



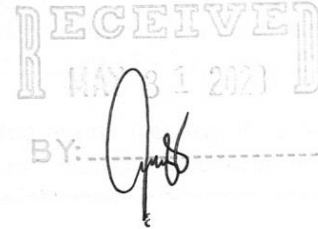
REPUBLIC OF THE PHILIPPINES
COMMISSION ON AUDIT
LGS AGE PANGASINAN II
2nd City Hall Complex, Dagupan City

Office of the Supervising Auditor

May 31, 2023

HONORABLE MAYOR CARLOS F. LOPEZ JR.

Municipality of Asingan
Province of Pangasinan



Dear Mayor Lopez:

We are pleased to transmit the report on the results of the audit on the accounts and operations of the Municipal Government of Asingan, Pangasinan for the year ended December 31, 2022, 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.

Our audit was conducted in accordance with International Standards of Supreme Audit Institutions (ISSAIs) and we believe that it provided reasonable basis for the results of the audit.

The audit was aimed at verifying the level of assurance that may be placed on Management's assertions on the financial statements, ascertaining the propriety of financial transactions and extent of Management's compliance with existing government laws, rules and regulations, recommending agency improvement opportunities and determining the status of prior year's audit recommendations.

The auditor rendered a qualified opinion on the fairness of the presentation of financial statements for reasons discussed in the Independent Auditor's Report.

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 May 26, 2023. 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. Absence of an internal policy on the acceptance and recording of assets donated by other government agencies and from other sources resulted in the non-communication of donations received amounting to ₱3,000,000.00 by various departments of the Municipality to the Municipal Accountant, preventing the latter from recording the said donations in the books of the LGU, understating the total assets by the same amount contrary to IPSAS 17.
2. Provision for salvage/residual value is included in the computation for depreciation of Road Networks totaling ₱153,846,562.86 which is not in accordance with Item No. 15, Section IV of COA Circular No. 2015-008 thereby understating the related annual depreciation expense and total accumulated depreciation by ₱562,272.41 and ₱1,349,488.24, respectively.
3. Betterments and newly-constructed or installed assets totaling ₱2,920,540.59 and transactions not considered repairs or maintenance amounting to ₱28,782.06 were charged as Repairs and Maintenance Expenses contrary to IPSAS 17 - PPE, consequently overstating the account and understating the property, plant and equipment of the Municipality as well as the total depreciation for the year.

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 97 of the General Provisions of Republic Act No. 11639, otherwise known as General Appropriations Act of 2022, 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 Secretary, Sangguniang Bayan, Municipality of Asingan, Pangasinan
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 **2022**

Ref.	Audit Observations	Audit Recommendations	Agency Action Plan				Status of Implementation	Reasons for partial/Delay /Non-Implementati on, 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

May 29, 2023

REMEDIOS G. MOVIDA

Supervising Auditor

This Audit Group

Madam:

In compliance with Section 2, Article IX-D of the Philippine Constitution and pertinent sections of Presidential Decree No. 1445, we conducted a comprehensive audit on the accounts and operations of the Municipality of Asingan, Pangasinan for the year ended December 31, 2022.

The audit was conducted to determine whether financial statements are fairly and accurately prepared as guided by international standards. It was also made to ascertain whether the government agency is compliant with laws, rules and regulations in disbursements and other transactions, and to assess the strength of internal control systems. Moreover, it was performed to measure the economy, efficiency and effectiveness of actual programs and plans of government. Further, it was executed to ascertain whether fees and revenues were properly assessed and collected.

The results of our audit are embodied in the attached report consisting of four parts: Part I – Audited Financial Statements, Part II – Audit Observations and Recommendations, and Part III – Status of Prior Year's Audit Recommendations. The Observations and Recommendations were discussed with the concerned management officials and staff of the Municipal Government in an exit conference held on May 26, 2023. Management comments were included in the report where appropriate.

A qualified opinion was rendered on the fairness of the presentation of the financial statements for reasons discussed in the Independent Auditor's Report in Part I.

Our audit was conducted in accordance with International Standards of Supreme Audit Institutions (ISSAIs) and we believe that it provides reasonable basis for our opinion.

Very truly yours,


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, 2022

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.

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 115th for CY 2022, 44 higher than last year's 159th among 508 1st to 2nd class municipalities with an overall score of 31.21. Comparative data for CY 2022 and 2021 shows the following:

	2022		2021	
	Rank	Score	Rank	Score
Economic Dynamism	272 nd	4.1903	200 th	4.8405
Local Economy Size	253 rd	0.0035	358 th	0.0054
Local Economy Growth	19 th	0.0000	137 th	0.0031
Active Establishments in the Locality	244 th	0.1840	79 th	0.4586
Safety Compliant Business	3 rd	0.0000	196 th	0.1709
Employment Generation	203 rd	0.0912	118 th	0.1790
Cost of Living	43 rd	1.7981	27 th	1.3750
Cost of Doing Business	120 th	1.8810	12 th	2.3706
Financial Deepening	269 th	0.1611	342 nd	0.1226
Productivity	236 th	0.0446	304 th	0.0516
Presence of Business and Professional Organization	84 th	0.0268	142 nd	0.1036

For CY 2022, the Municipality had 344 employees, consisting of 113 permanent employees, 13 casual, four co-terminus and 202 employees with contracts of service and twelve elected officials headed by the Municipal Mayor 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 2022. 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

Major infrastructure projects completed by the Municipal Government of Asingan for CY 2022 were as follows:

No.	Project/Program/Activity Name	Location	Total Cost	Status of Implementation
1	Widening/Construction/Continuation of Farm to Market Road in various barangays	Domanpot Bobonan Dupac Carosucan Sur Ariston East Carosucan Norte	7,393,602.09	Completed
2	Construction/Continuation/Rehabilitation of Multi-Purpose Hall in various barangays	Poblacion West Poblacion East Calepaan	7,198,589.05	Completed
3	Construction/Continuation of Local Access Road in Various Barangays	Coldit Calepaan	3,499,394.63	Completed
4	Rehabilitation/Improvement Communal Irrigation System	Coldit	2,985,000.00	Completed
5	Rehabilitation/Repair/Construction of Municipal Buildings	Asingan	2,098,765.34	Completed
6	Construction of Roads in Various Barangays	Palaris Sobol Macalong	1,996,451.69	Completed
7	Construction of Washing and Tooth Brushing Area of Child Development Center	Asingan	1,499,571.85	Completed

Among the awards received by the Municipality for the CY 2022 were the following: a) Certified Most Sustainable and Livable Municipality Award during the Nation Builders and Mosliv Awards 2022, b) Gawad Kalasag Seal of Excellence with 1.70 rating in Gawad Kalasag Seal For LDRRMCOs Category, c) 2022 Anti-Drug Abuse Council Performance Audit Regional Award by PDEA Region I, and d) Seal of Good Local Governance National Level from DILG.

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) 2022, with comparative figures for CY 2021 are as follows:

Accounts	<i>Figures in (P)</i>			
	2022	2021 (As restated)	Increase (Decrease)	% of Change
Assets	562,642,138.23	470,964,402.14	91,677,736.09	19.47%
Liabilities	116,737,560.10	74,498,783.82	42,238,776.28	56.70%
Government Equity	445,904,578.13	396,465,618.32	49,438,959.81	12.47%
Income	252,212,587.19	198,465,228.69	53,747,358.50	27.08%
Expenses	210,353,293.77	165,218,207.64	45,135,086.13	27.32%
Appropriation	318,714,919.78	232,259,037.73	86,455,882.05	37.22%
Obligations	243,816,870.25	202,267,103.89	41,549,766.36	20.54%
Disbursements	252,252,977.55	254,181,869.54	(1,928,891.99)	-0.76%

Detailed financial statements presented by fund are attached in Annexes A – A.4.

D. SCOPE OF AUDIT

The audit covered the operation of the Municipality of Asingan for CY 2022. It was conducted to ascertain the fairness of 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, test of compliance with existing laws, rules and regulations, review of operating procedures, 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 a qualified opinion on the fairness of the presentation of the financial statements of the Municipality of Asingan for CY 2022 with the net understatement of Property, Plant and Equipment amounting to ₱4,566,886.78 due to the following: a) non-recording of donated assets with fair value of ₱3,000,000.00, b) capitalizable expenditures were charged against repairs and maintenance expense amounting to ₱2,920,540.59, and c) understatement of accumulated depreciation amounting to ₱1,349,488.24.

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 May 26, 2023. Management comments were incorporated in the report where appropriate. The most significant observations were as follows:

1. Absence of an internal policy on the acceptance and recording of assets donated by other government agencies and from other sources resulted in the non-communication of donations received amounting to ₱3,000,000.00 by various departments of the Municipality to the Municipal Accountant, preventing the latter from recording the said donations in the books of the LGU.

We recommended that the Municipal Mayor adopts an internal policy on donations received by the Municipality of Asingan through an executive order for specific policies and procedures to be undertaken for the safeguarding and recording of the said assets and for the concerned department heads to submit the necessary documents to the Municipal Accountant for the recording of the donated assets amounting to ₱3,000,000.00 in the books.

2. Provision for salvage/residual value is included in the computation for depreciation of Road Networks totaling ₱153,846,562.86 which is not in accordance with Item No. 15, Section IV of COA Circular No. 2015-008 thereby understating the related annual depreciation expense and total accumulated depreciation by ₱562,272.41 and ₱1,349,488.24, respectively.

We recommended the Local Chief Executive direct the Municipal Accountant to compute the depreciation of Road Networks in compliance with COA Circular No. 2015-008 by not providing salvage/residual value to the respective assets and to effect the necessary adjusting entry to restate the net book value of the account.

3. Betterments and newly-constructed or installed assets totaling ₱2,920,540.59 and transactions not considered repairs or maintenance amounting to ₱28,782.06 were charged as Repairs and Maintenance Expenses contrary to IPSAS 17 - PPE, consequently overstating the account and understating the property, plant and equipment of the Municipality as well as the total depreciation for the year.

