112	0	40
Moderna	10/14 doses	480	420	0	60
Pfizer	6	1,453	1,453	0	0
Sputnik	2	300	20	0	280
Janssen	5	2,931	2,438	1	492
Others-Sputnik 2	2	300	0	0	300
Total		24,302	23,125	5	1,172

- 5.3 Meanwhile, the table hereunder shows the year-end number and percentage of vaccination against the target population:

Table 4 – Percentage of Vaccination against target population

Priority Group	Target	No. of Persons who received at least 1 st Dose (Partially Vaccinated)	No. of Persons who are fully Vaccinated (Single Dose for Janssen while Two Doses for Others)
A1 (Frontline Health Workers)	1,044	1,044 (100%)	1,044 (100%)
A2 (Senior Citizens)	6,200	2,539 (40.95%)	4,502 (72.61%)
A3 (Persons with Comorbidities)	3,831	3,831 (100%)	3,831 (100%)

A4 (Economic Frontliners, including Uniformed Personnel)	6,511	6,065 (93.15%)	3,488 (53.57%)
A5 (Indigent Population)	8,811	5,761 (66.51%)	4,920 (55.84%)
Rest of Adult Population (ROAP)	9,271	8,498 (91.66%)	5,949 (64.75%)
Rest of Pediatric Population (ROPP)	6,786	5,745 (84.66%)	3,946 (58.15%)
Total	42,454	33,483 (78.87%)	27,680 (65.20%)

5.4 Notably, the disparity in the number of partially and fully vaccinated individuals is attributable to constituents awaiting their 2nd dose or reluctance by others for their second shot. This could also be attributed to individuals whose 1st or 2nd doses was administered elsewhere outside the municipality.

6. Disbursement for the distribution of relief goods totaling ₱119,594.40 were not supported with a certified list of recipients affected, summary or list of distributed goods and a report on remaining inventory, if any, was not prepared contrary to Section 4 (6) of PD No. 1445.

- 6.1 Section 4 (6) of PD No. 1445 provides that all “claims against government funds shall be supported with complete documentation.”
- 6.2 Section 5.0 of Local Budget Circular No. 125 dated April 7, 2020 of the DBM states that “it is also the responsibility of said local officials to ensure that the funds released to their respective cities/municipalities are utilized strictly in accordance with applicable budgeting, accounting, and auditing rules and regulations...”
- 6.3 During the onset of the delta variant of COVID 19 virus, a granular lockdown was imposed in the Municipality of Asingan. The Municipality was lauded for its quick response in mitigating the spread of the deadly variant of COVID-19 virus in its vicinity and addressing the public needs during the time of the pandemic. Among the expenses incurred for the relief operations were the purchases of canned goods, sacks of rice, and other food supplies for its constituents.
- 6.4 Review of the supporting documents showed that no certified list of recipients was attached to the disbursement voucher. Moreover, a summary or list of distributed goods and a report on remaining inventory, if any, were not prepared.

Table 5 - List of procured relief goods

Date	JEV No.	Payee	Particulars	Amount
2/18/2021	100-21-02-0264	CSI Warehouse Club Inc.	To payment of 5 boxes sardines, 5 boxes tuna mechado, 5 boxes cornbeef and 5 boxes noodles	19,065.80
2/18/2021	100-21-02-0265	National Food Authority	To payment of twenty cavans NFA Rice use for the relief of COVID-19 patients	25,000.00
5/25/2021	100-21-05-1306	Shining Sunrice Retailer and Gen. Mdse.	To payment of 13 cavans of rice 50kg and 10 packs plastic bag use for the relief of COVID-19	24,059.00
5/25/2021	100-21-05-1307	Crisman O. Olivas	Reimbursement of 2 cavans of rice 50kg, 1 Box Mega Sardines, 2 box Lucky Me, 60 pcs. Corned Beef; 60pcs. Fresca Tuna and 4packs plastic bags (COVID-19)	9,627.52
5/25/2021	100-21-05-1309	JABS Variety Store	To payment of 9 boxes Fresca Tuna, 9 boxes corned beef, 8 boxes lucky me noodles and 9 boxes Mega Sardines use for relief of COVID 19	41,842.08
			TOTAL	119,594.40

6.5 Non-preparation of the supporting documents caused difficulty on the part of the Audit Team from validating the number of the intended recipients against the number of distributed. Also, full documentation of purchases is required under Section 4 (6) PD No. 1445.

6.6 We recommended that the Local Chief Executive instruct the MDRRMO to furnish a certified list of recipients as supporting documents for the disbursement vouchers for the relief operations. A summary or list of distributed goods and report on remaining inventory (if any) should also be prepared and submitted by the concerned officer in charge of the distribution to complete documentation of the transactions pursuant to Section 4 (6) of PD No. 1445.

Management Comment/s:

6.7 The LDRRMO through his letter dated February 16, 2022 forwarded to the audit team the summary list of recipients affected by COVID 19 together with the certified copy of the logbook of food assistance given duly received by BHWs, CVOs, and Barangay Officials of their respective barangays.

7. Existing practice on the disposal of Health Care Wastes generated from COVID-19 vaccination deviates from certain provisions of Department of Health (DOH) Memorandum No. 2021-0031, thus, presenting health and safety concerns for the health care workers and the general public.

- 7.1 DOH Memorandum No. 2021-0031, dated January 18, 2021, provides the Interim Guidelines on the Management of Health Care Wastes generated from COVID-19 vaccination. Specifically, it covers the general and specific guidelines from waste generation to off-site waste treatment and disposal.
- 7.2 At the outset, the Audit Team salutes the excellence and compassion of the men and women from the Rural Health Unit (RHU) and the Municipal Environment and Natural Resources Office (MENRO). Their service and dedication propelled a high vaccination rate and protected the constituents against the perilous effects of COVID-19. In our desire to complement these efforts, the audit team reviewed the municipality's existing Health Care Waste Management, to improve the prevailing practice and to protect the health care workers and the general public.
- 7.3 The Audit Team commends the Management on the compliance with most of the provisions contained in the DOH memorandum. However, we noted the following deficiencies and concerns during our review and site inspection:

Table 6 – Current Practices on Health Care Waste

Area in Health Care Waste Management	Ideal Practice (DOH Memorandum 2021-003)	Existing Practice
Waste Storage within the Health Care Facility (HCF)	<p>Infectious and pharmaceutical wastes generated may be stored temporarily in designated locations, away from patients and public spaces to minimize exposure, prior to transport to the central storage.</p> <p>A septic or concrete vault are recommended for the disposal of used sharps and syringes (<i>DOH Health Care Waste Management Manual, 4th edition</i>)</p>	<p>Ever since the start of the vaccination, the used syringes, which are classified as infectious, were temporarily stored in F.A. Sapigao Memorial Sports and Cultural Center. These were not yet transferred to its permanent storage upon our spot inspection. Noteworthy, the said venue is currently used as a vaccination center. (<i>Figure 1</i>)</p> <p>The Permanent Storage Area is located within the perimeter premises of Asingan Material Recovery Facility. (<i>Refer to Figure 2</i>)</p> <p>Notably, both the permanent and temporary storage areas are classified as public space.</p>

Waste Storage within the Health Care Facility (HCF)	The central storage of the HCF shall have appropriate signage using a biohazard symbol, easily visible and posted in a conspicuous manner.	Absence of appropriate signage (<i>Refer to Figures 1 and 3</i>)
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Figure 1



Figure 2



Figure 3



Table 7 – Current Practices on Health Care Waste

Area in Health Care Waste Management	Ideal Practice (DOH Memorandum 2021-003)	Existing Practice
Off-Site Waste Transport	The respective DOH Center for Health Development (CHD) or Provincial Health Office (PHO) shall coordinate and facilitate the waste collection and transport from the HCF for the COVID-19 vaccine wastes to the DOH CHD or PHO's temporary waste storage facility	<p>Wastes were not transported to DOH-CHD or the PHO's temporary waste storage facility;</p> <p>Reckoned from Day 1 of the vaccination, infectious wastes were stored at the Asingan MRF</p> <p>The septic vault was insecurely covered as an easily movable piece of GI sheet with wooden frame only protects it. (Refer to Figure 4)</p>

Figure 4



- 7.4 In addition to the above-mentioned deficiencies, we have noted that the COVID-19 Waste Management Plan was not contained in the municipality's 10-year Solid Waste Management Plan. In the same way, the Annual Investment Plan had no waste management program in this regard.
- 7.5 The obtaining conditions could be attributed to the lack of physical facilities and budgetary considerations thereof and/or failure to avail of the waste treatment and disposal mechanisms suggested by the DOH.

7.6 In conclusion, the audit team humbly expresses health and safety concerns being posed to our health care workers and the public due to the existing practices.

7.7 We recommended that the Local Chief Executive:

- a. Direct the MHO and the MENRO to coordinate with the DOH on the best course of action for the transport and disposal of COVID-19 wastes;**
- b. Instruct the MENRO to integrate COVID-19 Waste Management Plan into the LGU's Solid Waste Management Plan; and**
- c. Advice the Local Development Council to review the programs under the Annual Investment Plan for the possible inclusion of programs related to COVID-19 Waste Management.**

Management Comment/s:

7.8 No written management reply was received by the audit team, nonetheless, the MHO said that they will properly observe the procedures for disposal of COVID Waste and that infectious waste will be immediately disposed of to the designated waste area by DOH. In addition, MENRO informed the team that COVID 19 Waste Management was included in the Annual Investment Plan of the Municipality.

Internal Control Over Cash

8. Collecting functions in the Municipal Market were performed by Job Order personnel not covered by fidelity bond contrary to Section 7.2 of CSC COA DBM Joint Circular No. 1, s.2017 exposing government funds to possible risk of loss and/or misuse.

8.1 During the conduct of the cash examination, we noted that collecting functions were performed by job order personnel under the supervision of the Market Supervisor. Although the cash tickets issued to them were under the accountability of the Market Supervisor, the job orders were still accountable, as they are the ones directly collecting and issuing cash tickets to various stalls and vendors in the market and eventually remitting the collections to the Municipal Treasurers Office. It is a regular function that is necessary and essential to the Agency and must be performed by regular personnel of the Agency.

8.2 This is contrary to the provisions of Section 7.2 of CSC COA DBM Joint Circular No. 1 s. 2017 which states that:

“Hiring job order workers shall be limited to emergency or intermittent work, such as clearing of debris on the roads, canals, waterways, etc. after natural/man-made disasters/occurrences, other trades and crafts, and manual tasks such as carpentry, plumbing, painting, electrical, and the like which are not part of the regular functions of the agency.

Contract of Service and Job Orders should not in any case be made to perform functions which are part of the job description of the agency’s existing regular employee.”

- 8.3 It is also noted that despite assigning collecting functions to these job orders, they were not bonded contrary to Section 101 of PD 1445 which states that every officer of any government agency whose duties permit or require the possession or custody of government funds or property shall be accountable therefor and for the safekeeping thereof in conformity with the law.
- 8.4 **We recommended that the Municipal Mayor (a) stop designating Job Order personnel as collecting officers since the Agency has no employer-employee relationship with them; (b) appoint and designate regular employees to discharge collecting functions in the market and (c) ensure strict adherence to existing regulations that all accountable officers for collections of revenues and receipts shall be properly bonded to safeguard government funds against loss and/or misuse.**

Management Comment/s:

- 8.5 The Municipal Mayor issued an unnumbered Memorandum dated November 26, 2021 designating five (5) regular employees as collecting officers in the market.
9. **The cash vault which contains the daily undeposited collections are shared among all accountable officer contrary to Section 101 of PD No. 1445 thus, affecting the internal control of cash making it susceptible to the risk of loss.**
- 9.1 Section 101 of PD No. 1445 states that every officer of any government agency whose duties permit or require the possession or custody of government funds or property shall be accountable therefor and for the safekeeping thereof in conformity with the law.
- 9.2 During the cash examination conducted by the Audit Team on October 20, 2021, it was noted that a cash vault is maintained by all accountable officers other than the Municipal Treasurer, who has her own separate cash vault, for storing the collections made by them during the day.

- 9.3 Observation of the procedures of the Treasury Office pertaining to the remittance showed that collections made by the cashiers are submitted to another accountable officer along with the receipts who verifies the completeness of the collections and records the same to her own cashbook for deposit to its Authorized Government Depository Bank (AGDB).
- 9.4 After ensuring the completeness of the collections, she signs the concerned cashier's cashbook to certify that the collections are complete and have already been received by the former. The cashiers accumulate their daily collections before remittance until it reaches P5,000.00 or until the accountable form booklet runs out. At the end of the day, all remitted collections of the cashiers are stored in a common vault along with the unremitted collections of the other accountable officers.
- 9.5 The practice of having a cash vault, which can be accessed by multiple officers, results in the collections being susceptible to the risk of loss.
- 9.6 We recommended that Management directs the Municipal Treasurer to maintain adequate internal control on cash by providing all concerned accountable officers a safe deposit box where unremitted or undeposited collections and accountable forms are stored for safekeeping to avoid the risk of loss pursuant to Section 101 of PD No. 1445.**

Management Comment/s:

- 9.7 Written management reply was not submitted but the Municipal Treasurer commented during the exit conference that they are on the process of procuring cash vaults.

Physical Inventory of PPE

10. Comprehensive inventory of all properties amounting to ₱231,233,663.62 was still not conducted during the year 2021, thus preparation and submission of a complete and consolidated inventory report were not made possible and One-time Cleansing of Property, Plant and Equipment account balances was not undertaken contrary to COA Circular No. 2020-006.

- 10.1 During the year 2021, the Report of Physical Count of Property, Plant and Equipment (RPCPPE) has not been submitted to this office. As repeatedly emphasized by the audit team in our prior years' audit reports, the absence of a complete and consolidated inventory report failed to establish the validity and correctness of the recorded balances of depreciable Plant and Equipment. As shown in the financial statements, the balances of these accounts amounted to ₱231,233,663.62 comprising 49.10% of the total assets as of year-end.