We recommended that the Local Chief Executive require the Municipal Accountant to observe the proper use of accounts in recording transactions, to capitalize all major repairs and to effect the necessary adjusting entries to reclassify these disbursements to proper Asset account

4. Absence of a prudent internal policy on the approval of request and distribution of non-monetary donations to the component barangays and other government agencies resulted in the lax process of donating properties and inventory items totaling ₱2,733,200.60.

We recommended that the Local Chief Executive adopt an internal policy on the approval, distribution, and monitoring of properties and inventory items requested by other government agencies and component barangays through an executive order to regulate the existing practice.

5. Significant information for disclosure in the Notes to Financial Statements were not adequately provided as required under IPSAS 1 – Presentation of Financial Statements, and as such, may potentially affect users of the information from making effective decisions and informed judgments on the Municipality Governments financial operations.

We recommended that the Local Chief Executive require the City Accountant to provide the necessary information relative to the aforementioned accounts in their corresponding Notes to Financial Statements to comply with the disclosure requirements of IPSAS 1 for the ensuing year.

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

Of the 52 audit recommendations contained in the 2021 Annual Audit Report, 24 or 46.15% were implemented, and 28 or 53.85% were not implemented.

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

As of December 31, 2022, the Statement of Suspensions, Disallowances and Charges showed the following balances:

Notice of Suspensions	-
Notice of Disallowances	1,708,768.63
Notice of Charges	-

The balance of the Notice of Disallowances represents the disallowed fuel expenditures for CY 2016-2018. Settlements of ₱37,034.90 were made during CY 2022.

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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

Municipal Mayor

Municipality of Asingan, Pangasinan

Qualified Opinion

We have audited the financial statements of the Municipality of Asingan, Pangasinan, which comprise the statement of financial position as at December 31, 2022, 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, except for the effects of the matter described in the *Basis of Qualified Opinion* section of our report, the accompanying financial statements present fairly, in all material respects, the financial position of the Municipality of Asingan, Pangasinan as at December 31, 2022, and its financial performance, its cash flows, and its comparison of budget and actual amounts for the year then ended in accordance with IPSAS.

Basis for Qualified Opinion

As discussed in Part II of the report, the fairness of presentation of the financial statement was affected by the net understatement of Property, Plant and Equipment amounting to ₱4,566,886.78 due to the following: a) non-recording of donated assets with fair value of ₱3,000,000.00, b) capitalizable expenditures were charged against repairs and maintenance expense amounting to ₱2,920,540.59, and c) understatement of accumulated depreciation amounting to ₱1,349,488.24.

We conducted our audit in accordance with 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 qualified opinion.

Key Audit Matters

Except for the matter described in the *Basis for Qualified Opinion* section, we have determined that there are no other key audit matters to communicate in our report.

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 IPSASs, 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. Misstatements 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

May 26, 2023



Republic of the Philippines
Province of Pangasinan
MUNICIPALITY OF ASINGAN

**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 Position as of December 31, 2022 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 International Public Sector Accounting Standards and reflect amounts that are based on best estimates and informed judgment 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
PROVINCE OF PANGASINAN
STATEMENT OF FINANCIAL POSITION
As at December 31, 2022 - ALL FUNDS
(With Corresponding Figure For CY 2021)

	<u>Note</u>	<u>2022</u>	<u>2021</u> <u>(As Restated)</u>
ASSETS			
Current Assets			
Cash and Cash Equivalents	(4)	99,655,594.29	70,035,140.55
Receivables	(5)	67,139,156.46	50,078,972.95
Inventories	(6)	19,590.00	19,590.00
Prepayments	(7)	-	-
Total Current Assets		<u>166,814,340.75</u>	<u>120,133,703.50</u>
Non-Current Assets			
Property, Plant and Equipment (net)	(8)	<u>395,827,797.48</u>	<u>350,830,698.64</u>
Total Non-Current Assets		<u>395,827,797.48</u>	<u>350,830,698.64</u>
Total Assets		<u>562,642,138.23</u>	<u>470,964,402.14</u>
LIABILITIES			
Current Liabilities			
Financial Liabilities	(9)	30,186,759.76	13,619,131.38
Inter-Agency Payables	(9)	4,530,328.64	3,963,996.86
Intra-Agency Payables	(9)	8,203,226.78	5,075,063.41
Trust Liabilities	(9)	7,474,715.47	2,191,410.73
Deferred Credits/Unearned Income	(9)	59,736,353.92	43,785,566.16
Other Payables	(10)	<u>6,606,175.53</u>	<u>5,863,615.28</u>
Total Current Liabilities		<u>116,737,560.10</u>	<u>74,498,783.82</u>
Non-Current Liabilities			
Financial Liabilities		-	-
Total Non-Current Liabilities		<u>-</u>	<u>-</u>
Total Liabilities		<u>116,737,560.10</u>	<u>74,498,783.82</u>
NET ASSETS/EQUITY			
Government Equity	(11)	<u>445,904,578.13</u>	<u>396,465,618.32</u>
Total Liabilities and Net Assets/Equity		<u>562,642,138.23</u>	<u>470,964,402.14</u>

See accompanying Notes to Financial Statements

MUNICIPAL GOVERNMENT OF ASINGAN
PROVINCE OF PANGASINAN
STATEMENT OF FINANCIAL PERFORMANCE
For the Year Ended December 31, 2022 - ALL FUNDS
(With Corresponding Figure For CY 2021)

	<u>Note</u>	<u>2022</u>	<u>2021</u> <u>(As Restated)</u>
Revenue			
Tax Revenue	(12)	15,845,505.14	15,145,713.76
Share from Internal Revenue Collections	(12)	219,243,814.00	166,164,696.00
Service and Business Income	(13)	16,619,508.05	14,862,318.93
Shares, Grants and Donations	(14)	-	860,000.00
Other Income	(15)	3,760.00	32,500.00
Total Revenue		<u>251,712,587.19</u>	<u>197,065,228.69</u>
Less: Current Operating Expenses			
Personnel Services	(16)	86,059,629.80	74,435,658.34
Maintenance and Other Operating Expenses	(17)	90,460,793.88	65,658,308.72
Financial Expenses		-	-
Non-cash Expenses	(18)	28,528,565.35	24,010,006.22
Total Current Operating Expenses		<u>205,048,989.03</u>	<u>164,103,973.28</u>
Surplus (Deficit) from Current Operation		<u>46,663,598.16</u>	<u>32,961,255.41</u>
Add (Deduct):			
Transfers, Assistance and Subsidy From	(19)	500,000.00	1,400,000.00
Transfers, Assistance and Subsidy To	(19)	(5,304,304.74)	(1,114,234.36)
Surplus(Deficit) for the period		<u>41,859,293.42</u>	<u>33,247,021.05</u>

See accompanying Notes to Financial Statements

MUNICIPAL GOVERNMENT OF ASINGAN
PROVINCE OF PANGASINAN
STATEMENT OF CHANGES IN NET ASSETS/EQUITY
For the Year Ended December 31, 2022 - ALL FUNDS
(With Corresponding Figures for CY 2021)

	<u>Note</u>	<u>2022</u>	<u>2021</u> <u>(As Restated)</u>
Balance at January 1		396,465,618.32	339,285,398.35
Add (Deduct)			
Prior Period Adjustments		1,527,186.19	-
Restated Balance		<u>397,992,804.51</u>	<u>339,285,398.35</u>
 Changes in Net Assets/Equity for the Calendar Year			
Adjustment of net revenue recognized directly in net assets/equity		6,052,480.20	23,933,198.92
Surplus (Deficit) for the period		41,859,293.42	33,247,021.05
Total recognized revenue and expenses for the period		<u>47,911,773.62</u>	<u>57,180,219.97</u>
 Balance at December 31	(11)	<u>445,904,578.13</u>	<u>396,465,618.32</u>

See accompanying Notes to Financial Statements

MUNICIPAL GOVERNMENT OF ASINGAN
PROVINCE OF PANGASINAN
STATEMENT OF CASH FLOWS
For the Year Ended December 31, 2022 - ALL FUNDS
(With Corresponding Figure For CY 2021)

	<u>Note</u>	<u>2022</u>	<u>2021</u> (As Restated)
Cash Flows from Operating Activities			
Cash Inflows			
Collection from taxpayers		20,018,185.23	16,668,258.69
Share from Internal Revenue Allotment		219,243,814.00	166,164,696.00
Receipts from business/service income		16,456,711.46	14,662,894.65
Interest Income		168,282.30	221,124.28
Other Receipts		25,986,438.30	55,071,043.26
Total Cash Inflows		281,873,431.29	252,788,016.88
Cash Outflows			
Payments to suppliers and creditors		111,575,548.03	105,222,287.70
Payments to employees		81,103,247.69	68,919,554.86
Other Expenses		3,614,628.42	13,368,249.66
Total Cash Outflows		196,293,424.14	187,510,092.22
Net Cash Flows from Operating Activities		85,580,007.15	65,277,924.66
Cash Flows from Investing Activities			
Cash Inflows		-	-
Cash Outflows			
Payment for Purchase or Construction of PPE		55,959,553.41	66,671,777.32
Total Cash Outflows		55,959,553.41	66,671,777.32
Net Cash Flows from Investing Activities		(55,959,553.41)	(66,671,777.32)
Cash Flows from Financing Activities			
Cash Inflows			
Proceeds from Loans		-	-
Cash Outflows			
Payment of Loan Amortization and Interest		-	-
Total Cash Outflows		-	-
Net Cash Flows from Financing Activities		-	-
Increase in Cash and Cash Equivalents		29,620,453.74	(1,393,852.66)
Cash and Cash Equivalents, January 1		70,035,140.55	71,428,993.21
Cash and Cash Equivalents, December 31		99,655,594.29	70,035,140.55

See accompanying Notes to Financial Statements

MUNICIPAL GOVERNMENT OF ASINGAN
PROVINCE OF PANGASINAN
STATEMENT OF COMPARISON OF BUDGET AND ACTUAL AMOUNTS
For the Year Ended December 31, 2022 - ALL FUNDS