- 10.2 COA Circular No. 2020-006 dated January 31, 2020 provides the guidelines and procedures in the conduct of physical count of PPE, recognition of PPE items found at the station and disposition for non-existing/missing PPE items for one-time cleansing of PPE account balances of government agencies. Section 5.1 specifically states that each government agency shall conduct a physical count of all its PPE, whether acquired through purchase or donation, including those constructed by administration and found at the station.
- 10.3 Physical counting of the assets at periodic intervals partakes the nature of monitoring control over assets on their use and disposition; establishing the accountability and responsibility; assessing and reporting the extent of management's stewardship of the assets entrusted to their care and custody and regularly checking the accuracy of the accounting and subsidiary records.
- 10.4 The inaction of management to conduct a physical count of its assets not only raised doubt as to the validity and correctness of the recorded balances of the relevant asset accounts in its financial statements as of year-end but also missed the opportunity by Management for the availment and application of the One-Time Cleansing of PPR Account Balances of Government Agencies presented by the Circular.
- 10.5 We recommended that the Local Chief Executive:**
- a. Instruct the Inventory Committee to conduct a physical inventory of all PPEs of the Municipality, whether acquired through purchase or donation, including those constructed by administration and found at the station.**
 - b. Through the Inventory Committee, update the property records based on the results of physical inventory and reconcile them with the accounting records.**
 - c. After the inventory taking, instruct the Municipal Accountant to update the ledger cards for each item of the PPE**
 - d. Undertake all other procedures prescribed under COA Circular No. 2020-006 to come up with reconciled and correct balances of PPE Accounts in the financial statements.**

Management Comment/s:

- 10.6 The Municipal Accountant through her letter dated April 21, 2022 stated that inventory ledgers will be updated once the Inventory Committee has

conducted a physical count of the PPE. Also, the Inventory Committee Chairman in his letter dated April 25, 2022 said that they are still consolidating their records with Accounting Department.

11. Existing management practices of non-submission of the Report on the Physical Count of the Road Network System, unavailability of Local Road Inventory and Road Map; and non-maintenance of Local Road Network Property Card is contrary to the provisions of Section VI and VIII of COA Circular 2015-008 dated November 5, 2015.

11.1 Section VI and VII of the COA Circular No. 2015-008 dated November 5, 2015 states that:

VI. Reporting Guidelines:

- 1. The General Services Officer shall at the end of the accounting period render a Report on Local Road Network of the local government unit concerned (Annex A of the said Circular)*
- 2. The total road network system shall be disclosed in the Notes to the Financial Statements of the Agency (Annex B of the said Circular)*
- 3. The Inventory Committee shall prepare the Report on the Physical Count of the Road Network System of the local government unit. (Annex C of the said Circular)*

VII. Duties and Responsibilities:

a. Local Accountant

- 1. Prepare the Journal Voucher to record the beginning balance of the local road network and its components in the general ledger and the Local Road Network Ledger Card (Annex D of the said Circular), respectively;*
- 2. Support the JV with the Registry of Public Infrastructures for Roads, working paper on the distribution of costs for the road components, and working paper on the determination of the depreciated replacement cost for road components with no available cost per registry;*
- 3. Keep and maintain subsidiary records for roads and road components to every road network; and*
- 4. Prepare a lapsing schedule for the computation of the depreciation for each component at the end of the year.*

b. General Services Officer

- 1. Maintain a Local Road Inventory and Road Map;*
- 2. Keep a complete Local Road Network Property Card*

for all roads and its components. (Annex E of the said Circular).

c. Provincial/City/Municipal Engineer

- 1. Provide the local accountant and the general services officer with the complete description and cost segregation of road components for road projects*

11.2 Assertions of the LGU as to the existence and correctness of the Road Networks are doubtful for reason that there was no Report on Local Road Networks (RLRN) submitted by the General Services Officer at the end of 2021. Also, the Inventory Committee was not able to submit the Report of Physical Count of the Road Network System (RPCRNS) as of December 31, 2021. A review of the related documents also showed that the Local Road Network Property Card (RNPC) for all roads and its components were not maintained.

11.3 As of December 2021, the Balances of Road Networks and Accumulated Depreciation-Road Networks reflected in the Financial Statements are as follows:

Table 8 - Road Networks and Road Networks Accumulated Depreciation Balance

Account	Debit	Credit
Road Networks	₱134,366,303.84	
Accumulated Depreciation-Road Networks		₱ 14,796,268.82

11.4 Further, a review of the schedule of depreciation submitted by the Municipal Accountant revealed that Management transferred only road network projects completed as of August 2016 and years thereafter. Projects undertaken prior were not included therein and validation of such road networks could not be done without completing the aforementioned reports. Thus, the road networks presented in the financial statements are not reliable.

11.5 The inability of the management to comply with the requirements of the Reporting Guidelines on Local Road Networks casts doubts on the completeness and accuracy of the recorded property, plant and equipment on the books.

11.6 We reiterate that the Local Chief Executive requires the:

- a. Municipal Engineer to provide the Municipal Accountant and the Municipal General Services Officer with the complete description and cost segregation of road components for road projects.**

- b. General Services Officer in coordination with the Municipal Engineer to prepare Report on Local Road Networks and Local Road Network Property Card.**
- c. Municipal Accountant to prepare general ledger and the Local Road Network Ledger Card.**
- d. Inventory Committee to conduct the physical count of local road networks and prepare and submit the Report of Physical Count of the Road Networks System.**
- e. Concerned Offices to ensure coordination in the proper implementation of the accounting and reporting guidelines of COA Circular 2015-008 dated November 5, 2015.**

Management Comment/s:

- 11.7 The Inventory Committee Chairman submitted to the Audit Team the Report on the Physical Count of the Road Network System as of December 31, 2021.

Auditor's Rejoinder:

- 11.8 Review of the submitted Report on the Physical Count of Road Networks revealed that the Date of Construction of such road networks was not indicated. In addition, general and subsidiary ledgers were not submitted, and local road network property cards were not yet prepared.

Disposal of Property, Plant and Equipment

12. Disposal of Property, Plant and Equipment amounting to ₱111,734.40 were undertaken without communicating and requesting the presence of the auditor or his authorized representative contrary to Section 79 of PD No. 1445 and Section 7 of COA Circular No. 89-296, casting doubts as to the propriety and validity of the disposal.

- 12.1 Section 79 of Presidential Decree No. 1445, otherwise known as the Government Auditing Code of the Philippines provides that:

When government property has become unserviceable for any cause, or is no longer needed, it shall, upon application of the officer accountable therefor, be inspected by the head of the agency or his duly authorized representative in the presence of the auditor concerned and, if found to be valuable, it may be sold at public auction to the highest bidder under the supervision of the proper committee on award or similar body

in the presence of the auditor concerned or other duly authorized representative of the Commission, after advertising by printed notice in the Official Gazette, or for not less than three consecutive days in any newspaper of general circulation, or where the value of the property does not warrant the expenses of publication, by notices posted for a like period in at least three public places in the locality where the property is to be sold. In the event that public auction fails, the property may be sold at a private sale at such price as may be fixed by the same committee or body concerned and approved by the Commission.

- 12.2 Additionally, Section 7 of COA Circular No. 89-296 dated January 27, 1989 states the following:

In all modes or instances of disposal of government property or assets as herein above contemplated, the proceedings shall be undertaken by the appropriate authority in the presence of the Auditor or other COA representative who shall act as an intelligent, responsive and articulate witness thereto. The said act of witnessing shall not be confined merely to seeing what is being done during the proceedings but shall be related to the more meaningful discharge by the Auditor of his/her constitutional duty to examine, audit and settle all accounts pertaining to the expenditures or uses of government funds and property. Thus, the Auditor acting as such witness may verbally advise the agency head or his duly authorized representative of any objectionable feature/s of the proceedings.

- 12.3 Examination of the financial statements submitted by the Municipal Accountant revealed that the following Property, Plant and Equipment were disposed of.

Table 9 - Schedule of Properties Disposed

PPE Account	Amount
Information and Communications Technology Equipment	₱ 56,234.40
Communications Equipment	55,500.00
Total	₱ 111,734.40

- 12.4 The above items were disposed of without the communication and invitation to the Auditor to witness the said disposal contrary to Section 79 of PD No.1445 and Section 7 of COA Circular No. 89-296.

12.5 Property, Plant and Equipment disposal is the removal of a long-term, obsolete and unserviceable asset from the LGU's accounting records. It is an important process because PPEs are essential to the rendering of service and operations of the LGU. Moreover, proper accounting of the disposal of an asset is critical to maintaining updated and clean accounting records. Failure to notify the audit team to witness the disposal cast doubts as to the propriety and validity of the transaction.

12.6 We recommended that the Local Chief Executive:

a. Creates an Inventory Team with Appraisal and Disposal Committee which will:

- 1. Determine the total unserviceable items together with their carrying amount and prepare the necessary documents to fast track the disposal of unserviceable PPE items;**
- 2. Conduct an appraisal of the unserviceable properties and waste materials and furnish the Audit Team with a copy of the appraisal report thereof;**
- 3. Facilitate the immediate disposal of the identified and verified unserviceable properties and waste materials to recoup any salvage value thereof.**
- 4. Dispose the unserviceable properties based on the most appropriate mode of disposal pursuant to the provisions of COA Circular Nos. 89-296.**

b. Enjoins the Supply Officer and the GSO to provide the necessary documents for the disposed unserviceable items which had a book value of ₱111,734.40.

Also, require both officers to coordinate with the Municipal Accountant to determine the book value of the remaining unserviceable items.

c. Requires Municipal Accountant to derecognize the costs of the properties once the disposal thereof has been completed and submission of the necessary documents by the Supply Officer and the GSO.

d. Directs the Supply Officer and the GSO to provide first written communication to the Audit Team if a government property becomes unserviceable and strictly refrain from disposal or destruction of unserviceable items without the presence of the Audit Team or its authorized representative as required under Section 79 of the PD No. 1445.

- e. **Instructs the officials and employees concerned about the disposal and destruction of the unserviceable properties to submit a written explanation as to why the unserviceable PPE items were not presented to the Audit Team before their disposition.**

Management Comment/s:

- 12.7 The Honorable Mayor in his letter dated February 17, 2022 informed the Audit Team that the Office of Sangguniang Bayan was responsible for the disposal.

Since the budget of the Vice Mayor and Sangguniang Bayan is separate and all the vouchers that emanate from these offices do not pass through the Office of the Mayor, management has requested the Store Keeper/ Purchasing Officer of the Office of the Vice Mayor and the Sangguniang Bayan to notify the COA for the Inspection and Validation of Purchased Goods before the release of the goods to the concerned individuals and to provide a written communication to the Audit Team in the event that a government property becomes unserviceable and strictly refrain from disposal or destruction of unserviceable items without the presence of the Audit team or its authorized representative as required under Section 79 of the PD No. 1445.

The letter also stated that the GSO designate will properly coordinate with the Storekeeper/ Purchasing Officer of the Office of the Vice Mayor and the Sangguniang Bayan for the proper implementation of audit observation.

Donated Property, Plant and Equipment

- 13. Donated Property, Plant and Equipment by a private entity to the Municipal Government of Asingan amounting to ₱860,000.00 was not covered by an authority from the Sangguniang Bayan and Acknowledgement Receipt for In-Kind Donations thus, casting doubt as to the validity and propriety of the donation.**

- 13.1 Section 23 of Republic Act 7160 otherwise known as the Local Government Code of 1991 states that:

Local chief executives may, upon authority of the sanggunian, negotiate and secure financial grants or donations in kind, in support of the basic services or facilities enumerated under Section 17 hereof, from local and foreign assistance agencies without necessity of securing clearance or approval therefor from any department, agency, or office of the National Government or from any higher local government unit:

Provided, That projects financed by such grants or assistance with national security implications shall be approved by the national agency concerned: Provided, further, That when such national agency fails to act on the request for approval within thirty (30) days from receipt thereof, the same shall be deemed approved. (emphasis supplied)

- 13.2 In addition, Section IV-C Item 1 of COA Circular No. 2014-002 dated April 15, 2014 provides that:

Acknowledgement Receipt for In-Kind Donations for DRRM (Annex D) shall be issued by the Head of the Agency or his/her authorized representative for the receipt of in-kind donations.

- 13.3 Post audit of transactions revealed that donated Manlift Utility Vehicle with Chassis No. FG70EB-501397, Engine No. 4M51-B40659 and Plate No. CBN4165 amounting to ₱860,000 was not properly supported by a Deed of Donation dated September 17, 2021. However, the donation was not supported by an authority from Sangguniang Bayan and duly accomplished Acknowledgment Receipt for In-Kind Donation.
- 13.4 While we acknowledge the generosity and consideration of the private entity for the donation of a Manlift Utility Vehicle for disaster and rescue operations of the Municipal Government, without the necessary supporting documents renders the donation doubtful as to the validity and propriety.
- 13.5 **We recommended that the Local Chief Executive through the LDRRM Officer submit the duly accomplish Acknowledgment Receipt for In-Kind Donations provided by COA Circular 2014-002 and the Municipal Vice Mayor through the Secretary of the Sangguniang Bayan to submit the authority from the Sangguniang Bayan to accept the donation as prescribed under Section 23 of RA 7160 to consider the donation valid and legitimate and to determine the proper accountability of the donated PPE.**

Management Comment/s:

- 13.6 Written management reply was not submitted, however, the Honorable Mayor informed the Audit Team during the exit conference that they already submitted the pertinent papers of the donation and waiting for the authority from the Sangguniang Bayan to accept the donation.

14. The General Services Officer was unable to notify the Audit Team of the schedule of delivery of goods procured by the Municipality and submit the inspection reports for items delivered contrary to Sections 6.06 and 6.09 of COA Circular No. 95-006 dated May 18, 1995 thus, precluding it from validating the deliveries and conducting other related audit procedures to prove the propriety and completeness of the transactions.

14.1 For the CY 2021, the Municipality had a total procurement of goods of ₱8,533,277.21.

14.2 In the review of the above transactions, it was observed that the General Services Officer was unable to notify the Audit Team of the scheduled delivery of and/or inspection of goods procured by the Municipality, hence, the Audit Team was not able to send a representative to observe the inspection conducted by that Office. Also, copies of inspection reports or their equivalent were not submitted to the Audit Team within twenty-four (24) hours from acceptance of the items delivered immediately after inspection thereof, as required by COA Circular No. 95-006 dated May 18, 1995 which provides that:

Section 6.06 - The official responsible for or in charge of accepting deliveries of procured items shall, within twenty-four (24) hours before acceptance, should notify the Auditor of the time and date of the scheduled deliveries.

Section 6.09 - Inspection of consumable and perishable items, as well as unserviceable and disposable government property and others assets, shall be conducted by management in coordination with the Office of the Auditor. A copy of the report of inspection or its equivalent shall be submitted to the Head of the Auditing Unit within twenty four (24) hours from acceptance of the items delivered and, xxx.

14.3 Interview with the General Services Officer disclosed that the Management was unaware of such circular. The inability of Management to notify the scheduled deliveries and submit the inspection reports within the prescribed period prevented the Audit Team from conducting appropriate and timely audit procedures necessary to establish the propriety and completeness of the goods delivered considering the significance of the amount of resources spent for procurement of goods.