Particulars	Note	Budgeted Amount		Difference Original and Final Budget	Actual Amounts on Comparable Basis	Difference (Final Budget and Actual)
		Original	Final			
REVENUE	(12)					
A. Local Sources						
1. Tax Revenue						
a. Tax Revenue - Property		7,373,300.00	7,373,300.00	-	7,601,964.17	(228,664.17)
b. Tax Revenue - Goods and Services		3,460,000.00	6,135,447.93	(2,675,447.93)	6,621,445.54	(485,997.61)
c. Other Local Taxes		1,275,000.00	1,275,000.00	-	1,622,095.43	(347,095.43)
Total Tax Revenue		12,108,300.00	14,783,747.93	(2,675,447.93)	15,845,505.14	(1,061,757.21)
2. Non-Tax Revenue						
a. Service Income		4,395,000.00	4,395,000.00	-	6,071,328.61	(1,676,328.61)
b. Business Income		7,960,000.00	7,960,000.00	-	10,383,657.14	(2,423,657.14)
c. Other Income and Receipts		55,000.00	55,000.00	-	168,282.30	(113,282.30)
Total Non-Tax Revenue		12,410,000.00	12,410,000.00	-	16,623,268.05	(4,213,268.05)
B. External Sources						
1. Share from National Internal Revenue		165,000,000.00	219,243,814.00	(54,243,814.00)	219,243,814.00	-
2. Share from GOCCs		-	-	-	-	-
3. Other Shares from National Tax Collectio		-	-	-	-	-
4. Other Receipts						
a. Grants and Donations		-	-	-	-	-
b. Other Subsidy Income		-	-	-	500,000.00	(500,000.00)
5. Inter-local Transfer		-	-	-	-	-
6. Capital/Investment Receipts		-	-	-	-	-
C. Receipts from Borrowings		-	-	-	-	-
Total Revenues and Receipts		189,518,300.00	246,437,561.93	(56,919,261.93)	252,212,587.19	(5,775,025.26)
EXPENDITURES						
General Public Services						
Personal Services		50,043,874.00	53,345,480.20	(3,301,606.20)	53,345,480.20	-
Maintenance and Other Operating Expenses		27,603,767.17	34,036,758.90	(6,432,991.73)	31,490,597.83	2,546,161.07
Capital Outlay		11,341,890.00	17,996,890.00	(6,655,000.00)	17,299,670.69	697,219.31
Education						
Personal Services		1,273,300.00	1,273,300.00	-	1,082,245.11	191,054.89
Maintenance and Other Operating Expenses		2,040,000.00	2,040,000.00	-	2,035,392.92	4,607.08
Health, Nutrition and Population Control						
Personal Services		13,332,945.00	12,705,053.15	627,891.85	12,705,053.15	-
Maintenance and Other Operating Expenses		11,109,045.33	11,109,045.33	-	10,105,996.23	1,003,049.10
Capital Outlay		689,200.00	689,200.00	-	685,107.00	4,093.00
Housing and Community Development						
Maintenance and Other Operating Expenses		6,000,000.00	5,185,000.00	815,000.00	5,108,285.00	76,715.00
Social Services and Social Welfare						
Personal Services		5,672,050.80	5,201,994.50	470,056.30	5,201,994.50	-
Maintenance and Other Operating Expenses		7,082,112.48	7,082,112.48	-	6,586,134.38	495,978.10
Capital Outlay		2,625,000.00	2,625,000.00	-	2,349,496.85	275,503.15
Economic Services						
Personal Services		15,095,760.00	14,807,101.95	288,658.05	14,807,101.95	-
Maintenance and Other Operating Expenses		19,138,311.22	25,856,114.35	(6,717,803.13)	20,016,608.46	5,839,505.89
Capital Outlay		600,000.00	600,000.00	-	299,490.00	300,510.00
LDRRMF						
Maintenance and Other Operating Expenses		6,605,443.29	6,739,215.69	(133,772.40)	4,446,497.95	2,292,717.74
Capital Outlay		4,975,247.41	4,975,247.41	-	1,984,660.41	2,990,587.00
20% Development Fund						
Maintenance and Other Operating Expenses		6,195,090.65	6,234,548.74	(39,458.09)	3,701,962.49	2,532,586.25
Capital Outlay		37,653,672.15	37,653,672.15	-	36,638,744.15	1,014,928.00
Allocation for Senior Citizens and PWD						
Maintenance and Other Operating Expenses		2,143,838.14	2,143,838.14	-	1,857,551.18	286,286.96
Capital Outlay		48,600.00	48,600.00	-	48,600.00	-
Others						
Maintenance and Other Operating Expenses		33,803,980.76	46,896,359.42	(13,092,378.66)	9,822,461.73	37,073,897.69
Capital Outlay		966,628.06	966,628.06	-	966,628.06	-
Total Expenditures		266,039,756.46	300,211,160.47	(34,171,404.01)	242,585,760.24	57,625,400.23

Particulars	Note	Budgeted Amount		Difference Original and Final Budget	Actual Amounts on Comparable Basis	Difference (Final Budget and Actual)
		Original	Final			
CONTINUING APPROPRIATIONS (CAPITAL OUTLAY)						
General Public Services		2,900,218.30	2,900,218.30	-	801,234.15	2,098,984.15
Health, Nutrition and Population Control		75,966.00	75,966.00	-	-	75,966.00
Social Services and Social Welfare		77,362.52	77,362.52	-	-	77,362.52
Economic Services		15,294,478.49	15,294,478.49	-	274,141.86	15,020,336.63
Other Purposes		155,734.00	155,734.00	-	155,734.00	-
Total Continuing Appropriations		18,503,759.31	18,503,759.31	-	1,231,110.01	17,272,649.30
Total Appropriations		284,543,515.77	318,714,919.78	(34,171,404.01)	243,816,870.25	74,898,049.53

See accompanying Notes to Financial Statements

Republic of the Philippines
Province of Pangasinan
MUNICIPALITY OF ASINGAN

Notes to Condensed Financial Statements
(All amounts in Philippine Peso unless otherwise stated)

Note 1 General Information / Agency Profile

Municipality of Asingan was founded by the Dominicans by establishing the religious mission of San Luis Beltran de Sinapog. In 1733, the Governor General Fernando Valdes y Tamon granted the license to establish the town of Sinapog. Since 1802, this town has solely been called 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.

Asingan is a landlocked municipality in the coastal province of Pangasinan. 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.

Based on the great-circle distance (the shortest distance between two points over the surface of the Earth). The cities closest to Asingan are Urdaneta, San Carlos, Dagupan, Muñoz, San Jose, and Baguio. The nearest municipalities are Santa Maria, San Manuel, Tayug, Binalonan, Balungao, and San Nicolas. Its distance from the national capital is 159.86 kilometers (99.33miles).

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.

In 2022, Honorary Local Chief Executive Award (Blue Category) and Certified Most Sustainable and Livable Municipality Award (Blue Category) was given to Mayor Carlos F. Lopez Jr. during the Nation Builders and Mosliv Awards 2022 at the Grand

Ballroom of Okada Manila in Parañaque City on 19th day of March 2022. The Nation Builders & MOSLIV Awards honor changemakers and leaders in sustainability across the Philippines. Also, he was awarded in the Gawad Banyuhay ng Katatagan (Banyuhay Awards for Resiliency) for his remarkable and resilient response to COVID-19 pandemic. Gawad Banyuhay recognizes individuals or groups for living and leading an exemplary life for others through transformative community service and engagement. It celebrates the iconic lives of personalities in their pursuit of life purpose amid adversities

On December 15, 2022, National Disaster Risk Reduction and Management Council (NDRRMC) conferred Gawad Kalasag Seal of Excellence to Municipality of Asingan as Fully Compliant garnering 1.70 rating in Gawad Kalasag Seal for Local Disaster Risk Reduction and Management Councils and Officers (LDRRMCOs) Category for the year 2022.

The Municipality of Asingan was recognized by the DENR-Environmental Management Bureau (EMB) Regional Office No. 1 in the 6th Ecological Solid Waste Management Summit 2022 for its outstanding practices in compliance to the provisions of Republic Act 9003 otherwise known as “Ecological Solid Waste Management Act of 2000”.

In addition, Municipality of Asingan has been bestowed with the 2022 Anti-Drug Abuse Council Performance Audit Regional Award by PDEA Region I for excellent performance in the war against illegal drugs through ensuring compliance to various policies and implementation of relevant and significant drug demand and supply reduction programs.

Department of Social Welfare and Development (DSWD) recognized the Municipality of Asingan for 3-year consistent participation in Regional Search for Model Bio- intensive Garden Gearing to Enhance Resources. The Municipality was also a Provincial Nominee during the Search for Model Local Government Unit implementing the Pantawid Pamilyang Pilipino Program (4Ps).

Other awards received in 2022 are Seal of Good Local Governance (National Level Validation) from the Department of the Interior and Local Government (DILG) as well as Good Practice Documentation and 2nd Placer in Knowledge Fair 2022 from Department of Social Welfare and Development (DSWD) Field Office I.

Note 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 are rounded to two decimal places.

Note 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.

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. When 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

Rental income

Any rental income arising from operating leases is accounted for on a straight-line basis over the lease terms and included in revenue.

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 the abovementioned 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 has already recognized 100% of the Public Infrastructure in the books of accounts.

3.5 **Leases**

LGU as a lessor

Municipality of Asingan does not have any lease contracts as of the end of year 2022.

3.6 **Financial instruments**

Financial assets

Initial recognition and measurement

Financial assets are classified as financial assets at fair value through surplus or deficit, loans and receivables. 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 includes: 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

Loans and borrowings

After initial recognition, interest bearing loans and borrowings are subsequently measured at amortized cost using the effective interest method. Gains and losses are recognized in surplus or deficit when the liabilities are derecognized as well as through the effective interest method amortization process.

Derecognition

A financial liability is derecognized when the obligation under the liability is discharged or cancelled or expires. When an existing financial liability is replaced by another from the same lender on substantially different terms, or the terms of an existing liability are substantially modified, such an exchange or modification is treated as a derecognition of the original liability and the recognition of a new liability.

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

3.7 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.

3.8 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.

3.9 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.

3.10 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 Mayor, Vice-Mayor, Sanggunian Members, Committee Officials and Members, Accountants, Treasurers, Budget Officers, designated General Services and all Chiefs of Departments/Divisions.