14.4 We recommended that the General Services Officer (a) or other officer/s in charge of accepting deliveries of procured items, notify the Audit Team of the scheduled acceptance of all deliveries; and (b) submit

copies of pertinent inspection reports within the prescribed period to facilitate timely conduct of inspection and other related audit procedures.

Management Comment/s:

- 14.5 The GSO designate through his letter dated February 07, 2022 has already informed the Procurement Officer immediately after receiving the AOM to not immediately deliver the goods purchased by the concerned department but to wait for the representative of the Audit Team to validate the deliveries and conduct other related audit procedures.

15. Copies of contract agreements and supporting documents of various projects with a total contract cost amounting to ₱ 55,658,594.80 were not submitted to this office as prescribed under COA Circular No. 2009-001, thus, precluding the Auditor from conducting appropriate contract review and timely inspection thereof.

- 15.1 Section 3.1.1 of COA Circular No. 2009- 001 dated February 12, 2009 laid out the timelines for the submission of contracts and purchase orders and their supporting documents, which states that:

Within five (5) working days from the execution of a contract by the government or any of its subdivisions, agencies or instrumentalities, including government-owned and controlled corporations and their subsidiaries, a copy of said contract and each of all the documents forming part thereof, by reference or incorporation shall be furnished to the Auditor of the agency concerned...

- 15.2 However, verification of documents and financial transactions of the Municipality revealed that concerned officials failed to submit copies of perfected contracts and their supporting documents within the prescribed period.
- 15.3 Based on the quarterly report on Projects, Programs and Activities for the Calendar Year 2021 submitted by the Municipal Engineer, we have noted that approved contracts and other pertinent supporting documents amounting to ₱55,658,594.80 were not submitted for review.
- 15.4 The late submission of the approved contracts and supporting documents during the prescribed period precluded the Auditor from a timely review and evaluation of the same as to the completeness of legal and technical requirements, the propriety of the contract, compliance with existing laws,

rules and regulations and if there be any defects, could not be rectified immediately.

- 15.5 Attention of concerned officials and employees is invited to the following provision of COA Circular No. 2009-001 for any unjustified failure of employees concerned to comply with the requirements therein imposed, thus:

4.0 *Penalty Clause*

4.1 *Any unjustified failure of the officials and employees concerned to comply with the requirements herein imposed shall be subject to administrative disciplinary action provided in (a) Section 127 of Presidential Decree No. 1445; (b) Section 55, Title I-B, Book V of the Revised Administrative Code of 1987; and (c) Section 11 of Republic Act No. 6713.*

- 15.6 **We recommended that the BAC through the BAC Secretariat ensure the submission of the perfected contracts and its supporting documents within five (5) working days from perfection as required under COA Circular No. 2009-001 for systematic and effective contract review to come up with timely and relevant audit results.**

Management Comment/s:

- 15.7 Written management reply was not submitted but the BAC Chairman said during the exit conference that they will comply with the audit recommendation.

Repairs and maintenance of government vehicles

16. Payments for repairs and maintenance of government vehicles totaling ₱ 968,609.50 were made without the Pre-repair Evaluation Report, Post-repair Inspection and Waste Material Reports which is contrary to the Section 9.1.3.4 of COA Circular No. 2012-001 dated June 14, 2012, thus, the adequacy and effectiveness of the internal control system of the agency in repair and maintenance of its government vehicles are deemed insufficient.

- 16.1 Section 9.1.3.4 of COA Circular No. 2012-001 dated June 14, 2012 requires among others the following basic documentary requirements for the repair and maintenance of government vehicles, to wit:

- a. Pre-repair Evaluation Report;
- b. Post-inspection Report;
- c. Certificate of Acceptance;

- d. Report of Waste Materials
- e. Warranty Certificates

16.2 We observed that supporting documents for all procurements relating to repairs and maintenance of government vehicles totaling ₱968,609.50 were inadequate and not in accordance with the above-stated requirements. The following deficiencies were noted:

- a. Pre-Evaluation report was in the form of certification from the Municipal Engineer certifying that the repair is needed but there was no certainty whether the repair was economical, or the property was still covered by warranty, or what actual works that need to be done.
- b. No Certificate of Acceptance by the Property Officer was made which shall clearly state that the work or service done was in conformity with the specifications of the contract and accomplished within the specified time.
- c. Post inspection were in the form of Certification from Municipal Engineer. However, it did not indicate any observations and recommendations from Property Inspector.
- d. Waste Material Reports were not approved by the Local Chief Executive.
- e. Warranty Certificates were not secured from the suppliers which will defray cost during warranty period.

16.3 These deficiencies created confusion in verifying or ascertaining the correctness of the actual scope of repair works done and if it was in conformity with the specifications of the contract and within the specified period. Thus, the adequacy of and effectiveness of the internal control system of the Municipality in handling its repair and maintenance of its government vehicles are deemed insufficient

16.4 We recommended that the Local Chief Executive:

- a. Instruct Supply Officer to conduct pre-repair evaluation and post-repair evaluation/inspection of all government vehicles subject to repairs.**
- b. Require the Supply Officer to prepare a Certificate of Acceptance and secure warranty certificates and Waste Material Report to be approved by the LCE.**

Management Comment/s:

- 16.5 The Store Keeper I designate through his letter received by the audit team on February 07, 2022 stated that the Local Chief Executive as per Audit Observation Memorandum (AOM) No. 2022-05 (2021) instructed the concerned personnel to follow the guidelines for the repair and maintenance of the government vehicles.

Project signboards not posted

17. The list of all on-going government Programs, Projects and Activities and those for implementation were not provided to the Audit Team at the start of the year nor was the audit team informed within 10 days after the award of the project or before the start of the program/activity that the appropriate project signboards and/or public notices were already posted, contrary to COA Circular No. 2013-004 which precluded the conduct of prompt inspection and monitoring of PPAs.

- 17.1 Item 2.1 of COA Circular No. 2013-004 dated January 13, 2013 states:

“At the beginning of the year, all government agencies shall provide their respective assigned Supervising Auditors (SAs) and Audit Team Leaders (ATLs) with a list of all on-going government projects/programs/activities (“PPA”) and those that are to be implemented during the year. The list shall include the projects name, implementing unit, office or division if it is not the agency as a whole; brief description of the PPA; contractor or supplier, if any; mode of procurement; funding source; cost or approved budget; project duration including start and completion date; and location. Other information xxx”

- 17.2 Item 2.2.1 further provides that “All government agencies, or the implementing unit, office or division as the case may be, shall notify the public of their PPA through the posting of relevant information detailed in item 2.1 above on signboards, blackboards xxx.. in conspicuous places within the Agency premises, and in the venue where the PPA is located or carried out. This requirement applies to all government PPAs regardless of amount or source of funds.”
- 17.3 Also, Item 3.1 thereof states that “The Head of the Agency shall inform its SA and ATL within ten (10) days after the award of the infrastructure project or before the start of the program/activity that the appropriate project signboards and/or public notices are already posted, and the SA and ATL shall validate the same”.

- 17.4 Records revealed that Management failed to provide the Audit Team the list of all ongoing PPAs at the beginning of the year, and those that are to be implemented by the Municipal Government during the year.
- 17.5 Moreover, though it was noted that there were postings of relevant information detailed in item 2.1 above on signboards/blackboards, the Head of the agency was not able to inform the Audit Team within 10 days after the award of the infrastructure project or before the start of the program/activity that the appropriate project signboards and/or public notices are already posted, for their validation, in consonance with item 3.1 of the above-cited COA Circular.
- 17.6 It was also noted that despite the provisions in the aforementioned COA Circular, only the quarterly report of PPAs was submitted by the Municipal Engineer to the Audit Team, and only after verbal reminders and follow-ups were made. The Circular requires that the agency shall prepare a monthly monitoring report of PPAs which includes all PPAs regardless of amount and source of fund.
- 17.7 The non-compliance of the Agency with the provisions of the same Circular precluded the efficient scheduling of inspection/validation and eventual monitoring of PPAs. It also prevented the determination of the agency's compliance with the postings and notifications to the public of all projects being implemented by the Management, to promote transparency and public accountability.
- 17.8 We recommended that Management direct the Municipal Engineer to undertake measures to comply with the pertinent provision of items 2 and 3 of COA Circular No. 2013-004 to enable inspection, validation and monitoring of PPAs by the Audit Team.**

Management Comment/s:

- 17.9 No written management comment was given, however, the Municipal Engineer replied during the exit conference, that they will comply with the said audit recommendation on CY 2022.

20% Development Fund

- 18. Funding a total of ₱1,122,316.81 for ineligible projects under the 20% Municipal Development Fund is contrary to DILG and DBM Joint Memorandum Circular (JMC) No. 2017-1 which were not supportive of the attainment of the desired socio-economic development and environmental management outcomes of the Municipal Government.**

- 18.1 To provide guidelines on the appropriation and utilization of the 20% Local Development Fund and to enhance transparency and accountability of Local Government Units (LGUs) in undertaking development projects, the DILG and DBM issued Joint Memorandum Circular (JMC) No. 2017-1 dated February 22, 2017 which provides that all projects to be funded shall contribute to the attainment of desirable socio-economic development and environmental management outcome and shall partake the nature of investment or capital expenditures.
- 18.2 Capital expenditure is an expense where the benefit continues over a long period, rather than being exhausted in a short period. Such expenditure is of non-recurring nature and results in the acquisition of permanent assets. It is thus distinct from a recurring expense.
- 18.3 JMC No. 2017-1 also enumerates the development projects that should be funded under the 20% Local Development Fund with the emphasis on the construction of capital assets and those expenditure items that should not be paid out of the 20% Local Development Fund because they are administrative in nature.
- 18.4 It was noted in the evaluation of the projects funded under the 20% Development Fund that 21 projects totaling ₱ 1,122,316.81 from CY 2021 did not conform to the specific uses of the fund as provided in JMC 2017-1. Sixteen (16) of these projects, although some contain “rehabilitation” in their project title, actually entailed works that did not partake in the nature of investment or capital expenditures but merely the repair or maintenance of existing projects which in nature are recurring expenses because the benefits of which last for a shorter period. One (1) involved the purchase of nylon rope that did not result in permanent assets. While four (4) may have partake the nature of investment or capital expenditures, such projects involved administrative structures, thus, still not covered under JMC No. 2017-1. Details of the foregoing follow:

Table 10 - Schedule of Ineligible projects Charged to 20% Development Fund

Program/Project/Activity Description	AMOUNT	REMARKS
Repair of ceiling and sliding window of Child Development Center at Brgy. Palaris Asingan, Pangasinan	84,955.00	recurring expense
Repair of gutter and downspout of Municipal Public Market Buildings (100%)	199,940.00	recurring expense
Repair of PAO Local Access Road of Barangay Ariston East, Asingan, Pangasinan (100%)	99,945.00	recurring expense

Program/Project/Activity Description	AMOUNT	REMARKS
Payment for the repair/replacement of water supply, pipes and drainage system and repair of leaking roof at Women Building in this Municipality of Asingan	49,342.00	recurring expense
Repair and maintenance of Analok Frame Doors of DILG and Government Center of Asingan, Pangasinan	14,826.00	recurring expense
Replacement of 1 unit panel door & repair of leaking roof at DSWD Building in this Municipality of Asingan,	9,480.00	recurring expense
Rehabilitation of Streetlights infront of Asingan North Central School, Barangay Dupac, Asingan, Pangasinan	9,993.24	recurring expense
Rehabilitation of kitchen for the Barangay Health Center at Ariston East Asingan Pangasinan	24,995.00	recurring expense
Rehabilitation of Concrete Tiles of Pathwalk at Public in this Municipality of Asingan	14,940.00	recurring expense
Repair and maintenance of Analok Frame Doors of DILG and Government Center of Asingan, Pangasinan	14,826.00	recurring expense
replacement of analok windows at Municipal Buildings in this Municipality of Asingan, Pangasinan	16,593.00	recurring expense
Replacement of PVC Drain pipes for the wet market and concrete cover at Asingan Public Market	66,431.24	recurring expense
Payment for the replacement of Door Hinges of the MFASS Sport Complex in this Municipality of Asingan	32,560.00	recurring expense
Siphoning of Septic Tank of PNP Building in this Municipality of Asingan	30,000.00	recurring expense
Siphoning of Septic Tank of Municipality Hall Building in this Municipality of Asingan	30,000.00	recurring expense
Maintenance of Municipal Hall and other buildings	233,600.74	recurring expense
Nylon rope 16MM for use at Parking Lot infront of Asingan Sports Complex	4,000.00	does not result in permanent asset
Construction of kitchen sink for Child Development Center of Barangay Ariston West, Asingan, Pangasinan	39,954.00	administrative purpose
Installation of CAP Flashing at Women Center and Government Center Buildings in this Municipality of Asingan	55,977.44	administrative purpose
Installation of Tiles, Kitchen Sink& Painting of Engr. Federico Ganigan, Sr. Child Development Center at Zone 6, Calepaan, Asingan, Pangasinan	49,967.57	administrative purpose
Construction of kitchen beside the Child Development Center Domanpot	39,990.58	administrative purpose
TOTAL	1,122,316.81	

18.5 Non-conformity to the specific uses of the 20% Municipal Development Fund as provided in JMC No. 2017-1 would affect the attainment of the desired socio-economic development and environmental management outcomes of the Municipal Government.

18.6 We recommended the Local Chief Executive through the Municipal Planning and Development Coordinator to appropriate and utilize the 20% Municipal Development Fund in conformity with the priority programs and projects set forth under DILG-DBM Joint Memorandum Circular No. 2017-1 for the attainment of the desired socio-economic development and environmental management outcomes of the Municipal Government.

Management Comment/s:

18.7 The MPDC in his letter said that the projects listed in it were basically covered by the AIP and most of them were for maintenance of municipal buildings and facilities, market included. Getting these expenses from the 20% MDF may be attributed to the leeway given to LGUs by JMC 2020-01 issued November 4, 2020, which was further affirmed by the approval given by the PPDO and the Sangguniang Panlalawigan. He added that be that as it may, LGU Asingan will follow the recommendation to strictly follow the 20% MDF Utilization as outlined in JMC 2017-01.

Local Disaster Risk Reduction Management

19. Several lapses were noted in the compliance of the Municipal Government with Republic Act No. 10121 or its disaster risk reduction and management such as (a) projects amounting to ₱790,605.60 were not implemented; (b) considered ineligible were charged against DRRMF Investment Plan totaling ₱103,325.00; (c) similar supporting documents were attached to several disbursement vouchers; and (d) required manning complement for LDRRM Office were not employed, thereby significantly affected the efficient planning and implementation of DRRM activities.

a. Unimplemented Projects amounting to ₱ 790,605.60

19.1 Section 2(a) of R.A. No. 10121, otherwise known as the Philippines Disaster Risk Reduction Management Act of 2010 mandates the States to uphold the people's constitutional rights to life and property by addressing the root causes of vulnerabilities to disasters, strengthening the country's institutional capacity for disaster risk reduction and management and building the resilience of local communities to disasters including climate change impacts.