3.11 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.

3.12 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.

3.13 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.

Liquidity Risk

Liquidity risk is the risk of the LGU not being able to meet its obligations as they fall due. The LGU's approach to managing liquidity risk is to ensure that sufficient liquidity is available to meet its liabilities when due, without incurring unacceptable losses or risking damage to the LGU's reputation.

LGU Asingan do not have borrowings as of the year 2022.

Note 4 Cash and Cash Equivalents

	2022	2021 (Restated)
Cash on Hand		
Cash- Local Treasury		53,988.88
Cash in Bank – Local Currency		
Cash in Bank-Local Currency-Current Account	82,171,355.37	52,807,903.91
Investments in Time Deposits (<90 days)		
Cash in Bank-LCCA-Time Deposits	17,484,238.92	17,173,247.76
Total Cash and Cash Equivalent	99,655,594.29	70,035,140.55

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.

- 4.1 Cash and cash equivalents presented in the Statement of Cash Flow consist of the Cash in Bank - Local currency and Cash in Bank - time Deposits amounting to P 82,353,355.37 and P 17,302,238.92 respectively.
- 4.2 The municipality do not have any balance in the petty cash fund as of the end of year 2022.
- 4.3 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) which now a subsidiary bank of LBP located at LBP Building Alexander Street, Urdaneta City, Pangasinan. Cash in Bank - Local Currency, Current Accounts under the LBP includes the amount of ₱ 65,764,838.10 and CIB-LC (UCPB - LBP) has balance amounting to 2,006,924.49 in General Fund- Proper, ₱ 10,536,364.05 in SEF and ₱ 4,045,228.73 for Trust Fund Account. Cash in bank earns interest based on the prevailing bank deposit rates of the LBP
- 4.4 The Cash in Bank - LCCA represents LGU deposits in Development Bank of the Philippines - Dagupan Branch ₱17,302,238.92 and ₱ 1,731,091.34 from the General Fund and Trust Fund respectively.
- 4.5 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.

Note 5 Receivables

	2022	2021 (Restated)
Loans and Receivable Accounts		
Accounts Receivable	166,675.00	166,675.00
Real Property Tax Receivable	27,790,399.96	21,892,312.68
Special Education Tax Receivable	27,790,399.96	21,893,253.48
Loans Receivable - Others	278,961.57	278,961.57
Inter-Agency Receivables		
Due from Local Government Units		
Intra-Agency Receivables		
Due from Other Funds	8,985,758.21	5,075,063.41
Due from Special Accounts		
Due from Local Economic Enterprise		
Advances		
Advances for Operating Expenses		
Advances for Payroll		
Advances to Special Disbursing Officer		
Advances to Officers and Employees	20,000.00	20,000.00
Other Receivables		
Receivables–Disallowances and charges	1,000.00	1,000.00
Due from Officers and Employees	1,300.00	1,970.40
Other Receivables	2,104,661.76	749,736.41
Total Receivables	67,139,156.46	50,078,972.95

- 5.1 The significant increase in the Real Property Tax and Special Education Tax Receivables represents the estimated total real property taxes collectible for 2022 recorded in the books of the LGU.
- 5.2 Advance to Officers and Employees account as of December 31, 2022, remain outstanding as of January 31, 2023
- 5.3 The balance of Accounts Receivables includes ₱ 166,675.00 receivables from

officials and employees and Job Orders who were no longer in service.

- 5.4 The balance in Advance for officers and Employees account as of December 31, 2021 represents cash advance from the former official that have absconded and failed to liquidate the account.
- 5.5 Included in the balance of Other Receivables amounting to ₱ 716,336.41 represents the uncollected operating lease rentals from various Stall Occupants. The Receivables - Disallowance and charges amounting to ₱ 1,000.00 represents receivables from various supplies and gasoline disallowance amounting to P1,457,190.76.
- 5.6 There was no evidence for impairment of receivable accounts hence no allowance for impairment was recorded during 2022 and 2021
- 5.7 As of December 31, 2022, 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	27,790,399.96	-	-	16,490,198.41	11,300,201.55
Special Education Tax Receivable	27,790,399.96	-	-	15,464,658.28	12,325,741.68
Loans Receivables – Others	278,961.57	-	-	-	278,961.57
Due from Other Funds	8,985,758.21	-	-	-	8,985,758.21
Due from LGUs	-	-	-	-	-
Receivables – Disallowances/ Charges	1,000.00	-	-	-	1,000.00
Due from Officers and Employees	1,300.00	-	-	-	1,300.00
Due from NGOs/POs	-	-	-	-	-
Advances to Officers and Employees	20,000.00	-	-	-	20,000.00

	Total	Neither past due or impaired	Past due but not impaired		
			<30 days	30-60 days	>60 days
Other Receivables	2,104,661.76	-	-	1,499,031.76	605,630.00
Total	67,139,156.46	-	-	33,453,888.45	33,685,268.01

As at December 31, 2021, the ageing analysis of current exchange 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
Loans Receivables – Others	278,961.57	-	-	-	278,961.57
Due from Other Funds	5,075,063.41	-	-	-	5,075,063.41
Due from LGUs	-	-	-	-	-
Receivables – Disallowances/ Charges	1,000.00	-	-	-	1,000.00
Due from Officers and Employees	1,970.40	-	-	-	1,970.40
Due from NGOs/POs	-	-	-	-	-
Advances to Officers and Employees	20,000.00	-	-	-	20,000.00
Other Receivables	749,736.41	-	-	144,106.41	605,630.00
Total	50,078,972.95	-	-	20,303,729.34	29,775,243.61

Note 6 Inventories

	2022	2021 (Restated)
Inventory Held for Sale		
Merchandise Inventory	13,290.00	13,290.00
Inventory Held for Consumption		
Accountable Forms, Plates and Stickers	6,300.00	6,300.00
Total Inventories	19,590.00	19,590.00

- 6.1 At December 31, 2022, total inventory was carried at fair value less cost to sell were consist of accountable forms only.
- 6.2 The amount of write-down of inventories recognized as an expense, which is recognized in the corresponding inventory expense account.
- 6.3 No inventory items were pledge as security during the current or prior financial year.

Note 7 Prepayments

	2022	2021 (Restated)
Advances to Contractors	-	-
Total Prepayments	-	-

Note 8 Property, Plant and Equipment

Particulars	Balance December 31, 2021	Net Addition / Reduction	Balance December 31, 2022
Land	18,668,976.00	-	18,668,976.00
Land Improvements, Aquaculture Structures	2,038,309.10	-	2,038,309.10
Road Networks	134,366,303.84	19,480,259.02	153,846,562.86
Water Supply Systems	999,000.00	(999,000.00)	-
Parks, Plazas and Monuments	20,070,025.76	-	20,070,025.76
Other Infrastructure Assets	22,588,342.58	2,980,905.41	25,569,247.99
Buildings	86,222,811.35	8,698,209.58	94,921,020.93
School Buildings	4,832,322.65	-	4,832,322.65
Hospitals and Health Centers	6,321,514.57	-	6,321,514.57
Markets	33,047,574.26	499,676.60	33,547,250.86

Particulars	Balance December 31, 2021	Net Addition / Reduction	Balance December 31, 2022
Slaughterhouses	4,590,579.32	699,660.69	5,290,240.01
Other Structures	73,828,427.73	11,418,846.12	85,247,273.85
Machinery	2,419,750.00	-	2,419,750.00
Office Equipment	17,516,332.14	3,251,626.77	20,767,958.91
Information and Communication Technology Equipment	18,595,565.63	1,164,885.00	19,760,450.63
Communication Equipment	4,058,286.24	48,960.00	4,107,246.24
Construction and Heavy Equipment	2,996,000.00	105,820.00	3,101,820.00
Disaster Response and Rescue Equipment	9,402,168.83	96,500.64	9,498,669.47
Medical Equipment	4,046,411.42	-	4,046,411.42
Sports Equipment	151,812.00	-	151,812.00
Technical and Scientific Equipment	109,143.47	-	109,143.47
Other Machinery and Equipment	8,861,561.44	26,500.00	8,888,061.44
Motor Vehicles	30,571,427.54	12,543,807.60	43,115,235.14
Furniture and Fixtures	8,177,395.69	406,943.00	8,584,338.69
Books	261,230.00	-	261,230.00
Construction in Progress - Land Improvements	-	749,369.80	749,369.80
Construction in Progress - Infrastructures Assets	249,750.00	2,047,344.57	2,297,094.57
Construction in Progress - Buildings and Other Structures	1,689,439.80	10,130,409.39	11,819,849.19
Other Property, Plant and Equipment	1,981,028.08	174,940.00	2,155,968.08
Total	518,661,489.44	73,525,664.19	592,187,153.63
Less: Accumulated Depreciation	167,830,790.80	28,528,565.35	196,359,356.15
Net Book Value	350,830,698.64	44,997,098.84	395,827,797.48

8.1 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.

- 8.2 Depreciation on assets is charged on a straight-line basis over the useful life of the asset.
- 8.3 Depreciation is charged at rates calculated to allocate cost or valuation of the asset less any estimated residual value over its remaining useful life:
- 8.4 Construction in Progress that was recorded in the books were partially collected and/or obligated transactions supported by a duly signed Statement of Work Accomplishment Report made by the Municipal Engineer and approved by the Local Chief Executive.

Note 9 Liabilities

	2022	2021 (Restated)
Financial Liabilities		
Accounts Payable	30,139,330.45	13,590,347.06
Due to Officers and Employees	47,429.31	28,784.32
Total Financial Liabilities	30,186,759.76	13,619,131.38
Inter-Agency Payables		
Due to BIR	-	-
Due to GSIS	332,370.41	96,099.17
Due to Pag-IBIG	90,568.82	51,506.13
Due to PhilHealth	-	450.00
Due to NGAs	222,532.66	419,293.14
Due to LGUs	3,884,856.75	3,396,648.42
Total Inter-Agency Payables	4,530,328.64	3,963,996.86
Intra-Agency Payables		
Due to Other Funds	8,203,226.78	5,075,063.41
Total Intra-Agency Payables	8,203,226.78	5,075,063.41
Trust Liabilities		
Trust Liabilities - Disaster Risk Reduction and Management Fund	7,379,148.75	2,095,844.01
Guaranty/Security Deposits Payable	95,566.72	95,566.72
Total Trust Liabilities	7,474,715.47	2,191,410.73
Deferred Credits/Unearned Income		

	2022	2021 (Restated)
Deferred Real Property Tax	27,790,399.96	21,892,312.68
Deferred Special Education Tax	27,790,399.96	21,893,253.48
Other Deferred Credits	4,155,554.00	-
Total Deferred Credits/Unearned Income	59,736,353.92	43,785,566.16

- 9.1 Accounts Payable is composed of unpaid obligation to suppliers, creditors and employees.
- 9.2 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.
- 9.3 The Municipality of Asingan has no existing loans to any agencies.
- 9.4 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
- 9.5 The balance of Due to NGA account includes ₱ 222,532.66 from various national government agencies. 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.
- 9.6 The increase in the amount of ₱5,283,304.74 in the Trust Liabilities - Disaster Risk Reduction and Management Fund were not fully utilize due to the decrease number of COVID patients categorized as Person Under Monitoring (PUM) and Patient Under Investigation (PUI).
- 9.7 Deferred Credits represents advanced payments for basic property tax on land residential/commercial houses and buildings and improvements. Other Deferred Credits for General fund was P2,077,777.00 and SEF amounting to P2,077,777.00 for the year 2022.

9.8 Increase in the amount of P 196,760.48 of Due to NGA were increase in the utilization of funded projects from Department of Agriculture amounting to P2,984,576.24 and the funds from National Commission council amounting to P28,800 , Refunds to NGA and increase in collections for the NGA.

9.9 The details of the balance from Trust Liabilities - Disaster Risk Reduction and Management as of December 31, 2022 were as follows:

	MOOE	CO	Total
Previous Years appropriation transferred to Special Trust Fund (2022)	5,134,893.66	148,411.08	5,283,304.74
Previous Years appropriation transferred to Special Trust Fund (2021)	1,048,248.80	44,985.56	1,093,234.36
Previous Years appropriation transferred to Special Trust Fund (2020)	118,491.75	144,768.00	263,259.75
Previous Years appropriation transferred to Special Trust Fund (2019)	-	739,349.90	739,349.90
TOTAL	6,301,634.21	1,077,514.54	7,379,148.75

Note 10 Other Payables

	2022	2021 (Restated)
Other Payables	6,606,175.53	5,863,615.28
Total Other Payables	6,606,175.53	5,863,615.28

10.1 Other Payables includes Balance from the PCSO share of LGU amounting to P453,280.71, OSCA - P81,369.21, Excise Taxes - P851,153.37, Building Permit - P563,727.72, Birthing Fees - P239,950.00, MCR Fees RA10172 - P207,505.00, Goodwill P1,509,098.00 and loan amortization of various LGU employees at LBP, DBP and RHU Funds from PHIC and etc.

Note 11 Government Equity

The Government Equity of the Municipality has an ending balance of ₱449,903,978.13. From the beginning balance of ₱ 398,485,000.50 there was an increase in the amount ₱ 47,418,977.63 or 11.90%. Components of the Government Equity are as follows:

Cash Available for Appropriation/(Deficit)	2022	2021 (Restated)
Cash	82,353,355.37	52,861,892.79
Investments	17,302,238.92	17,173,247.76
Total	99,655,594.29	70,035,140.55

Cash Available for Appropriation/(Deficit)	2022	2021 (Restated)
Less: Current Liabilities		
Financial Liabilities	30,186,759.76	13,619,131.38
Inter-Agency Payables	4,530,328.64	3,963,996.86
Intra-Agency Payables (Net of Due from Other Funds)	782,531.43	(5,102,950.59)
Trust Liabilities	7,474,715.47	2,191,410.73
Deferred Credits (Net of Deferred RPT/SET income Accounts)/ Unearned Income	4,155,554.00	-
Other Payables	6,606,175.53	5,863,615.28
Total Current Liabilities	53,736,064.83	20,535,203.66
Cash Balance/(Overdraft)	45,919,529.46	49,499,936.89
Less: Fund Balance for Continuing Appropriation & Commitments		
Continuing Appropriations	2,659,882.72	2,264,425.42
Continuing allotments	14,612,766.58	12,096,190.28
Total	17,272,649.30	14,360,615.70
Cash Available for Appropriation/(Deficit)	28,646,880.16	35,139,321.19
Fund Balance:		
Unappropriated Surplus	-	-
Continuing Appropriations	5,309,262.11	1,352,425.45
Continuing allotments	4,542,691.84	2,830,176.25
Total Fund Balance	9,851,953.95	4,182,601.70

Net Other Current Assets		
Receivables (Net of Deferred RPT, SET Income and Due to Other Funds accounts)	11,558,356.54	6,293,406.79
Inventories	19,590.00	19,590.00
Prepayments and Deferred Charges	-	-
Total Current Assets	11,577,946.54	6,312,996.79
Net Non-Current Assets		
Investments in PPE (Net of Accumulated Depreciation and Non-current Liabilities)	-	-
Property, Plant and Equipment (Net of Accumulated Depreciation)	395,827,797.48	350,830,698.64
Total Net Non-Current Assets	395,827,797.48	350,830,698.64
Total Government Equity	445,904,578.13	396,465,618.32

Note 12 Tax Revenue

	2022	2021 (Restated)
Tax Revenue – Individual and Corporation		
Professional Tax	-	-
Community tax	678,143.53	621,979.10
Tax Revenue-Property		
Estate Tax	-	-
Donors Tax	-	-
Capital Gains Tax	-	-
Real Property Tax - Basic	3,333,281.06	4,075,925.00
Discount on Real Property Tax -Basic	(162,373.09)	-
Special Education Tax	4,125,537.80	5,096,960.65
Discount on Special Education Tax	(162,373.09)	-
Special Levy on Idle Lands	-	-
Special Levy on Lands Benefited by Public Works Projects	-	-
Real Property Transfer Tax	-	-
Tax Revenue-Goods and Services		
Business Tax	6,247,131.84	5,008,228.38
Tax on Sand, Gravel and Other Quarry	11,663.40	13,941.30
Tax on Delivery trucks and Vans	-	-
Amusement Tax	932,288.50	206,870.50
Franchise Tax	-	-
Printing and Publication Tax	-	-
Tax Revenue-Others		
Other Taxes	-	-
Tax Revenue – Fines and Penalties		
Tax Revenue – Fines and Penalties Taxes	-	-

	2022	2021 (Restated)
on Individual and Corporations		
Tax Revenue – Fines and Penalties- Property Taxes	842,205.19	121,808.83
Tax Revenue – Fines and Penalties – Taxes on Goods and Services	-	-
Tax revenue –Fines and Penalties – Other Taxes	-	-
Share from National Taxes		
Share Internal Revenue Collection	219,243,814.00	166,164,696.00
Share from Expanded Value Added Tax		
Share from National Wealth		
Share from Tobacco Excise Tax		
Share from Economic Zone		
Total	235,089,319.14	181,310,409.76

Note 13 Service and Business Income

	2022	2021 (Restated)
Service Income		
Permit Fees	2,485,228.06	2,242,436.87
Registration Fees	686,027.00	476,230.00
Clearance and Certification Fees	1,606,025.75	1,249,613.21
Inspection Fees	390,176.00	410,230.00
Occupation Fees	281,815.00	212,671.00
Fees for Sealing and Licensing of Weights and Measures	44,617.00	42,410.00
Fines and Penalties - Service Income	394,008.50	177,057.85
Other Service Income	179,671.30	73,668.00
Total	6,067,568.61	4,884,316.93
Business Income		
Rent Income	177,521.84	117,989.36
Parking Fees	79,342.00	76,490.00
Receipt from Market Operations	7,534,503.90	7,007,252.35
Receipt from Slaughterhouse Operation	785,820.00	630,105.01
Receipt from Cemetery Operations	267,315.00	443,550.00
Garbage Fees	450,303.00	337,151.00
Hospital Fees	1,084,336.40	1,139,240.00
Interest Income	168,282.30	221,124.28
Fines and Penalties - Business Income	4,515.00	5,100.00
Total	10,551,939.44	9,978,002.00
Total Service and Business Income	16,619,508.05	14,862,318.93

Note 14 Share, Grants and Donation

	2022	2021 (Restated)
Share		
Share from PAGCOR	-	--
Share from PCSO	-	-
Grants and Donations		
Grants and Donations in Cash	-	-
Grants and Donations in Kind	-	860,000.00
Grants from Concessionary Loans	-	-
Total Shares, Grants and Donations	-	860,000.00

14.1 There were no grants and donations for the year 2022.

Note 15 Miscellaneous Income

	2022	2021 (Restated)
Miscellaneous Income		
Miscellaneous Income	3,760.00	32,500.00
Total Miscellaneous Income		

Note 16 Employee Costs

	2022	2021 (Restated)
Personnel Services		
Salaries and Wages – Regular	45,573,166.25	41,907,801.33
Salaries and Wages- Casual/Contractual	1,488,525.64	1,545,003.32
Other Compensation		
Personal Economic Relief allowance	3,278,624.86	3,152,545.45
Representation Allowance	1,785,000.00	1,781,387.50
Transportation Allowance	1,616,062.50	1,610,112.50
Clothing/Uniform Allowance	827,975.00	818,275.00
Subsistence Allowance	343,382.50	271,400.00
Laundry Allowance	12,600.00	900
Productivity Incentive Allowance	701,500.00	665,000.00
Honoraria	-	22,100.00
Hazard Pay	712,433.85	703,500.00
Overtime and Night Pay	193,764.64	92,298.63
Year-End Bonus	3,968,072.60	3,682,842.00
Cash Gift	699,000.00	664,500.00
Other Bonuses and Allowances	6,369,558.87	3,614,890.00

	2022	2021 (Restated)
Personnel Benefit Contribution		
Retirement and Life Insurance Premiums	5,494,106.25	5,114,702.56
Pag-IBIG Contribution	163,800.00	157,600.00
PhilHealth Contribution	893,800.00	564,150.00
Employees Compensation Insurance Premiums	159,300.00	143,623.58
Other Personnel Benefit		
Terminal Leave Benefits	1,900,224.58	476,789.78
Other Personnel Benefits	9,878,732.26	7,446,236.69
Total Personnel Services	86,059,629.80	74,435,658.34

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

Category	No. of Persons	Aggregate Remuneration
Local Elected Officials	12	17,513,453.55
Department Heads	11	15,935,272.53

16.2 The aggregate remuneration includes the terminal benefit of Ernesto Pascual, SBM Jesus Pico and SBM Mark Abella amounting to P1,267,544.76, P188,324.93 and P385,191.59, respectively.