- 19.2 NDRRMC, DBM and DILG Joint Circular No. 2013-01 dated March 25, 2013 defines Disaster Prevention and Mitigation as a measure to avoid or limit the adverse impacts of hazards and related disasters.
- 19.3 Examination of LDRRMFIP vis-a-vis Report on the Utilization of LDRRMF showed some PPAs of disaster reduction and management of the Municipality were not fully implemented during the year.

Table 11 - Report on Utilization of LDRRMFIP

Programs/Projects/Activity	Appropriation	Obligation	Balance
Insurance of Disaster Responder	50,000.00	-	50,000.00
Continuing Information and Education Campaign	150,000.00	-	150,000.00
Purchase of Medicines	250,000.00	189,800.00	60,200.00
Purchase of Relief Goods	500,000.00	119,594.40	380,405.60
Repair and Maintenance of Disaster equipment and vehicles	150,000.00	-	150,000.00
TOTAL	1,100,000.00	309,394.40	790,605.60

b. Transactions considered ineligible were charged against DRRMFIP totaling ₱103,325.00

- 19.4 Section 21 of the R.A. No. 10121 states that not less than five percent (5%) of the estimated revenue from regular sources shall be set aside as the LDRRMF to support disaster Risk Management activities such as, but not limited to, pre-disaster preparedness programs including training, purchasing life-saving rescue equipment, supplies and medicines, for post-disaster activities, and for the payment of premiums on calamity insurance.
- 19.5 Likewise, the NDRRMC, DBM and DILG issued Joint Memorandum Circular No. 2013-01 dated March 25, 2013 to serve as a guide in the proper allocation and utilization of LDRRMF that enhances transparency and accountability in the use of the fund.
- 19.6 Review of the utilization of the LDRRMF and post-audit of accounts, showed that various expenses were charged against the fund as follows:

Table 12 - Schedule of Expenses charged Not related to Disaster Risk Management

Particulars	Amount
Cellphone load for Asingan Triage: LGU Quarantine Facility and Rural Health Unit for the month of August 2021 to December 2021	7,000.00
Payment of CP Load and other allowances of Municipal Officials and Employees for the month of July 2021	1,400.00
Payment of CP Load and other allowances of Mun. Officials and Employees for the month of June 2021	8,400.00

Payment of 2 units industrial Fan and 7 units stand fan for use at Isolation/Triage Area -	25,200.00
Payment of parts of Kyocera Taskalfa 1801 Xerox Machine at RHU I and II Asingan	5,675.00
Payment of toner of Kyocera Taskalfa 1801 Xerox Machine at RHU I and II Asingan	29,200.00
Payment of car cover and accessories of MDRRMO emergency response vehicle nissan navarra 2021 model	26,450.00
Total	103,325.00

19.7 Expenses enumerated in the above table totaling ₱103,325.00 could not be considered to be associated with the activities for disaster risk management. Rather, these expenses pertain to the general activities of the Municipal Government that should be charged against the general fund of the Municipality.

19.8 While we acknowledge that the PPAs identified by the Municipal Government and the expenses charged against LDRRMF were necessary, it is imperative that the programmed PPAs were aligned with the programs and activities set forth in the aforementioned JMC in order to support the national, regional and provincial framework and policies on disaster risk reduction to effectively and efficiently attain the common goals of the state.

c. Similar supporting documents were attached to several disbursement vouchers

19.9 Section 4 (6) of PD No. 1445 provides that all “claims against government funds shall be supported with complete documentation.”

19.10 Review of the supporting documents of various disbursement vouchers pertaining to meals served to COVID 19 patients revealed that the documentary pictures attached have similarities and resemblance to one another.

19.11 Attachment of these supporting documents to the disbursement vouchers raises doubts on the validity and legitimacy of the transactions entered into by the Municipality.

d. Required manning complement for LDRRMO were not employed

19.12 Section 2 of Rule 6 of the IRR of R.A. No. 10121 states that the LDRRMO shall be initially organized and composed of a DRRMO to be assisted by 3 staff responsible for (1) administration and training; (2) research and planning; and (3) operations and warning.

19.13 Review of the Plantilla of Organization disclosed that there were two permanent officials assigned to the MDRRMO, however, two permanent staff are still not assigned. The absence of two permanent staff may affect

the capacities of the Municipal Government and its constituents to effectively prepare, respond and recover from the impacts of natural and man-made disasters.

19.14 We recommended that the Local Chief Executive:

- a. Instruct the LDRRM Officer to maximize the utilization of the LDRRMF in accordance with the PPAs detailed in the LDRRMFIP.**
- b. Direct the LDRRM Officer to refrain from charging expenses that were not eligible for the calamity fund.**
- c. Enjoin Municipal Accountant and Municipal Treasurer to explain why similar documentary pictures attached to different disbursement vouchers were processed for payment, and**
- d. Require HRMO to organize and revisit the Municipality's plantilla and sources of funds to be able to create a position that will assist the MDRRMO in the aspects of administration and training, research and planning, and operations and warnings.**

Management Comment/s:

19.15 The Honorable Mayor, in his letter dated March 04, 2022, responded to the audit observations as follows:

1. Unimplemented Projects amounting to Php 790,605.60

- a. Management has exercised due diligence in disbursing the calamity fund however, the designated fund for the purchase of relief goods and medicines amounting to Php 380,000 and Php 60,000 respectively, are reserved for unforeseeable events such as typhoons, earthquakes, and other calamities. In addition, we have a Memorandum of Agreement (MOA) with various grocery stores and pharmacies for direct supply of relief goods and medicines as needed. Expiration dates are also considered to ensure that goods and medicines will not go to waste.
- b. Php 150,000 fund for Continuing Information and Educational Campaign intended to educate students in Disaster Information, Education and Response were not carried out due to social restrictions.
- c. Currently the Bureau of Fire Protection (BFP) and Philippine National Police (PNP) Asingan serves as the Quick Response Team thus, the Php 50,000 allotment for insurance was not spent.
- d. Php 150,000 for the repair and maintenance of disaster equipment and vehicles were not utilized since it's still in good working condition.

2. Ineligible transactions charged to DRRMFIP.

Industrial fan for isolation area, cellphone load allowance of Municipal Officials and Triage staff, and car accessories of emergency response vehicle (Mobile siren installation with cablings, mobile and magnetic antenna) were used during contact tracing for the mitigation of COVID-19 cases therefore these are appropriately charged to calamity fund. However, toner and replacement parts for the RHU photocopy machine were charged against the fund allotment for MDRRMO office operation and not to Calamity Fund.

3. Similar Supporting documents are attached to several disbursement vouchers.

The menu served to persons under monitoring and investigation (PUM/PUI) and COVID-19 patients from different barangays are the same therefore the photos attached were identical, but rest assured that the meals served have gone under strict inspection process. Moving forward, we will improve our documentation by including date stamps and a photo of the inspection team.

4. Required manning complement for LDRRRMO were not employed.

Currently, the LGU has maximized its Personnel Services (PS) Cap Limitation but as an alternative, we will designate an officer to assist the LDRRRMO in its day-to-day operations. In times of emergency, the LGU has partnered with other NGOs for additional manpower for immediate response and rescue operations.

Gender and Development

20. Actual expenditures of GAD Programs/Activity/Projects registered ₱10,675,811.83 or 74.85% of the budgeted amount of ₱14,263,038.29, however, ten (10) were unimplemented GAD PAPs and two (2) were partially implemented as at year-end.

- 20.1 The Municipality was able to allocate ₱14,263,038.29 for GAD Programs/Activities/Projects (PAPs) which is more than the required 5% of the Annual Budget of ₱ 174,112,000.00. A comparison of the GAD Accomplishment Report and the schedule of the GAD Plan and Budget for the CY 2021 showed that the Municipality disbursed a total of ₱10,675,811.83 as compared to the budget of ₱14,263,038.29.

20.2 The Municipality has allocated a GAD budget of ₱14,263,038.29.00 which expended ₱10,675.81.83 or 74.85%. Out of the 42 GAD PAPs, there are ten (10) unimplemented while two (2) were partially implemented, hence, efforts to be gender-responsive are not maximized.

20.3 We recommended that the GAD Focal Person continuously monitor the implementation of the GAD Program/Activity/Project to maximize the gender responsiveness of the Municipality.

Management Comment/s:

20.4 The GAD Focal Person said that the Municipality has allocated a GAD budget of ₱14,263,038.29 which expended ₱10,675,811.83 or 74.85%. Out of the 42 GAD PAPs, there are ten (10) unimplemented while two (2) were partially implemented, hence efforts to be gender-responsive are not maximized. As much as possible that the LGU wanted to implement all those GAD PAPs, they were not able to because of the pandemic. Due to the pandemic, many PAPs were not implemented like the Libreng Kasal, GAD-related Workshop, Educational Assistance Program, Provision of Childhood Care and Development Card, Poster-Making Contest, Provision of Foods for Victims of Abuse, Provision of Intervention Program, etc.

21. The Municipality has yet to institutionalize a gender-responsive monitoring and evaluation (M&E) system through the creation of a GAD M&E as prescribed under Item 5.1 of the PCW-DILG-DBM-NEDA Joint Memorandum Circular No. 2013-01, hence, the Municipality has no mechanism to assess the effectiveness and efficiency of its gender mainstreaming efforts.

21.1 Sections 3.4 and 5.1 of PCW-DILG-DBM-NEDA Joint Memorandum Circular No. 2013-01 provides for the establishment and implementation of the monitoring and evaluation system, to wit:

3.4 LGUs shall establish and/or strengthen their monitoring and evaluation systems to assess the effectiveness and efficiency of their gender mainstreaming efforts;

5.1 All LGUs shall establish, enhance, strengthen and/or maintain a gender responsive monitoring and evaluation (M&E) system. In establishing and/or strengthening an M&E System, the LCE of provinces, cities, and municipalities shall issue an Executive Order or Administrative Order creating the M&E Team.

- 21.2 The Monitoring and Evaluation System (M&E) aims to determine the success of GAD programs in achieving its targets and goals, assess implemented practices and processes and reap valuable lessons from the experiences and problems encountered. It also aids in the planning for future activities that the LGU may undertake to ensure the sustainability, not only of GAD initiatives, but also the results of gender equality and women's empowerment.
- 21.3 Item A.4.f, Section 4.1 of the afore-cited PCW-DILG-DBM-NEDA JMC enumerates among others the following powers and functions of the GFPS:
- “Lead in monitoring the effective implementation of the annual GPB, GAD Code, other GAD related policies and plans.”*
- 21.4 Reports submitted by the Municipality pertaining to GAD showed that the agency does not have yet a GAD Monitoring and Evaluation System. The said system is necessary in order to understand the degree of effectiveness of the different policies, programs, and projects implemented by the LGU.
- 21.5 Had the management created the said monitoring and evaluation team, the municipality could have appreciated their effort in solving the various gender issues that were present in the LGU.
- 21.6 We recommended the Local Chief Executive require the GAD Focal Person to establish and/or strengthen the monitoring and evaluation systems to assess the effectiveness and efficiency of their gender mainstreaming efforts, and the M&E activities shall be included in the annual GAD Plan and Budget.**

Management Comment/s:

- 21.7 The GAD Focal Person through her letter dated February 17, 2022 informed the audit team that the Municipality will comply with your recommendation to create a GAD Monitoring and Evaluation System to assess the effectiveness and efficiency of the gender mainstreaming efforts as well as to maximize the utilization of GAD Funds and see to it that GAD related programs and projects will fully address and adhere to the basic purpose and objectives for which the funds were provided.

C. Performance Audit

Delinquent Market Stall Rentals

22. Market stall rentals and its corresponding penalties totaling ₱599,593.00 were not collected, thus, depriving the Municipality of accumulating funds for the implementation of more beneficial projects.

22.1 Records of the Office Economic Enterprise and Management-Market Division showed that market stall rentals and its corresponding penalties totaling ₱599,593.00 remain outstanding as of December 31, 2021.

Table 13 – Schedule of Delinquent Stall Rentals

Stall No.	Period of Delinquency	Amount	Penalty	Total	Total Partial Payment	Remaining Balance
JMS-12N (B)	December 2013 - December 2021	91,800.00	9,180.00	100,980.00	4,620.00	96,360.00
JMS-39S	July 2005 - December 2005, November 2006 - December 2007 & March 2016 - June 2018	30,300.00	3,030.00	33,330.00	4,000.00	29,330.00
JMS - 42S	April 2006 - December 2009, January to June 2010 & March 2013 - April 2017	63,150.00	6,315.00	69,465.00	29,400.00	40,065.00
A-4	December 2003 - October 2008 & August 2009 - December 2011	51,400.00	5,140.00	56,540.00	30,500.00	26,040.00
A-5	January 1999 - November 2005	39,700.00	3,970.00	43,670.00		43,670.00
A-6	January 1999 - November 2005, January 2007 - December 2008 & April 2017 - December 2021	93,880.00	9,388.00	103,268.00		103,268.00
A-8	January 2004 - October 2008 & December 2010 - December 2011	43,200.00	4,320.00	47,520.00	30,500.00	17,020.00
PA – 1	April 2005 - February 2012	49,950.00	4,995.00	54,945.00	41,000.00	13,945.00
PA – 9	January 2005 to April 2005 & June 2008 - September 2014	50,975.00	5,097.50	56,072.50	41,000.00	15,072.50
PA – 10	July 2008 - December 2014	49,150.00	4,915.00	54,065.00	12,000.00	42,065.00
PA - 2Ex	June 2011 - December 2021	89,625.00	8,962.50	98,587.50	20,790.00	77,797.50
PB-17	August 2004 - January 2006 & May 2007 - December 2014 & January 2015 - June 2018	106,600.00	10,660.00	117,260.00	61,000.00	56,260.00
PB-19	February 2005 - January 2006 & April 2007 - December 2007 & March 2010 - December 2013	76,800.00	7,680.00	84,480.00	69,500.00	14,980.00

Stall No.	Period of Delinquency	Amount	Penalty	Total	Total Partial Payment	Remaining Balance
ASC – 5	February 2005 - December 2014 & January 2017 - December 2021	57,100.00	5,710.00	62,810.00	39,090.00	23,720.00
		893,630.00	89,363.00	982,993.00	383,400.00	599,593.00

22.2 As shown in the schedule the arrears of some stallholders pertain to the year back 1999 as in the case of Stall A-5 and A-6. Inspection and interview with the stallholders disclosed that some market stalls had been assigned, subleased, and mortgaged by the original occupant which is in violation of Paragraph 3 (5) of the Contract of Lease between the Municipality of Asingan and the stallholders which states that the lessee shall not directly or indirectly sublease, assign, transfer or convey his/her rights of lease over the stall under the lease.

22.3 Despite the violations of the lessee, the contract of the lease had not been terminated as provided under Paragraph 3 (9) of the contract, quoted in part, as follows:

9. Termination of Lease

1. xxx.
2. *Failure of the LESSEE to pay three (3) consecutive or five (5) months cumulative shall automatically render the lease contract null and void and give the authority the local government to padlock the stall without seeking court order.*
3. *Any violation direct or indirect of any condition of this CONTRACT shall automatically terminate this contract from the time such violation occurs without prejudice to the imposition of fines and/or penalties provided for under any valid law, regulation or ordinance. The LESSOR may then re-let the stall without notice to the LESSEE.*

xxx.

22.4 The foregoing observation showed the laxity of the management in the implementation of the terms and conditions stipulated in the contract of lease which could be one of the factors in the non-collections of the above arrears of delinquent stallholders.

22.5 The non-collections of the above stall rentals and the supposed penalty deprived the Municipality of additional funds for the implementation of more beneficial projects.

22.6 We recommended that the Local Chief Executive through Municipal Treasurer and Market Supervisor:

- a. Send demand letters when the stallholders become delinquent for at least three (3) months.**
- b. Institute legal actions against the delinquent stallholders who refuse to settle their past due accounts to improve the Municipality's collection efficiency and to accumulate funds for the implementation of more beneficial programs and projects.**
- c. Instructs the officials and employees concerned on the market to submit a written explanation as to why market stalls had been assigned, subleased, or mortgaged by the original occupants were allowed for operation.**

Management Comment/s:

- 22.7 No written management comment was given but the Municipal Treasurer and the Market Supervisor during the exit conference, replied that they were exerting efforts to collect the delinquencies.

D. Other Audit Areas

Payments to Job Orders and Casual Employees

23. Payments to job orders, casuals and contractual employees amounting to ₱7,860,580.40 were made despite the absence of necessary supporting documents contrary to CSC Memorandum Circular No. 40, as amended and COA Circular No. 2012-001, thus casting doubts on the regularity, validity and accuracy of payment.

- 23.1 Rule XI of the Revised Omnibus Rules on Appointment and Other Personnel Action provided that the job order covers piece of work or intermittent job of a short duration not exceeding six months and payment is on a daily basis.
- 23.2 It requires the execution of either a contract of services or memorandum of agreement (MOA) or job order between the government agency concerned and the individual, in accordance with the rules and regulations of the COA.
- 23.3 COA Circular No. 2012-001 dated June 14, 2012 further requires the following documents for payment of wages to contractual/job orders:

- a. *Certification by the Local Chief Executive (LCE) that the employment/ hiring is still within the Personal Services limitation prescribed under Section 325(a) of Republic Act. No. 7160;*
- b. *Certification by the LCE/Personnel Officer that the activities/services cannot be provided by regular or permanent personnel of the agency;*
- c. *Accomplishment Report;*
- d. *Approved Daily Time Record (DTR).*

- 23.4 Audit of disbursements revealed daily wage payrolls totaling ₱7,860,580.40 were supported only with Journal Entry Vouchers (JEV), Obligation Requests (ObR) and Summary of Payrolls. There were no contracts of service and/or Job Order contracts attached to the claims, thus the terms and contractual agreements between the Municipal Government and the employees could not be verified.
- 23.5 Furthermore, payments were effected without attachment of required supporting documents such as DTRs, Accomplishment Reports and certification by the Local Chief Executive (LCE) that the services rendered cannot be provided by regular or permanent personnel of the agency and the employment/ hiring is still within the Personal Services limitation prescribed under Section 325(a) of Republic Act. No. 7160.
- 23.6 The absence of the aforementioned documents cast doubts on the validity, propriety and regularity of the transaction. Actual work done and accomplishments cannot be properly evaluated due to lack of specifically identified work assignments/job descriptions. Thus, the performance and necessity of hiring casuals and contractual employees in the day-to-day operations of the Municipality or whether it was mere duplication of duties and responsibilities of permanent/regular employees could not be gauged with certainty.
- 23.7 We recommended that the HRMO and the Municipal Accountant ensure that payrolls of Job Order personnel and Consultants are supported with complete documentation pursuant to the provisions of COA Circular No. 2012-001 and CSC Resolution No. 020790 dated June 5, 2002 prior to payment.**

Management Comment/s:

- 23.8 The Honorable Mayor, through his letter dated March 04, 2022 informed the audit team that per checking the records with HR Department, accomplishment reports are complete however it was filed in a separate folder due to its volume. Moving forward, the Municipality will ensure that all supporting documentation is submitted to the Audit Team on time.

Compliance with BIR/GSIS/HDMF/PhilHealth laws, rules and regulation

The Municipality of Asingan had regularly remitted the amount withheld from the taxable transactions within the period allowed by law in CY 2021. Likewise, statutory deductions made were also remitted to respective government owned and controlled corporations.

Accounts	Beg. Balance- January 1, 2021	January- November 2021		December 2021		Ending Balance- December 31, 2021
		Withhold	Remittance	Withhold	Remittance	
Due to BIR	-	6,469,098.00	6,063,707.00	571,509.12	976,900.12	-
Due to GSIS	-	7,970,615.15	6,598,933.39	1,347,121.14	2,622,703.73	96,099.17
Due to HDMF	1,400.00	1,073,260.23	1,019,360.23	87,080.20	90,874.07	51,506.13
Due to Philhealth	-	944,430.00	1,037,700.00	93,270.00	186,090.00	450.00

The balances Due to GSIS amounting to ₱96,099.17, Due to HDMF amounting to ₱51,506.13, and Due to Philhealth amounting to ₱450.00 reflected in the year-end financial statements were promptly remitted to the concerned government agency as of January 31, 2022.

Compliance with R.A. No. 9003 or the Solid Waste Management Act of 2000

The Municipal Government properly maintains a Material Recovery Facility (MRF) wherein recyclable wastes such as glass bottles are pulverized to be used for making hollow blocks. Biodegradable and animal wastes were turned into organic fertilizers and a Shared Service Facility (SSF) for Organic Fertilizer Production by DTI was being maintained by the Municipality.

Status of Audit Suspensions, Disallowances, and Charges

As of December 31, 2021, the Municipality of Asingan has unsettled suspensions, disallowances, and charges, respectively as follows:

Notice	Beginning Balance (₱)	This Period (January 1 to December 31, 2021)		Ending Balance (As of December 31, 2021)
		NS/ND/NC (₱)	NSSDC (₱)	(₱)
Notice of Suspension	-	-	-	-
Notice of Disallowance	1,715,803.53	30,000.00	-	1,745,803.53
Notice of Charge	-	-	-	-
Total	1,715,803.53	30,000.00	-	1,745,803.53

Included in the balance of the audit disallowance were payments for gasoline consumption incurred by various officials and employees of the Municipality for years 2016-2018, disallowed in 2019.

STATUS OF IMPLEMENTATION OF PRIOR YEAR'S AUDIT RECOMMENDATIONS

Of the 26 audit recommendations embodied in the CY 2020 Annual Audit Report, fourteen (14) or 53.85% were implemented and twelve (12) or 46.15% were not yet implemented:

Observation and Recommendation	Reference 2020 AAR (Page No.)	Action Taken by Management	Result of Auditor's Validation
<p>1. Cash in local currency placed in Authorized Government Depository Bank (AGDB) amounting to ₱8,544,451.04 for a specific period of time were classified under Cash and Cash Equivalent account instead of Investment in Time Deposits account.</p> <p>We recommended that Management instruct the Municipal Accountant to reclassify the account to properly reflect the Cash in Bank and Investment accounts.</p>	33	The Municipal Accountant properly reclassified the accounts affected.	Implemented
<p>2. Uncollected rent income from delinquent stallholders amounting to ₱140,010.50, on the market stall premises of LGU-Asingan</p>	34		

Observation and Recommendation	Reference 2020 AAR (Page No.)	Action Taken by Management	Result of Auditor's Validation
<p>were not accounted and recorded in the books as of December 31, 2020, understating the total receivables and income contrary to paragraph 9 of the IPSAS 9 and Section 47 of the Government Accounting Manual (GAM) for Local Government Units (LGUs) Volume I.</p> <p>We recommended that Management:</p> <p>a. Direct the personnel in-charge of the Market and the Municipal Treasurer to regularly prepare the monthly billing statements for all stallholders and submit a summary of the delinquent stallholders for the Municipal Accountant to book up the unpaid balances and corresponding penalties as a debit to Operating Lease Receivable and credit to Rent Income.</p> <p>b. Instruct the Municipal</p>		<p>a. Municipal Treasurer sent monthly billing statements to stall holders.</p> <p>b. The Municipal Accountant had drawn</p>	<p>Not Implemented</p> <p>a. The Audit Team is validating if the regular monthly billing statements for the stallholders and summary of delinquent stallholders are prepared and submitted to the Municipal Accountant for the latter to book up the unpaid balances.</p> <p>Not Implemented</p>

Observation and Recommendation	Reference 2020 AAR (Page No.)	Action Taken by Management	Result of Auditor's Validation
<p>Accountant to adhere with the accrual method of accounting by properly recognizing uncollected balances from the delinquent stallholders, as prescribed under Paragraph 19 of IPSAS 9 and pertinent provisions of GAM for LGUs.</p>		<p>entry for the recognition of income and receivables for previous year.</p>	<p>b. The Audit Team is still waiting for additional data from the Municipal Treasurer as basis of the City Accountant to draw journal entry for recognition of monthly income and collection of delinquent receivables.</p>
<p>3. Non-reconciliation of the year-end balance of the Real Property Tax (RPT) and Special Education Tax (SET) Receivables as reflected in the accounting records amounting to ₱17,010,100.51 for each account with the reported delinquent real property taxes from the treasury records totaling ₱4,918,986.00 casts doubts on the balances reflected in the financial statements, contrary to the provisions of paragraphs 31, 44 and 45 of IPSAS 23 and Section 42, Volume 1 of the GAM for LGUs.</p>	<p>36</p>		

Observation and Recommendation	Reference 2020 AAR (Page No.)	Action Taken by Management	Result of Auditor's Validation
<p>We reiterated our previous audit recommendation that Management direct both Municipal Treasurer and Municipal Accountant to reconcile the treasury report with the subsidiary records to reflect the correct amount of the subject receivables.</p> <p>We also reiterated that Management require Municipal Assessor to assist the Municipal Treasurer in the preparation of a duly certified list of taxpayers showing the names and amount due and collectible based on RPTAR/Taxpayer's index card which will provide an accurate and reliable basis in the setting-up of receivables for real property taxes and special education taxes.</p>		<p>The Municipal Treasurer and Municipal Accountant properly coordinated and reconciled their records</p> <p>The Municipal Assessor and Municipal Treasurer coordinated in the preparation of duly certified list of taxpayers.</p>	<p>Implemented</p> <p>Implemented</p>
<p>4. Office supplies and other materials purchased for stock purposes amounting ₱35,680,161.85 were directly recorded as</p>			

Observation and Recommendation	Reference 2020 AAR (Page No.)	Action Taken by Management	Result of Auditor's Validation
<p>expense instead of recognizing an asset account upon purchase debiting inventory account resulting in the overstatement of expenses and understatement of asset, contrary to International Public Sector Accounting Standard (IPSAS) No. 1 requiring the faithful presentation of Financial Statements.</p> <p>Moreover, no Report of Physical Count of Inventories (RPCI) was submitted contrary to the provisions of the Government Accounting Manual for Local Government Units, Volume 1 which precluded comparison of records for the determination of the accuracy and correctness of the accounts affected.</p> <p>We recommended that Management:</p> <ul style="list-style-type: none"> • Require the Municipal Accountant to 		<p>The Municipal Accountant and the designated Store Keeper monitor the</p>	<p>Implemented</p>

Observation and Recommendation	Reference 2020 AAR (Page No.)	Action Taken by Management	Result of Auditor's Validation
<p>record all purchased inventory for distribution and are to be held in stock be recorded under inventory account in strict compliance with the Government Accounting Manual for Local Government Units, Volume 1 and IPSAS No. I.</p> <ul style="list-style-type: none"> Require each department or office to maintain proper inventory accounts and its stock cards and to create an Inventory Team and conduct periodic physical inventory of supplies and submit the Report of Physical Count of Inventories not later than January 31 of the each year 		<p>movement of inventories and properly recorded in their accounts.</p> <p>Inventory Committee was created with the task to conduct physical count of supplies and equipment</p>	<p>Implemented</p>
<p>5. No annual physical count/inventory of all its property, plant and equipment has been conducted, contrary to the provisions of Sections 266 of GAM for LGUS, Volume I, thus rendering the assertions of Management as to the</p>			

Observation and Recommendation	Reference 2020 AAR (Page No.)	Action Taken by Management	Result of Auditor's Validation
<p>accuracy, existence and reliability of PPE account amounting ₱442,070,674.95 doubtful contrary to IPSAS 1.</p> <p>We reiterated our prior year's audit recommendation that the Management:</p> <ul style="list-style-type: none"> • Establish an Inventory Committee consisting of the personnel from various departments and representatives from the Office of the Municipal Engineer and Office of the Municipal Accountant which will conduct the physical count of property, plant and equipment and prepare and submit the results of inventory conducted. • Prioritize the preparation and submission of the CY 2020 inventory report on the PPE assets and reconcile them with accounting records. 		<p>Inventory Committee was established.</p> <p>Physical Count of Property, Plant and Equipment is still ongoing.</p>	<p>Implemented</p> <p>Not Implemented</p> <p>No Report of Physical Count of Property, Plant and Equipment was submitted to the audit team</p>

Observation and Recommendation	Reference 2020 AAR (Page No.)	Action Taken by Management	Result of Auditor's Validation
<ul style="list-style-type: none"> • Inform the Municipal Treasurer/ General Services Officer to periodically render Report on Local Road Networks, and furnish copies to the concerned offices. Also, Municipal Engineer's Office should provide the Municipal Accountant and the Municipal Treasurer/GSO with the complete description and cost segregation of road components for road projects. 		<p>The Municipal Mayor already designated the Municipal Engineer to prepare the necessary information needed for the completion of the report of local road networks.</p>	<p>Not Implemented</p> <p>Report of Local Road Network was not submitted to the audit team.</p>
<p>6. Submission of accounts was not done within the prescribed period pursuant to Section 100 of Presidential Decree (PD) No. 1445, as well as the submission of copies of perfected contracts and purchase orders despite constant follow-ups, thereby causing undue delay on the review and evaluation to establish the legitimacy/validity of the agency's</p>	<p>43</p>		