Note 17 Maintenance and Other Operating Expenses

	2022	2021 (Restated)
Traveling Expenses		
Traveling Expenses – Local	2,963,626.82	1,434,440.36
Training and Scholarship Expenses		
Training Expenses	3,756,757.11	873,397.06
Scholarship/Grants/Expenses	762,000.00	507,000.00
Supplies and Material Expenses		
Office Supplies Expense	4,434,149.28	4,485,063.68
Accountable Forms Expense	284,985.00	216,500.00
Food Supplies Expense	4,256,082.70	5,618,064.00
Welfare Goods Expenses	167,082.20	-
Drugs and Medicines Expenses	6,966,379.00	3,069,374.00
Medical, Dental and Laboratory Supplies Expenses	539,625.00	2,275,264.00
Fuel, Oil and Lubricant Expenses	6,303,315.01	3,506,664.38
Agriculture and Marine Supplies	-	11,000.00

	2022	2021 (Restated)
Expenses		
Other Supplies and Material Expenses	6,154,668.16	3,672,614.27
Utility Expenses		
Water Expenses	1,449,448.00	845,121.50
Electricity Expenses	6,994,894.82	5,530,950.82
Communication Expenses		
Postage and Courier Services	90,719.38	339.00
Telephone Expenses	2,999,181.74	1,222,348.81
Internet subscription Expenses	573,792.40	567,909.11
Confidential, Intelligence and Extraordinary Expenses		
Extraordinary and Miscellaneous Expenses	9,240,848.10	5,497,829.96
Professional Services		
Legal Services	-	-
Other Professional Services	52,000.00	-
General Services		
Environment/Sanitary Services	-	4,595.00
Other General Services	17,030,057.09	14,389,320.60
Repairs and Maintenance		
Repairs and Maintenance-Investment Property	-	-
Repairs and Maintenance -Land Improvements	-	-
Repairs and Maintenance -Infrastructure Assets	1,599,300.61	1,235,369.86
Repairs and Maintenance -Buildings and Other Structure	2,386,083.20	1,849,644.30
Repairs and Maintenance -Machinery and Equipment	34,993.00	22,450.00
Repairs and Maintenance -Transportation Equipment	1,584,262.86	1,449,993.34
Repairs and Maintenance - Furniture and Fixtures	258,716.94	-
Repairs and Maintenance – Leased Assets Improvements	-	-
Repairs and Maintenance - Leased Assets Improvements	-	-
Repairs and Maintenance -Other Property, Plant and Equipment	527,660.86	466,397.87
Taxes, Insurance Premiums and Other Fees		
Taxes, Duties and Licenses	8,440.00	23,705.24

	2022	2021 (Restated)
Fidelity Bond Premiums	274,053.75	287,260.94
Insurance Expenses	1,702,309.52	630,077.62
Other Maintenance and Operating Expenses		
Advertising Expenses	839,982.00	547,500.00
Representation Expenses	1,017,927.00	426,930.00
Other Maintenance and Operating Expenses	5,207,452.33	4,991,183.00
Total Maintenance and Other Operating Expenses	90,460,793.88	65,658,308.72

- 17.1 Increase of P218,569.33 in the Other maintenance and operating Expenses were due to increases in the expenditures made for the gratuity pay of Job order employees amounting to P997,000.00, Collective Negotiation Agreement (CNA) for the regular Employees amounting to P3,502,673.33 and other expenses in the office of the OSCA, RHU and other offices.

Note 18 Non-Cash Expenses

	2022	2021 (Restated)
Depreciation and Amortization		
Depreciation - Investment Property	-	-
Depreciation - Land Improvements	96,819.72	1,794,911.38
Depreciation - Infrastructure Assets	11,792,001.22	7,290,253.30
Depreciation - Buildings and Other Structure	8,087,344.43	9,483,262.66
Depreciation - Machinery and Equipment	4,839,013.31	2,520,552.96
Depreciation - Transportation Equipment	2,606,072.04	2,057,445.67
Depreciation - Furniture, Fixtures and Book	1,056,208.15	814,521.17
Depreciation - Leased Assets Improvements	-	-
Depreciation - Other Property, Plant and Equipment	51,106.48	49,059.08
Total Non-Cash Expenses	28,528,565.35	24,010,006.22

Note 19 Transfers, Assistance and Subsidy

	2022	2021 (Restated)
Assistance and Subsidy from		
Subsidy from National Government	-	-
Subsidy from Local Government Unit	500,000.00	1,400,000.00
Financial Assistance/Subsidy to		
Subsidy to Other Local Government	(21,000.00)	(21,000.00)

Units		
Transfers to		
Transfers from General Fund as Project Equity Share	-	-
Transfers from General Fund of Unspent DRRMF	(5,283,304.74)	(1,093,234.36)
Total	(4,804,304.74)	285,765.64

19.1 The subsidy from Local Government Unit amounting to P 500,000.00 represents the counterpart of Barangay Cabalitian for the procurement of their vehicle for the year 2022

19.2 The Subsidy from General Fund Proper/Other Special Accounts amounting to P5,283,304.74 were balances from the unexpended LDRRMF MOOE & Capital Outlay and in the amount of P5,134,893.66 and P148,411.08 respectively.

Note 20 Reconciliation of Net Cash Flows from Operating Activities to Surplus/(Deficit)

(in thousands of currency units)	Total	General Fund	Special Education Fund	Trust Fund
Surplus (Deficit)	41,859,293.42	39,440,872.71	2,418,420.71	-
Non-cash transactions				
Depreciation	28,528,565.35	27,849,091.97	679,473.38	-
Amortization of Intangible Assets	-	-	-	-
Grants and Donation in kind	-	-	-	-
Increase / (Decrease) in payables	9,355,640.22	6,757,729.57	162,002.52	2,435,908.13
Increase / (Decrease) in current assets	5,664,531.64	3,990,631.90	1,673,899.74	-
Increase / (Decrease) in receivables	-	-	-	-
Prior Period Adjustments	171,976.52	171,976.52	-	-
Net Cash from Operating Activities	85,580,007.15	78,210,302.67	4,933,796.35	2,435,908.13

Note 21 Reconciliation between actual amounts on a comparable basis as presented in this statement and in the Statement of Financial Performance for the Year Ended December 31, 2022

Particulars	Income	Personal Services	Maintenance and other Operating Expenses	Financial Expenses	Capital Outlay
Comparison Statement of Budget and Actual	252,212,587.19	87,141,874.91	95,171,488.17		61,503,507.17
Entity Differences					
Basis Differences:	(500,000.00)	(1,082,245.11)	23,817,871.06		(61,503,507.17)
Income not considered budgetary items	(500,000.00)				
Non-cash income					
Gain on Sale of Assets					
Transfers, Assistance and Subsidy From	(500,000.00)				
Budgetary items not considered as expenses			(5,135,155.81)		(61,503,507.17)
Debt Service					
Interest Expenses capitalized					
Capital Expenditures			(5,135,155.81)		(61,503,507.17)
Expenses not considered budgetary			28,549,565.35		
Non-cash expenses:					
Depreciation			28,528,565.35		
Amortization – Intangible Assets					
Impairment Loss					

Particulars	Income	Personal Services	Maintenance and other Operating Expenses	Financial Expenses	Capital Outlay
Losses/other adjustments					
Transfers, Assistance and Subsidy To			21,000.00		
Timing Differences:			(4,879,843.22)		
Expenses charged to prior year's appropriation but consummated and recorded this year			(4,879,843.22)		
Other Reconciling Items		(1,082,245.11)	5,283,304.74		
(Pertains to accounts recognized under Trust Fund)			5,283,304.74		
Budgeted Items under PS but treated as MOOE in the FS (with AOM)		(1,082,245.11)	5,283,304.74		
Per Statement of Financial Performance	251,712,587.19	86,059,629.80	118,989,359.23	-	-

Note 22 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 P7,379,148.75, broke down as follows:

Particulars	Available	Utilized	Balance
Current year Appropriation:			
Quick Response Fund (QRF)	3,514,338.93	304,270.00	3,210,068.93
Mitigation Fund (MF)			
MOOE	4,068,640.68	2,143,815.95	1,924,824.73
Capital Outlay	4,131,483.49	3,983,072.41	148,411.08
Total Current year	11,714,463.10	6,431,158.36	5,283,304.74
Continuing Appropriation			
Special Trust Fund			
CY 2021	1,093,234.36	-	1,093,234.36
CY 2020	263,259.75	-	263,259.75
CY 2019	739,349.90	-	739,349.90
CY 2018	-	-	-
Total Special Trust Fund	2,095,844.01	-	2,095,844.01
Grand Total	13,810,307.11	6,431,158.36	7,379,148.75

OBSERVATIONS AND RECOMMENDATIONS

A. FINANCIAL AND COMPLIANCE AUDIT

Unreconciled SCBAA and SFPer

- 1. Maintenance and Other Operating Expenses (MOOE) account as presented in the Statement of Comparison of Budget and Actual Amounts (SCBAA) and Statement of Financial Performance (SFPer) was not reconciled amounting to ₱5,304,304.74 contrary to International Public Sector Accounting Standards (IPSAS) 1 and 24 affecting the faithful representation of the said financial statements.**

- 1.1. Section 121 of Presidential Decree (PD) No. 1445, otherwise known as the State Audit Code of the Philippines, states that:

The financial reports prepared by the agencies shall comply with the specific requirements of applicable laws and regulations as to nature, accounting basis, content, frequency, and distribution as well as with all applicable restrictions pertaining to information that is classified for national security purposes.