Observation and Recommendation	Reference 2020 AAR (Page No.)	Action Taken by Management	Result of Auditor's Validation
<p>transactions.</p> <p>We reiterated our prior year's audit recommendation that Management:</p> <ul style="list-style-type: none"> • Require both the Municipal Accountant and Municipal Treasurer, together with the accountable officers concerned, to strictly comply with guidelines requiring the timely preparation of reports and submission of accounts. • Implement the use of routing slips on disbursement vouchers to facilitate monitoring and easily detect source of delay in the process flow. <p>Ensure strict compliance to COA Circular No. 2009-001 by requiring concerned officers the prompt submission of all the perfected contracts and purchase orders for timely validation, review and inspection thereof.</p>		<p>The Municipal Mayor instructed the Municipal Accountant and Municipal Treasurer to submit the required documents within the time frame.</p> <p>The Municipal Mayor is appreciative of the recommendation and promptly implement the use of routing slip.</p>	<p>Not Implemented</p> <p>Disbursement Vouchers and corresponding supporting documents were still submitted beyond the prescribed deadline.</p> <p>Implemented</p> <p>Not Implemented</p> <p>Although contracts and purchase orders were submitted to the audit team, its still beyond the required deadline, thus timely validation, review and inspection thereof were not conducted.</p>

Observation and Recommendation	Reference 2020 AAR (Page No.)	Action Taken by Management	Result of Auditor's Validation
<p>7. Materials and quality tests were not conducted in the implementation of various projects contrary to existing rules and regulations, thus, no assurance was provided to ensure that these projects were in accordance with plans and specifications.</p> <p>We reiterated our prior year's audit recommendation that Management instruct the Municipal Engineer to adhere strictly to the above-mentioned rules and regulations in order to ensure quality of the works done by the contractors and also, there is an assurance that all projects are implemented in accordance with the approve plans and specifications.</p>		<p>Materials and quality tests were done by the Municipal Engineer to ensure projects were in accordance with plans and specifications</p>	<p>Implemented</p>
<p>8. Possible control weaknesses in the assessment and collection of the business tax were discovered during the review of the application for business permit.</p>	<p>46</p>		

Observation and Recommendation	Reference 2020 AAR (Page No.)	Action Taken by Management	Result of Auditor's Validation
<p>We recommended that Management:</p> <p>1. Instruct the OIC-BPLO to provide/accomplish the following:</p> <p>a. Develop an updated flow chart duly in sync with the Citizen's Charter to provide guidance in the flow of business in her office.</p> <p>b. Regularly review the supporting documents attached with the application form.</p> <p>2. Require submission of complete documents to prove the accuracy of declared gross receipts/sales. Said documents must be maintained in the permanent files of the taxpayers.</p> <p>3. Regularly backup the database at least once a month to prevent any loss of important information regarding business</p>		<p>BPLO said that Flow chart for business processing and licensing will be prepared</p> <p>The BPLO assures that supporting documents were thoroughly reviewed.</p> <p>Financial statements and BIR returns were the basis for the declared gross receipts which were kept in the permanent files of the business owners</p> <p>The Municipal BPLO said that back up were regularly done.</p>	<p>Not Implemented No flowchart was submitted to the audit team</p> <p>Implemented</p> <p>Implemented</p> <p>Not Implemented Contract with third party information system providers. Hence, the audit team could not established that</p>

Observation and Recommendation	Reference 2020 AAR (Page No.)	Action Taken by Management	Result of Auditor's Validation
<p>tax assessments. Contracts with third party information system providers should be submitted to the Audit Team for review. Also, usernames should be provided on the information system and the Municipality should have a copy of the database on business tax assessments and not just the information system provider, as these are government properties and should be maintained by the LGU.</p>			<p>Municipality already have a copy of the database on business tax assessments.</p>
<p>9. Construction of New Slaughterhouse and installation of equipment at Barangay Toboy Satellite Market, amounting ₱ 2,890,000.00 remained unfinished despite the expiration of the contract, thus, depriving the Municipality of its intended benefits and defeating the purpose of the fund where the project was appropriated.</p>	<p>52</p>		

Observation and Recommendation	Reference 2020 AAR (Page No.)	Action Taken by Management	Result of Auditor's Validation
<p>the BGCM fund were not supported with complete documentation contrary to Section 4 (6) of PD No. 1445 and Section 5.0 of Local Budget Circular No. 125 dated April 7, 2020 of the Department of Budget and Management (DBM).</p> <p>We recommended that Management:</p> <p>1. Instruct the MSWDO to furnish a certified list of affected families/households as supporting document to the disbursement vouchers for the relief operations. A summary or list of distributed goods and report on remaining inventory (if any) should also be prepared and submitted by the concerned officer in charge of the distribution to complete documentation of the transactions pursuant to Section 4 (6) of PD No. 1445.</p>		<p>Certified list of affected families/households as supporting document to the disbursement vouchers for the relief operations was submitted by the MSWDO.</p>	<p>Implemented</p>

Observation and Recommendation	Reference 2020 AAR (Page No.)	Action Taken by Management	Result of Auditor's Validation
<p>2. Require the concerned officials to submit the lacking documents to the Municipal Accountant to ensure that the required documents for procurements through negotiated procurement (emergency cases) are complete before payments are made in accordance with the provisions of the GPPB Circular No. 01-2020.</p>		<p>Management through the BAC is committed to comply with the procurement regulations pertaining to negotiated procurement.</p>	<p>Implemented</p>
<p>11. Summary/List of Donations Received, Distributed and Balances for in-kind donations, Report on the Receipt and Utilization of Cash Donations and Reports on the Receipt and Distribution/Issuance of In-kind Donations were not prepared contrary to COA Circular Nos. 2014-002 and 2020-009, resulting in the difficulty of monitoring and evaluation of the status of aids and donations received during the quarantine</p>	<p>59</p>		

Observation and Recommendation	Reference 2020 AAR (Page No.)	Action Taken by Management	Result of Auditor's Validation
<p>period.</p> <p>We recommended that Management require its Municipal Disaster Risk Reduction and Management Office together with the concerned departments to prepare the 1) Summary/List of Donations Received, Distributed and Balances for In-kind Donations; 2) Report on the Receipt and Utilization of Cash Donations; 3) Report on the Receipt and Distribution/Issuance of Donated Relief Goods; and 4) Report on the Receipt and Distribution/Issuance of Donated PPE; and furnish the same to the NDRRMC, through the OCD, copy furnished the Audit Team within ten working days after the end of each quarter pursuant to COA Circular Nos. 2014-002 and 2020-009.</p>		<p>Management agreed with the audit recommendation to complete the required reports and submit the same to the audit team.</p>	<p>Not Implemented</p> <p>The audit team is yet to receive 1) Summary/List of Donations Received, Distributed and Balances for In-kind Donations; 2) Report on the Receipt and Utilization of Cash Donations; 3) Report on the Receipt and Distribution/Issuance of Donated Relief Goods; and 4) Report on the Receipt and Distribution/Issuance of Donated PPE</p>

Observation and Recommendation	Reference 2020 AAR (Page No.)	Action Taken by Management	Result of Auditor's Validation
<p>12. Non-preparation and non-submission of the Accomplishment Report hindered the monitoring of the implementation of Ecological Solid Waste Management Plan and contrary to Section 4, Rule VI of RA No. 9003, hence, sustainability, relevance and effectiveness of the same could not be evaluated reliably.</p> <p>We recommended that Management require the Solid Waste Management Focal Persons to furnish the Audit Team a copy of the Accomplishment Report for the proper evaluation of programs implemented related to Solid Waste Management. The said report can be useful for the assessment of the percentage achieved from the objectives and goals set by the management.</p>	63	<p>Accomplishment Report was submitted by the MENRO and Solid Waste Management Focal Person</p>	Implemented

MUNICIPAL GOVERNMENT OF ASINGAN
STATEMENT OF FINANCIAL POSITION - BY FUND
As at December 31, 2021
(In Philippine Peso)

Particulars	Total	General Fund	Special Education Fund	Trust Fund
ASSETS				
Current Assets				
Cash and Cash Equivalents	70,035,140.55	57,082,716.29	7,276,467.44	5,675,956.82
Receivables	50,078,972.95	24,718,257.17	21,893,253.48	3,467,462.30
Inventories	19,590.00	19,590.00	-	-
Prepayments and Deferred Charges	-	-	-	-
Total Current Assets	120,133,703.50	81,820,563.46	29,169,720.92	9,143,419.12
Non-Current Assets				
Property, Plant and Equipment (net)	349,566,274.42	344,741,115.63	4,825,158.79	-
Total Non-Current Assets	349,566,274.42	344,741,115.63	4,825,158.79	-
Total Assets	469,699,977.92	426,561,679.09	33,994,879.71	9,143,419.12
LIABILITIES				
Current Liabilities				
Financial Liabilities	10,335,324.98	9,517,230.55	554,592.68	263,501.75
Inter-Agency Payables	3,963,996.86	2,235,738.00	391,263.50	1,336,995.36
Intra-Agency Payables	5,075,063.41	2,875,009.76	102,785.20	2,097,268.45
Trust Liabilities	2,191,410.73	95,566.72	-	2,095,844.01
Deferred Credits/Unearned Income	43,785,566.16	21,892,312.68	21,893,253.48	-
Other Payables	5,863,615.28	2,511,255.73	2,550.00	3,349,809.55
Total Current Liabilities	71,214,977.42	39,127,113.44	22,944,444.86	9,143,419.12
Total Liabilities	71,214,977.42	39,127,113.44	22,944,444.86	9,143,419.12
NET ASSETS/EQUITY				
Government Equity	398,485,000.50	387,434,565.65	11,050,434.85	-
Total Liabilities and Net Assets/Equity	469,699,977.92	426,561,679.09	33,994,879.71	9,143,419.12

MUNICIPAL GOVERNMENT OF ASINGAN
STATEMENT OF FINANCIAL PERFORMANCE - BY FUND
For the year ended December 31, 2021
(In Philippine Peso)

Particulars	Total	General Fund	Special Education Fund	Trust Fund
Revenue				
Tax Revenue	15,145,713.76	9,981,081.80	5,164,631.96	
Share from Internal Revenue Collections	166,164,696.00	166,164,696.00		
Service and Business Income	14,862,318.93	14,862,318.93		
Shares, Grants and Donations	860,000.00	860,000.00		
Other Income	32,500.00	32,500.00		
Total Revenue	197,065,228.69	191,900,596.73	5,164,631.96	-
Less: Current Operating Expenses				
Personnel Services	74,435,658.34	74,435,658.34	-	
Maintenance and Other Operating Expenses	64,108,251.54	62,823,661.02	815,265.52	469,325.00
Non-cash Expenses	24,010,006.22	23,526,718.30	483,287.92	
Total Current Operating Expenses	162,553,916.10	160,786,037.66	1,298,553.44	469,325.00
Surplus (Deficit) from Current Operation	34,511,312.59	31,114,559.07	3,866,078.52	(469,325.00)
Add (Deduct):				
Transfers, Assistance and Subsidy From	1,400,000.00	1,400,000.00		
Transfers, Assistance and Subsidy To	1,114,234.36	1,114,234.36		
	285,765.64	285,765.64	-	-
Surplus(Deficit) for the period	34,797,078.23	31,400,324.71	3,866,078.52	(469,325.00)

MUNICIPAL GOVERNMENT OF ASINGAN
STATEMENT OF CHANGES IN NET ASSETS/EQUITY - BY FUND
As at December 31, 2021

Particulars	Total	General Fund	Special Education Fund	Trust Fund
Balance, January 1, 2021	345,832,367.98	338,648,011.65	7,184,356.33	-
Add (Deduct)				
Prior Period Errors	3,028,500.00	3,028,500.00		
Restated Balance	348,860,867.98	341,676,511.65	7,184,356.33	-
Add (Deduct) Changes in net assets/equity during the year				
Adjustment of net revenue recognized directly in net assets/equity	14,827,054.29	14,357,729.29	-	469,325.00
Surplus (Deficit) for the period	34,797,078.23	31,400,324.71	3,866,078.52	(469,325.00)
Total recognized revenue and expenses for the period	49,624,132.52	45,758,054.00	3,866,078.52	-
Balance, December 31, 2021	398,485,000.50	387,434,565.65	11,050,434.85	-

MUNICIPAL GOVERNMENT OF ASINGAN
STATEMENT OF CASH FLOWS - BY FUND
For the year ended December 31, 2021
(In Philippine Peso)

Particulars	Total	General Fund	Special Education Fund	Trust Fund
Cash Flows from Operating Activities				
Cash Inflows				
Collection from taxpayers	16,668,258.69	11,149,509.61	5,518,749.08	
Share from Internal Revenue	166,164,696.00	166,164,696.00		
Receipts from business/service	14,662,894.65	14,662,894.65		
Interest Income	221,124.28	221,124.28		
Other Receipts	55,071,043.26	25,989,078.89	4,716,980.11	24,364,984.26
Total Cash Inflows	252,788,016.88	218,187,303.43	10,235,729.19	24,364,984.26
Cash Outflows				
Payments to suppliers and	105,222,287.70	86,399,395.21	6,239,107.99	12,583,784.50
Payments to employees	68,919,554.86	68,919,554.86		
Other Expenses	13,368,249.66	13,367,632.88	616.78	
Total Cash Outflows	187,510,092.22	168,686,582.95	6,239,724.77	12,583,784.50
Net Cash Flows from Operating	65,277,924.66	49,500,720.48	3,996,004.42	11,781,199.76
Cash Flows from Investing Activities				
Cash Inflows	-	-	-	-
Cash Outflows				
Purchase/Construction of	66,671,777.32	53,947,327.26	948,818.43	11,775,631.63
Property, Plant and Equipment				
Total Cash Outflows	66,671,777.32	53,947,327.26	948,818.43	11,775,631.63
Net Cash Flows from Investing Activities	(66,671,777.32)	(53,947,327.26)	(948,818.43)	(11,775,631.63)
Cash Flows from Financing Activities				
Cash Inflows	-	-	-	-
Cash Outflows	-	-	-	-
Total Cash Outflows	-	-	-	-
Net Cash Flows from Financing Activities	-	-	-	-
Total Cash Provided by Operating,	(1,393,852.66)	(4,446,606.78)	3,047,185.99	5,568.13
Add: Cash at the Beginning of the year	71,428,993.21	61,529,323.07	4,229,281.45	5,670,388.69
Cash Balance at the End of the Year	70,035,140.55	57,082,716.29	7,276,467.44	5,675,956.82

MUNICIPAL GOVERNMENT OF ASINGAN
STATUS OF APPROPRIATIONS, ALLOTMENTS, OBLIGATIONS AND BALANCES
Current Legislative Appropriations
For the Year Ended December 31, 2021
(In Philippine Peso)

Code	Function/Program/Project	Appropriations	Allotments	Obligations	Balances Of Allotments
	Grand Total	232,259,037.73	232,259,037.73	202,267,103.89	29,991,933.84
A	Current Year Appropriations	202,235,087.63	202,235,087.63	186,603,769.49	15,631,318.14
	PS	76,332,507.80	76,332,507.80	74,435,658.34	1,896,849.46
	MOOE	74,389,911.50	74,389,911.50	62,133,297.50	12,256,614.00
	CO	51,512,668.33	51,512,668.33	50,034,813.65	1,477,854.68
	FE	-	-	-	-
1000	General Public Services	84,622,473.12	84,622,473.12	78,562,251.59	6,060,221.53
	PS	45,712,613.04	45,712,613.04	44,588,922.82	1,123,690.22
	MOOE	25,879,308.24	25,879,308.24	21,765,889.37	4,113,418.87
	CO	13,030,551.84	13,030,551.84	12,207,439.40	823,112.44
	FE	-	-	-	-
3000	Educ., Cult., Sports & Manpower Dev'T.	2,218,980.00	2,218,980.00	2,131,694.52	87,285.48
	PS	-	-	-	-
	MOOE	959,880.00	959,880.00	893,000.52	66,879.48
	CO	1,259,100.00	1,259,100.00	1,238,694.00	20,406.00
	FE	-	-	-	-
4000	Health Services	15,607,689.69	15,607,689.69	15,017,507.33	590,182.36
	PS	11,713,380.69	11,713,380.69	11,629,155.33	84,225.36
	MOOE	3,799,309.00	3,799,309.00	3,321,370.00	477,939.00
	CO	95,000.00	95,000.00	66,982.00	28,018.00
	FE	-	-	-	-
5000	Labor And Employment	-	-	-	-
6000	Housing And Community Development	6,000,000.00	6,000,000.00	6,000,000.00	-
	Maintenance and Other Operating Expenses	6,000,000.00	6,000,000.00	6,000,000.00	-
7000	Social Welfare Services	7,170,676.73	7,170,676.73	6,536,999.22	633,677.51
	PS	3,858,133.81	3,858,133.81	3,805,467.16	52,666.65
	MOOE	2,852,542.92	2,852,542.92	2,425,368.06	427,174.86
	CO	460,000.00	460,000.00	306,164.00	153,836.00
	FE	-	-	-	-
8000	Economic Services	30,632,799.26	30,632,799.26	29,506,543.43	1,126,255.83
	PS	15,048,380.26	15,048,380.26	14,412,113.03	636,267.23
	MOOE	15,104,419.00	15,104,419.00	14,686,586.40	417,832.60
	CO	480,000.00	480,000.00	407,844.00	72,156.00
	FE	-	-	-	-
9000	Other Purposes	-	-	-	-
	PS	-	-	-	-
	MOOE	-	-	-	-
	CO	-	-	-	-
	FE	-	-	-	-
	LDRRMF	8,763,834.80	8,763,834.80	7,670,600.44	1,093,234.36
	MOOE	4,739,264.80	4,739,264.80	3,691,016.00	1,048,248.80
	CO	4,024,570.00	4,024,570.00	3,979,584.44	44,985.56
	20% Development Fund	33,259,942.75	33,259,942.75	30,429,766.50	2,830,176.25
	MOOE	5,363,751.41	5,363,751.41	2,568,915.84	2,794,835.57
	CO	27,896,191.34	27,896,191.34	27,860,850.66	35,340.68
	Allocation for Senior Citizens and PWD	1,787,200.00	1,787,200.00	1,375,407.00	411,793.00
	MOOE	1,753,200.00	1,753,200.00	1,341,407.00	411,793.00
	CO	34,000.00	34,000.00	-	-
	Others	12,171,491.28	12,171,491.28	9,372,999.46	2,798,491.82
	MOOE	7,938,236.13	7,938,236.13	5,439,744.31	2,498,491.82
	CO	4,233,255.15	4,233,255.15	3,933,255.15	300,000.00

MUNICIPAL GOVERNMENT OF ASINGAN
STATUS OF APPROPRIATIONS, ALLOTMENTS, OBLIGATIONS AND BALANCES
Current Legislative Appropriations
For the Year Ended December 31, 2021
(In Philippine Peso)

Code	Function/Program/Project	Appropriations	Allotments	Obligations	Balances Of Allotments
B	Continuing Appropriations	30,023,950.10	30,023,950.10	15,663,334.40	14,360,615.70
	CO	30,023,950.10	30,023,950.10	15,663,334.40	14,360,615.70
1000	General Public Services	4,449,602.61	4,449,602.61	2,465,302.76	1,984,299.85
	CO	4,449,602.61	4,449,602.61	2,465,302.76	1,984,299.85
3000	Educ., Cult., Sports & Manpower Dev'T.	-	-	-	-
4000	Health Services	47,948.00	47,948.00	-	47,948.00
	CO	47,948.00	47,948.00	-	47,948.00
5000	Labor And Employment	-	-	-	-
6000	Housing And Community Development	-	-	-	-
7000	Social Welfare Services	74,627.52	74,627.52	-	74,627.52
	CO	74,627.52	74,627.52	-	74,627.52
8000	Economic Services	25,376,338.97	25,376,338.97	13,127,231.64	12,249,107.33
	CO	25,376,338.97	25,376,338.97	13,127,231.64	12,249,107.33
9000	Others	75,433.00	75,433.00	70,800.00	4,633.00
	CO	75,433.00	75,433.00	70,800.00	4,633.00

Note 7 - Property, Plant and Equipment
Municipality of Asingan
As of December 31, 2021

Property, Plant and Equipment	December 31, 2019 (Restated)	Additions	Disposals	Transfers/ Adjustments	December 31, 2020 (Restated)	Additions	Disposals	Transfers/ Adjustments	December 31, 2021
<i>Investment Property, Land and Buildings</i>									
Investment Property, Land	-				-				-
Investment Property- Buildings	-				-				-
Construction in Progress-Investment Property, Buildings	-				-				-
<i>Land</i>									
Land	13,328,726.00				13,328,726.00	5,340,250.00			18,668,976.00
<i>Land Improvements</i>									
Land Improvements	2,038,309.10				2,038,309.10				2,038,309.10
Other Land Improvements	-				-				-
<i>Infrastructure Projects</i>									
Road Networks	80,630,614.52	18,571,003.43		(946,485.00)	98,255,132.95	7,489,291.30		28,022,184.79	133,766,609.04
Flood Control Systems	-				-				-
Sewer Systems	-				-				-
Water Supply Systems	-				-			-	-
Power Supply Systems	3,196,606.30			(3,196,606.30)	-				-
Communications Networks	-				-				-
Seaport Systems	-				-				-
Airports System	-				-				-
Parks, Plaza and Monuments	18,170,885.84	236,348.10			18,407,233.94	199,831.00		1,462,960.82	20,070,025.76
Other Infrastructure Assets	5,865,482.97	5,865,482.97		(318,394.80)	11,412,571.14	9,376,974.19		1,498,896.25	22,288,441.58
<i>Buildings and other Structures</i>									
Buildings	54,257,244.87	23,019,872.40			77,277,117.27	577,538.34		8,168,205.74	86,022,861.35
School Buildings	4,096,392.65	658,195.00			4,754,587.65			77,735.00	4,832,322.65
Hospitals and Health Centers	5,322,085.49				5,322,085.49			999,429.08	6,321,514.57
Markets	32,248,459.79	799,144.47		(30.00)	33,047,574.26				33,047,574.26
Slaughterhouses	3,941,280.85	649,298.47			4,590,579.32				4,590,579.32
Hostels and Dormitories	-				-				-
Other Structures	56,140,998.25	9,981,886.60		(199,845.00)	65,923,039.85	6,936,773.37		1,829,958.49	74,689,771.71
<i>Machinery and Equipment</i>									
Machinery	2,419,750.00				2,419,750.00	46,700.00		(46,700.00)	2,419,750.00
Office Equipment	11,665,569.43	3,668,384.39			15,333,953.82	2,086,778.32		95,600.00	17,516,332.14
Information and Communication Technology Equipment	16,078,904.18	924,575.85			17,003,480.03	1,600,320.00	56,234.40	(112,468.80)	18,547,565.63
Agriculture and Forestry Equipment	-				-				-
Marine and Fishery Equipment	-				-				-
Airport Equipment	-				-				-
Communications Equipment	3,640,930.24	20,000.00			3,660,930.24	452,856.00	55,500.00	(111,000.00)	4,058,286.24
Construction and Heavy Equipment	2,996,000.00				2,996,000.00			105,820.00	3,101,820.00
Disaster Response and Rescue Equipment	8,332,668.83	209,500.00			8,542,168.83			860,000.00	9,402,168.83
Military, Police and Security Equipment	-				-				-
Medical Equipment	3,355,911.42	630,000.00			3,985,911.42	60,500.00			4,046,411.42
Printing Equipment	-				-				-
Sports Equipment	31,902.00				31,902.00	119,910.00			151,812.00
Technical and Scientific Equipment	109,143.47				109,143.47				109,143.47
Other Machinery And Equipment	7,348,628.44	1,115,304.75			8,463,933.19	397,628.25			8,861,561.44

Property, Plant and Equipment	December 31, 2019 (Restated)	Additions	Disposals	Transfers/ Adjustments	December 31, 2020 (Restated)	Additions	Disposals	Transfers/ Adjustments	December 31, 2021
<i>Transportation Equipment</i>									
Motor Vehicles	11,814,527.54	12,176,700.00			23,991,227.54	6,580,200.00		164,707.60	30,736,135.14
Trains	-	-			-				-
Aircrafts and Aircrafts Ground Equipment	-				-				-
Watercrafts	-				-				-
Other Transportation Equipment	-				-				-
<i>Furniture, Fixtures and Books</i>									
Furniture and Fixtures	5,277,444.32	1,582,663.28			6,860,107.60	1,317,288.09			8,177,395.69
Books	115,770.00	49,460.00			165,230.00	96,000.00			261,230.00
<i>Leased Assets</i>									
Leased Assets-Land	-				-				-
Leased Assets-Buildings and Structures	-				-				-
Leased Assets-Machinery and Equipment	-				-				-
Leased Assets-Transportation Equipment	-				-				-
Other Leased Assets	-	1,017,266.00		(1,017,266.00)	-				-
<i>Leased Assets Improvements</i>									
Leased Assets Improvements-Land	-				-				-
Leased Assets Improvements- Buildings	-				-				-
Other Leased Assets Improvements	-				-				-
<i>Construction in Progress</i>									
Construction in Progress-Land Improvements	-				-				-
Construction in Progress- Infrastructure Assets	3,575,304.61	13,321,275.94		(4,977,313.26)	11,919,267.29	19,177,940.71		(31,097,208.00)	-
Construction in Progress-Buildings and Other Structures	4,358,444.39			(4,108,759.92)	249,684.47	8,649,206.50		(7,209,451.17)	1,689,439.80
Construction in Progress-Leased Assets	-				-				-
Construction in Progress-Leased Assets Improvements	-				-				-
<i>Service Concession Assets</i>									
Service Concession Assets	-				-				-
<i>Other Property, Plant and Equipment</i>									
Work/Zoo Animals	-				-				-
Other Property, Plant and Equipment	1,781,278.08			199,750.00	1,981,028.08				1,981,028.08
<i>Biological Assets</i>									
Breeding Stocks	-				-				-
Plants and Trees	-				-				-
Aquaculture	-				-				-
Other Bearer Biological Assets	-				-				-
<i>Intangible Assets</i>									
Patents/Copyrights	-				-				-
Computer Software	-				-				-
Other Intangible Assets	-				-				-
<i>Service Concession Assets-</i> <i>Intangible Assets</i>									
Service Concession Assets- <i>Intangible Assets</i>	-				-				-
Total	362,139,263.58	94,496,361.65	-	(14,564,950.28)	442,070,674.95	70,505,986.07	111,734.40	4,708,669.80	517,397,065.22

Note 7 - Property, Plant and Equipment
Municipality of Asingan
As of December 31, 2021