The financial statements shall be based on official accounting records kept in accordance with law and the generally accepted accounting principles and standards.

- 1.2. Paragraph 27 of IPSAS 1 provides the overall consideration for fair presentation of financial statements and compliance with IPSAS to wit:

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 IPSASs. The application of IPSASs, with additional disclosures, when necessary, is presumed to result in financial statements that achieve a fair presentation.

- 1.3. Further, IPSAS 24 requires the disclosure of an explanation of the reasons for material differences between the budget and actual amounts. Paragraph 47 and 48 of the same standard provide the following:

47. The actual amounts presented on a comparable basis to the budget in accordance with paragraph 31 shall, where the financial statements and the budget are not prepared on a comparable basis, be reconciled to the following actual amounts presented in the financial statements, identifying separately any basis, timing and entity differences:

- (a) If the accrual basis is adopted for the budget, total revenues, total expenses and net cash flows from operating activities, investing activities and financing activities; or
- (b) If a basis other than the accrual basis is adopted for the budget, net cash flows from operating activities, investing activities and financing activities.

The reconciliation shall be disclosed on the face of the statement of comparison of budget and actual amounts or in the notes to the financial statements.

- 1.4. During the review of the financial statements of the Municipality, it was noted that there is unreconciled balance as presented in the SCBAA and Statement of Financial Performance.
- 1.5. The following data were taken from the SCBAA and SFPer of the Municipality:

	Per SFPerf	per SCBAA	Difference
Income	252,212,587.19		
Misc. Inc			
Gains			
Transfers From			
Total	252,212,587.19	252,212,587.19	
Personnel Services	86,059,629.80	86,059,629.80	
MOOE	95,765,098.62		
Non-cash	28,528,565.35		
Losses			
Transfers To			
Total	124,293,663.97	118,989,359.23	5,304,304.74
Financial Expenses			
Capital Outlay			
Surplus	41,859,293.42	47,163,598.16	(5,304,304.74)

- 1.6. The amount disclosed in the SCBAA and SFPer varies from another indicating that the budget is prepared on a basis other than the accounting basis. The difference between the actual amount presented in both financial statements amounting of ₱5,304,304.74 is subject for reconciliation pursuant to Paragraph 47 of IPSAS 24.

- 1.7. The non-reconciliation on the discrepancies noted affects the faithful representation of the effects of the transactions, other events and conditions in accordance with the definitions and recognition criteria for expenses.
- 1.8. **We recommended that Local Chief Executive instructs the Municipal Accountant to prepare the reconciliation of MOOE Accounts between the actual amounts on a comparable basis as presented in SCBAA and in the SFPer for CY 2022 as required by Paragraph 47 of IPSAS 24.**
- 1.9. A written reply dated May 5, 2023 from the Municipal Accountant stated that they will comply with the recommendations to make the appropriate adjustment by reclassifying the journal entries.

Unreliable Balance of RPT/SET Receivables

2. **The balances reflected in the financial statements of the Municipality as of December 31, 2022 for Real Property Tax Receivable and Special Education Tax Receivable, amounting to ₱27,790,399.96 and ₱27,790,399.96, respectively, could not be relied upon due to the (a) non-compliance of the LGU with the prescribed date of recording such accounts; and (b) the material discrepancy aggregating ₱38,765,901.90 between the year-end balances and the total amount of delinquent taxes, thereby casting doubt on the reliability and accuracy of the said accounts.**
 - 2.1. MNGAS for LGUs stipulates that the accrual method of accounting revenues shall be used to record all revenues and receipts accruing to the LGU. The LGU shall recognize the revenue and the asset in respect of taxes when the taxable event occurs and the asset recognition criteria are met.
 - 2.2. The same manual also requires that the basis of recording Real Property Tax and Special Education Tax at the beginning of the year shall be based on Real Property Tax Account Register/Taxpayer's Index Card. The Treasurer shall furnish the Chief Accountant of a list showing the name of taxpayers and the amount due and collectible for the current year. Based on the list, the Local Accountant shall draw a Journal voucher (JV) to record RPT/SET receivable and the corresponding income accounts.
 - 2.3. Accordingly, Sections 246, 247, and 248 of the Republic Act (RA) No. 7160 contains the following provisions:

SECTION 246. Date of Accrual of Tax. – The real property tax for any year shall accrue on the first (1st) day of January and from that date it shall constitute a lien on the property which shall be superior to any other lien, mortgage, or encumbrance of any kind whatsoever, and shall be extinguished only upon the payment of the delinquent tax.

SECTION 247. Collection of Tax. – The collection of the real property tax with interest thereon and related expenses, and the enforcement of the remedies provided for in this Title or any applicable laws, shall be the responsibility of the city or municipal treasurer concerned. The city or municipal treasurer may deputize the barangay treasurer to collect all taxes on real property located in the barangay: Provided, That the barangay treasurer is properly bonded for the purpose: Provided, further, That the premium on the bond shall be paid by the city or municipal government concerned.

SECTION 248. Assessor to Furnish Local Treasurer with Assessment Roll. – The provincial, city, or municipal assessor shall prepare and submit to the treasurer of the local government unit, on or before the thirty-first (31st) day of December each year, an assessment roll containing a list of all persons whose real properties have been newly assessed or reassessed and the values of such properties.

- 2.4. The financial statements submitted by the LGU of Asingan as of December 31, 2022 showed that the Real Property Tax (RPT) Receivable and the Special Education Tax (SET) Receivable balance as of the end of the year is ₱27,790,399.96 and ₱27,790,399.96, respectively.
- 2.5. Based on our audit of the foregoing accounts, we have observed that the LGU did not comply with the laws, rules and regulations as regards to the proper recording and recognition of the RPT/SET, thereby causing material doubt on the accuracy and reliability of the balances reflected in the financial statement. Specifically, the details of the observations are as follows:
 - a) *The Municipality of Asingan failed to set up the RPT and SET Receivable at the beginning of the year, contrary to the provisions under the MNGAS for LGUs and Section 246 of RA No. 7160.*
- 2.6. As prescribed under the MNGAS for LGUs and Section 246 of RA No. 7160, the Municipal Accountant shall record and recognize the accrued RPT and SET Receivables on the first (1st) day of January or the beginning of the year and shall base upon the RPT Account Register or the Taxpayer's Index Card provided by the Municipal Treasurer.
- 2.7. As based on the General Journals submitted by the Municipal Accountant, the journals showed that the LGU did not follow the prescribed guidelines and made the actual recordings of the RPT and SET Receivable at the end of the year. Details of such journal entries are as follows:

Table 1 JEVs pertaining to RPT and SET Receivables

Account Title	Date	Reference/JEV No.	Particulars	Amount in ₱
Real Property Tax Receivable	December 29, 2022	JEV-100-22-12-3905	To set up RPT Receivable for CY 2022	10,424,882.60
Special Education Tax Receivable	December 29, 2022	JEV-200-22-12-0403	To set up SET Receivable for CY 2022	10,424,882.60

2.8. Failure of the agency to set up the said accounts at the beginning of the year affects the accuracy of the estimated receivables and also the reliability of the amount recognized, thus affecting the fairness of the financial statements in its entirety.

b) The RPT and SET Receivable balance reflected in the Financial Statements of the Municipality of Asingan showed a material discrepancy amounting ₱38,765,901.90 as compared to the balances stated in the Notice of Delinquent Taxes as of December 31, 2022.

2.9. Section 111 of PD No. 1445 states that the accounts of an agency shall be kept in such detail as is necessary to meet the needs of the agency and at the same time be adequate to furnish the information needed by fiscal or control agencies of the government; and the highest standards of honesty, objectivity, and consistency shall be observed in the keeping of accounts to safeguard against inaccurate or misleading information.

2.10. Based on the comparison of the financial statements and the List of Delinquent Taxes as of December 31, 2022 submitted by the LGU, the RPT, and SET Receivables are overstated by ₱38,765,901.90 presented as follows:

Table 2: Comparison of RPT/SET balances per FS against Total Delinquent Taxes

Account	Per FS	Delinquent Taxes	Variance
Real Property Tax Receivable	27,790,399.96	8,407,449.01	19,382,950.95
Special Education Tax Receivable	27,790,399.96	8,407,449.01	19,382,950.95
TOTAL			₱38,765,901.90

2.11. The Real Property Tax Account Register/Taxpayer's Index Card should have been the basis of the Municipal Accountant for the computation of the RPT and SET Receivables as it should contain information pertaining to the names of the taxpayers and their corresponding due and collectible taxes. It should be noted that the delinquent taxes correspond to the taxes that were not yet paid, had already lapsed their appropriate payment period, and are

due and demandable. Thus, such amounts should have been part of the agency's receivables. Consequently, the overstatement of the RPT and SET Receivable in the amount of ₱38,765,901.90 cast material doubt on the accuracy and reliability of the financial statements.

- 2.12. **We recommended the Local Chief Executive to direct the following course of actions:**

To the Municipal Treasurer:

- a) **Maintain a Real Property Tax Account Register/Taxpayer's Index Card and update the same based on the assessment roll and the taxes collected yearly;**
- b) **Compute for the RPT and SET Receivable based on the RPT Register/Taxpayer's Index Card;**
- c) **Ensure that the amount of the delinquent taxes was incorporated in the established receivable amount to be submitted to the Municipal Accountant;**
- d) **Submit the necessary report to the Accounting Office at the end of the year for the recognition of the receivable at the beginning of the following year.**

To the Municipal Accountant:

- e) **Ensure that the delinquent taxes and the report submitted by the MTO are reconciled in order to achieve the accurate figure to recognize; and,**
- f) **Coordinate with the Municipal Treasurer's Office and set up the RPT and SET Receivable on the first day of the year.**

- 2.13. There was no written management reply forwarded to the Audit Team. However, during the exit conference, the Local Chief Executive agreed to the recommendation and ask the concern officials to abide.