Property, Plant and Equipment	December 31, 2019 (As restated)		Depreciation	December 31, 2020 (As restated)		Depreciation	December 31, 2021	
	Depreciation	Net Book Value		Depreciation	Net Book Value		Depreciation	Net Book Value
<i>Investment Property, Land and Buildings</i>								
Investment Property, Land	-	-	-	-	-	-	-	-
Investment Property- Buildings	-	-	-	-	-	-	-	-
Construction in Progress- Investment Property, Buildings	-	-	-	-	-	-	-	-
<i>Land</i>								
Land	-	13,328,726.00	-	-	13,328,726.00	-	-	18,668,976.00
<i>Land Improvements</i>								
Land Improvements	(612,313.47)	1,425,995.63	(1,079,213.90)	(1,691,527.37)	346,781.73	(96,819.72)	(1,788,347.09)	249,962.01
Other Land Improvements	-	-	-	-	-	-	-	-
<i>Infrastructure Projects</i>								
Road Networks	-	80,630,614.52	-	-	98,255,132.95	(5,001,468.80)	(5,001,468.80)	128,765,140.24
Flood Control Systems	-	-	-	-	-	-	-	-
Sewer Systems	-	-	-	-	-	-	-	-
Water Supply Systems	-	-	-	-	-	-	-	-
Power Supply Systems	(571,982.83)	2,624,623.47	-	(571,982.83)	(571,982.83)	-	(571,982.83)	(571,982.83)
Communications Networks	-	-	-	-	-	-	-	-
Seaport Systems	-	-	-	-	-	-	-	-
Airports System	-	-	-	-	-	-	-	-
Parks, Plaza and Monuments	(1,588,869.24)	16,582,016.60	(863,116.92)	(2,451,986.16)	15,955,247.78	(884,878.21)	(3,336,864.37)	16,733,161.39
Other Infrastructure Assets	(490,851.43)	5,374,631.54	(617,133.14)	(1,107,984.57)	10,304,586.57	(1,403,906.29)	(2,511,890.86)	19,776,550.72
<i>Buildings and other Structures</i>								
Buildings	(19,819,360.26)	34,437,884.61	(2,668,489.19)	(22,487,849.45)	54,789,267.82	(3,682,004.49)	(26,169,853.94)	59,853,007.41
School Buildings	(2,514,167.15)	1,582,225.50	(244,607.69)	(2,758,774.84)	1,995,812.81	(236,515.12)	(2,995,289.96)	1,837,032.69
Hospitals and Health Centers	(331,923.89)	4,990,161.60	(458,542.24)	(790,466.13)	4,531,619.36	(473,946.12)	(1,264,412.25)	5,057,102.32
Markets	(22,171,667.70)	10,076,792.09	(1,669,643.21)	(23,841,310.91)	9,206,263.35	(879,454.91)	(24,720,765.82)	8,326,808.44
Slaughterhouses	(309,012.68)	3,632,268.17	(192,351.20)	(501,363.88)	4,089,215.44	(218,052.60)	(719,416.48)	3,871,162.84
Hostels and Dormitories	-	-	-	-	-	-	-	-
Other Structures	(30,512,158.74)	25,628,839.51	(3,286,136.41)	(33,798,295.15)	32,124,744.70	(3,993,289.42)	(37,791,584.57)	36,898,187.14
<i>Machinery and Equipment</i>								
Machinery	(1,495,578.82)	924,171.18	(26,173.02)	(1,521,751.84)	897,998.16	(122,165.38)	(1,643,917.22)	775,832.78
Office Equipment	(7,781,987.44)	3,883,581.99	(1,078,542.58)	(8,860,530.02)	6,473,423.80	(1,727,484.20)	(10,588,014.22)	6,928,317.92
Information and Communication Technology Equipment	(8,817,751.24)	7,261,152.94	(78,292.72)	(8,896,043.96)	8,107,436.07	(651,333.83)	(9,547,377.79)	9,000,187.84
Agriculture and Forestry Equipment	-	-	-	-	-	-	-	-
Marine and Fishery Equipment	-	-	-	-	-	-	-	-
Airport Equipment	-	-	-	-	-	-	-	-
Communications Equipment	(2,076,260.15)	1,564,670.09	(113,127.12)	(2,189,387.27)	1,471,542.97	(158,529.41)	(2,347,916.68)	1,710,369.56
Construction and Heavy Equipment	(11,651.08)	2,984,348.92	(9,986.64)	(21,637.72)	2,974,362.28	(9,986.64)	(31,624.36)	3,070,195.64
Disaster Response and Rescue Equipment	(3,445,340.90)	4,887,327.93	(905,368.46)	(4,350,709.36)	4,191,459.47	(919,872.02)	(5,270,581.38)	4,131,587.45
Military, Police and Security Equipment	-	-	-	-	-	-	-	-
Medical Equipment	(638,521.24)	2,717,390.18	(133,197.53)	(771,718.77)	3,214,192.65	(192,852.55)	(964,571.32)	3,081,840.10
Printing Equipment	-	-	-	-	-	-	-	-
Sports Equipment	(1,546.02)	30,355.98	(1,325.16)	(2,871.18)	29,030.82	(5,122.32)	(7,993.50)	143,818.50
Technical and Scientific Equipment	(108,705.75)	437.72	-	(108,705.75)	437.72	-	(108,705.75)	437.72
Other Machinery And Equipment	(4,496,658.96)	2,851,969.48	(186,156.34)	(4,682,815.30)	3,781,117.89	(431,298.27)	(5,114,113.57)	3,747,447.87

Property, Plant and Equipment	December 31, 2019 (As restated)		Depreciation	December 31, 2020 (As restated)		Depreciation	December 31, 2021	
	Depreciation	Net Book Value		Depreciation	Net Book Value		Depreciation	Net Book Value
<i>Transportation Equipment</i>								
Motor Vehicles	(6,149,227.55)	5,665,299.99	(1,263,483.34)	(7,412,710.89)	16,578,516.65	(2,057,445.67)	(9,470,156.56)	21,265,978.58
Trains	-	-	-	-	-	-	-	-
Aircrafts and Aircrafts Ground Equipment	-	-	-	-	-	-	-	-
Watercrafts	-	-	-	-	-	-	-	-
Other Transportation Equipment	-	-	-	-	-	-	-	-
<i>Furniture, Fixtures and Books</i>								
Furniture and Fixtures	(3,233,831.14)	2,043,613.18	(674,654.50)	(3,908,485.64)	2,951,621.96	(794,529.14)	(4,703,014.78)	3,474,380.91
Books	(48,476.40)	67,293.60	-	(48,476.40)	116,753.60	(19,992.03)	(68,468.43)	192,761.57
<i>Leased Assets</i>								
Leased Assets-Land	-	-	-	-	-	-	-	-
Leased Assets-Buildings and Structures	-	-	-	-	-	-	-	-
Leased Assets-Machinery and Equipment	-	-	-	-	-	-	-	-
Leased Assets-Transportation Equipment	-	-	-	-	-	-	-	-
Other Leased Assets	-	-	-	-	-	-	-	-
<i>Leased Assets Improvements</i>								
Leased Assets Improvements-Land	-	-	-	-	-	-	-	-
Leased Assets Improvements-Buildings	-	-	-	-	-	-	-	-
Other Leased Assets Improvements	-	-	-	-	-	-	-	-
<i>Construction in Progress</i>								
Construction in Progress-Land Improvements	-	-	-	-	-	-	-	-
Construction in Progress-Infrastructure Assets	-	3,575,304.61	-	-	11,919,267.29	-	-	-
Construction in Progress-Buildings and Other Structures	-	4,358,444.39	-	-	249,684.47	(49,059.08)	(49,059.08)	1,640,380.72
Construction in Progress-Leased Assets	-	-	-	-	-	-	-	-
Construction in Progress-Leased Assets Improvements	-	-	-	-	-	-	-	-
<i>Service Concession Assets</i>								
Service Concession Assets	-	-	-	-	-	-	-	-
<i>Other Property, Plant and Equipment</i>								
Work/Zoo Animals	-	-	-	-	-	-	-	-
Other Property, Plant and Equipment	(1,416,939.44)	364,338.64	(29,417.09)	(1,446,356.53)	534,671.55	-	(1,446,356.53)	534,671.55
<i>Biological Assets</i>								
Breeding Stocks	-	-	-	-	-	-	-	-
Plants and Trees	-	-	-	-	-	-	-	-
Aquaculture	-	-	-	-	-	-	-	-
Other Bearer Biological Assets	-	-	-	-	-	-	-	-
<i>Intangible Assets</i>								
Patents/Copyrights	-	-	-	-	-	-	-	-
Computer Software	-	-	-	-	-	-	-	-
Other Intangible Assets	-	-	-	-	-	-	-	-
<i>Service Concession Assets-Intangible Assets</i>								
Service Concession Assets-Intangible Assets	-	-	-	-	-	-	-	-
Total	(118,644,783.52)	243,494,480.06	(15,578,958.40)	(134,223,741.92)	307,846,933.03	(24,010,006.22)	(158,233,748.14)	359,163,317.08

Major Repairs and Maintenance & Construction Charged to MOOE
Municipality of Asingan
 As of December 31, 2021

Date	Particulars	Debit/Amount	Other Structures	Construction and Heavy Equipment	Motor Vehicles
Major Repairs and Maintenance					
4/13/2021	To payment of repair of ceiling and sliding window of Child Development Center at Brgy. Palaris, Asingan, Pangasinan	84,955.00	84,955.00		
4/13/2021	To payment of renovation of health center at Brgy. Coldit, Asingan, Pangasinan	99,964.60	99,964.60		
6/15/2021	To payment for rehabilitation of ceiling and roofing and construction of wall partition of Multi-Purpose Hall at Barangay Baro, Asingan, Pangasinan	119,855.00	119,855.00		
6/29/2021	To payment of repair and maintenance of Municipal Vehicle Plate No. RJY 339, Asingan, Pangasinan\	90,231.00			90,231.00
7/9/2021	To payment for the repair of gutter and downspout of Municipal Public Market Buildings, Asingan, Pangasinan	199,940.00	199,940.00		
7/29/2021	To payment for the repair of school main gate and school grills beside school stage at Carosucan East Elementary School, Asingan, Pangasinan	77,730.00	77,730.00		
9/10/2021	To payment of labor and materials for the repair of Municipal Backhoe (Yanmar Excavator VIO 35) in this Municipality of Asingan, Pangasinan	105,820.00		105,820.00	
11/5/2021	To payment of repair of Municipal Vehicle w/ plate #SAA6344	74,476.60			74,476.60
12/13/2021	To payment for the renovation of stage at Carosucan Norte National High School, Asingan, Pangasinan	140,513.44	140,513.44		
	SUBTOTAL	993,485.64	722,958.04	105,820.00	164,707.60
Construction					
3/4/2021	To payment of construction of road-thester situated at Macalong-Domanpot Farm to Market Road at Brgy. Macalong, Asingan, Pangasinan	99,726.64	99,726.64		
3/19/2021	To payment of continuation of concreting of feeder road at Sitio Hacienda Brgy. Toboy, Asingan, Pangasinan	49,950.00	49,950.00		
3/19/2021	To payment of continuation of concreting of feeder road at Sitio Centro Brgy. Toboy, Asingan, Pangasinan	49,950.00	49,950.00		
5/10/2021	To payment for the concreting of road shoulder at Zone III & Zone IV Barangay Coldit, Asingan, Pangasinan	119,900.00	119,900.00		
8/11/2021	To payment for the extension of the roof of the school stage at Teofilo Gante Elementary School, Asingan, Pangasinan	77,735.00	77,735.00		

Date	Particulars	Debit/Amount	Other Structures	Construction and Heavy Equipment	Motor Vehicles
8/11/2021	To payment for the concrete pavement at Narciso R. Ramos Elementary Schhol, Asingan, Pangasinan	53,700.00	53,700.00		
8/17/2021	To payment for the Construction of concrete Emblem (I LOVE CAR NORTE) Brgy. Carosucan Norte, Asingan, Pangasinan	87,942.00	87,942.00		
10/8/2021	To payment for the Construction of Washing Area and painting at Mural at PNP Asingan, Pangasinan	39,910.00	39,910.00		
12/15/2021	To payment for the concreting of Road Shoulder at Zone 3 to Zone 5 of Brgy. Bobonan, Asingan, Pangasinan	159,260.63	159,260.63		
	SUBTOTAL	738,074.27	738,074.27	-	-
	TOTAL	1,731,559.91	1,461,032.31	105,820.00	164,707.60

Schedule of Goods Undelivered Charged to Accounts Payable

Municipality of Asingan

As of December 31, 2021

Obligation Request Number	Journal Entry Number	Particulars	Amount
100-21-12-3510OB	0005-12-21-101	Meals and snacks of the Regional and Provincial Staffs, selected BSPOs for Progestine Subdermal Implant Insertion	4,900.00
100-21-12-3511OB	0006-12-21-101	Rehabilitation of kitchen for the Barangay Health Center at Ariston East Asingan Pangasinan	24,995.00
100-21-12-3513OB	0008-12-21-101	Repair of Siren & Blinker for Municipal Ambulance(Toyota Hi Ace Commuter (SAA 6283)	10,000.00
100-21-12-3523OB	0013-12-21-101	Payment of supplies for Domanpot Community School at Domanpot Asingan Pangasinan	6,525.00
100-21-12-3524OB	0014-12-21-101	Payment of Uniform for the Material Recovery Facilities Staff (MRF) of Asingan Pangasinan	14,238.00
100-21-12-3530OB	0020-12-21-101	Payment of Office Supplies for use at MPDC	2,300.00
100-21-12-3532OB	0022-12-21-101	Payment of Repair of Ceiling and Roofing of Government Center, Asingan, Pangasinan	149,952.87
100-21-12-3533OB	0023-12-21-101	Payment of Installation of Analok Sliding Window at Carosucan Sur Child Development Center, Asingan, Pangasinan	4,985.00
100-21-12-3534OB	0024-12-21-101	Payment of Installation of Solar Powered Potable water supply-Carosucan Norte Riverside (Capital Outlay)	249,750.00
100-21-12-3535OB	0025-12-21-101	Payment of Installation of Solar Powered Potable water supply-San Vicente East (Capital Outlay)	249,750.00
100-21-12-3536OB	0026-12-21-101	Payment of Installation of Solar Powered Potable water supply system Brgy. Bantog (Capital Outlay)	249,750.00
100-21-12-3537OB	0027-12-21-101	Payment of Installation of Solar Powered Potable water supply system at brgy. Carosucan Sur (Capital Outlay)	249,750.00
100-21-12-3538OB	0028-12-21-101	Payment of Construction of School Stage at Bobonan Elementary School, Asingan, Pangasinan (Capital Outlay)	299,791.33
100-21-12-3539OB	0029-12-21-101	Payment of Installation of Solar Powered Potable water supply- Cabalitian (Continuing Appropriation)	249,750.00
100-21-12-3546OB	0036-12-21-101	Payment of snacks to be served for guest and visitors at Mayor's Office	9,975.00
100-21-12-3547OB	0037-12-21-101	Payment of ornamental plants for beautification of Public Plaza Asingan Pangasinan	59,951.40
100-21-12-3551OB	0041-12-21-101	Payment of one unit computer sets to be used at the Asingan Community Hospital Asingan Pangasinan	48,000.00
100-21-12-3552OB	0042-12-21-101	Payment of construction of Multi-purpose hall at Carosucan Norte, Asingan, Pangasinan	199,950.00
100-21-12-3553OB	0043-12-21-101	Payment of concreting of School Ground and continuation of School Gate at Ariston East Elem School, Asingan Pangasinan	99,960.00
100-21-12-3554OB	0044-12-21-101	Payment for the installation of solar power streetlights as Brgy. Bobonan Asingan Pangasinan	199,953.00

Obligation Request Number	Journal Entry Number	Particulars	Amount
100-21-12-3555OB	0045-12-21-101	Payment for the construction of local access road at Purok Tibker Brgy. Domanpot, Asingan Pangasinan	199,917.40
100-21-12-3556OB	0046-12-21-101	Payment for the construction of Farm to Market road at Carosucan Norte- Sition Dumaquit, Asingan Pangasinan	199,917.40
100-21-12-3570OB	0060-12-21-101	Payment for the installation of solar powered lights at Macalong Farmers Fishing Area(farmers Village) Asingan Pangasinan	99,948.00
100-21-12-3571OB	0061-12-21-101	Payment for the Construction of Multi Purpose Hall at BSN/MPC Milk Center at Bantog, Asingan	199,937.00
100-21-12-3587OB	0067-12-21-102	Payment for the Concreting of Farm to Market Road at Baro Dumaquit, Asingan, Pangasinan (OBR# 0067-12-21-101)	199,860.00
TOTAL			3,283,806.40