Understated Inventory Balance

3. **The existing accounting and reporting practices of the Municipality in treating inventoriable items resulted in the understatement of the Inventory Account by ₱145,019.00, contrary to paragraph 9 of IPSAS 12-Inventories and Sections 51 and 124 of MNGAS for LGUs, Volume I.**

- 3.1. Paragraph 9 of IPSAS12 defines inventories as assets a) in the form of materials or supplies to be consumed in the production process; (b) In the

form of materials or supplies to be consumed or distributed in the rendering of services; (c) Held for sale or distribution in the ordinary course of operations; or (d) In the process of production for sale or distribution.

3.2. Section 51 of Manual on NGAS for LGUs, Volume 1 states that:

“Purchase of supplies and materials for stock regardless of whether or not they are consumed within the accounting period shall be recorded as assets using the Inventory account following Perpetual Inventory Method”

3.3. Section 124 of the Manual on NGAS Volume I, provides that the local chief executive shall require periodic physical inventory of supplies or property. Physical count of inventory items by type shall be conducted semestrally and reported in the Report of the Physical Count of Inventories (RPCI). This shall be submitted to the Auditor concerned not later than July 31 and January 31 of each year for the first and second semesters, respectively.

3.4. Furthermore, state accounting principles require that all financial data presented shall be accurate, reliable, and truthful. All appropriate steps shall be taken to avoid bias, unclear facts, and presentation of misleading information. Financial reports shall be based on official records maintained under an adequate accounting system that produces information objectively and discloses the financial aspects of all events or transactions taking place.

3.5. For CY 2022 we have noted the following deficiencies:

- a. No Summary of Supplies and Materials Issued was prepared by the Supply Officer
- b. Absence of periodic reconciliation between the supply office and accounting office of the actual inventories on hand.
- c. Failure of the Inventory Committee to conduct physical count of inventories and prepare the Report of Physical Count of Inventories
- d. Presence of non-moving inventories on the books that cannot be located physically.
- e. Supplies and inventory accounts held for distribution and held in stock was expensed outright.

3.6. Inspection of the storage warehouse on April 17, 2023 revealed existence of supplies for various departments procured on CY 2022 that remained on hand totaling ₱164,609.00. Inquiry with the Supply Officer disclosed that

upon receipt of supplies delivered, these were stored on the storage area and were issued to corresponding departments upon request.

Table 3. Non-moving Inventory Accounts

Supplies Inventory Account	Reported Balance (₱)
Merchandise Inventory	13,290.00
Accountable Forms, Plates and Stickers Inventory	6,300.00
TOTAL	19,590.00

- 3.7. Thus, the Inventory account balance at year-end is understated by ₱145,019.00.
- 3.8. In addition, it was observed that office supplies and other materials purchased for stock purposes amounting ₱16,648,303.18 were directly recorded as expense instead of recognizing an asset account upon purchase debiting inventory account, as follows:

Table 4. Inventory Items directly recorded as Expenses

Account	Account Code	Amount
Office Supplies Expenses	5-02-03-010	4,434,149.28
Accountable Forms Expenses	5-02-03-020	284,985.00
Drugs and Medicines Expenses	5-02-03-070	6,966,379.00
Medical, Dental, and Laboratory Expenses	5-02-03-080	539,625.00
TOTAL		16,648,303.18

- 3.9. Clearly the above provision requires that office supplies and material purchased for distribution or to be held in stock should be appropriately recorded under the inventory account and shall be expensed only when issued or used. It is so provided and required to be complied with not only for the accuracy and reliability of the accounts but also to proper accounting and prevent its irregular/fraudulent use. This practice understated the inventories and overstated the expense of the LGU for the current year. The incorrect use of accounts rendered misstatements of the affected accounts.
- 3.10. Notwithstanding, there was failure to (a) conduct the semestral physical count of inventories, and (b) conduct reconciliation of accounting and inventory records, thus, the reported balances of the above inventory accounts were doubtful.
- 3.11. **We recommended that the Local Chief Executive requires:**
- a) **The Supply Officer to prepare and submit to the Municipal Accountant the Summary of Supplies and Materials Issued**

- b) **The Municipal Accountant and Supply Officer to periodically reconcile for the correct balance of actual inventories on hand,**
- c) **Require the Inventory Committee to conduct a physical count of inventories and instruct the Municipal Accountant to effect the necessary adjustment in the books of accounts to bring the balances of the said inventory accounts to correct balances, and,**
- d) **Require the Municipal Accountant to record all purchased inventory for distribution and are to be held in stock be recorded under inventory account in strict compliance with the IPSAS12-Inventories and MNGAS for LGUs.**

3.12. The management did not provide a written comment, however, the concern offices agreed to comply with the audit recommendations.

Non-recording of Donated Assets

- 4. **Absence of an internal policy on the acceptance and recording of assets donated by other government agencies and from other sources resulted in the non-communication of donations received amounting to ₱3,000,000.00 by various departments of the Municipality to the Municipal Accountant, preventing the latter from recording the said donations in the books of the LGU a departure from IPSAS 17 – Property, Plant and Equipment.**
 - 4.1. Paragraph 7 of the IPSAS 1 defines “Assets” as 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.
 - 4.2. From the perspective of IPSAS, control is a right which arises when the entity can: (1) use or otherwise benefit from the asset in pursuit of its objectives, and (2) exclude or otherwise regulate the access of others to that benefit.
 - 4.3. Paragraph 26 and 27 of IPSAS 17 – PPE further states that an item of PPE that qualifies for recognition as an asset shall be measured at its cost. Where an asset is acquired through a non-exchange transaction, its cost shall be measured at its fair value as at the date of acquisition.
 - 4.4. Each government agency is required provide adequately and appropriately design a whole system or network of methods, procedures or plans assuring the achievement of its objectives in promoting operational effectiveness and efficiency, safeguarding assets and records, ensuring reliability of financial reporting and encouraging compliance with laws regulations and policies.

- 4.5. Section 2 of the PD No. 1445 provides that, “It is the declared policy of the State that all resources of the government shall be managed, expended, or utilized in accordance with law and regulations and safeguard against loss or wastage through illegal or improper disposition, with a view to ensuring efficiency, economy and effectiveness in the operations of government.”
- 4.6. One of the sources of government resources in the LGU is the donations received from other government agencies or private organizations. The donations can be with condition or without condition.
- 4.7. For CY 2022, we have noted several donations in-kind received and acknowledged by the Municipal Government, such as the Patient Transport Vehicle (PTV) from the PCSO received around February 2022 with a fair value of ₱2,000,000.00 and the biodegradable waste shredder and composter given by the DENR–EMB with a fair value of ₱1,000,000.00. The donated assets were issued to the Municipal Health Office (MHO) and the Municipal Environment and Natural Resources Office (MENRO).

Figure 1: PTV received from PCSO



Figure 2: Biodegradable Waste Shredder and Composter from DENR-EMB Region 1



- 4.8. Audit of the schedule of the Property, Plant and Equipment account showed no donations were booked during 2022. Moreover, disclosure notes did not provide any significant information as required by the applicable accounting standards. The Municipal Accountant justified that the non-recording of the donations were due to the lack of communication between the recipient department and her office.
- 4.9. Review of the Municipal process flow on the acceptance and recording of donations received by the Municipal Government discloses no existing internal policy on how assets donated to the Municipality were booked and catalogued.
- 4.10. We have noted the following during our analysis of the donation process:
- a. Donations are directly received by the end user and did not pass through proper inspection by the Municipal Treasurer (as the property officer of the Municipality) and acceptance by the end user.
 - b. No Sangguniang Resolution was made upon donation due to failure to notify the Sangguniang Bayan of the said donation.
 - c. No relevant documents were forwarded to the Municipal Accountant for proper recording of the donated properties, thus understating the PPE account and Grants and Donations in Kind account.
 - d. Related depreciation thereto was also not recorded understating the Accumulated Depreciation account and Depreciation Expense account.
- 4.11. Without any existing policies, the donation process presents red flag and that any donated assets from other agencies or other sources will not be reflected on the books of the Municipality. Not only it understates the total assets and income presented on the financial statements, it also exposes the subject assets to possible misappropriation or misuse which could latter create financial and administrative consequences for the LGU. The importance of an internal policy will strengthen the LGU's internal control over donated assets and encourages the proper coordination between the Municipal departments.
- 4.12. Pursuant to Section 124 of PD 1445, it is the direct responsibility of the agency head to install, implement, and monitor a sound system of internal control. As such, one of the sub-sets that comprises the Internal Control System is the administrative controls that aims to safeguard assets and records of the agency. Administrative controls are primarily established to create a sound environment within which accounting controls may efficiently operate. They encompass all those organizational plans, methods

and procedures that help entities achieve operational efficiency and adherence to management policies.

- 4.13. IPSAS 17 further provides that PPE acquired through a non-exchange transaction, such as donation, presidential proclamation, taxes, transfers and grants, its cost shall be measured at its fair value as at the date of acquisition.
- 4.14. **We recommended that the Municipal Mayor:**
- a. **Adopts an internal policy on donations received by the Municipality of Asingan through an executive order for specific policies and procedures to be undertaken for the safeguarding and recording of the said assets.**
 - b. **Requests all Municipal Department heads that were recipient of donations in-kind to coordinate and provide the necessary documents and information needed by the Municipal Accountant for the proper recording and disclosure of the donated assets in the books of the Municipality.**
 - c. **Require the presence of the Municipal Treasurer (as the property officer of the Municipality) and the Municipal Accountant (for proper documentation and securing the needed documents relative to the donations) whenever there is a turnover of donations from any sources.**
- 4.15. The municipal government has crafted an executive order adopting internal policies concerning privately and publicly donated assets.

Understated Depreciation Expense and Accumulated Depreciation

5. **Provision for salvage/residual value is included in the computation for depreciation of Road Networks totaling ₱153,846,562.86 which is not in accordance with Item No. 15, Section IV of COA Circular No. 2015-008 thereby understating the related annual depreciation expense and total accumulated depreciation by ₱562,272.41 and ₱1,349,488.24, respectively.**
- 5.1. COA Circular No. 2015-008 dated November 23, 2015 prescribes the accounting and reporting guidelines on the Local Roads Asset Management System. One of the Accounting Policies in Section IV of the Circular states that “no residual value shall be provided for the depreciable components of the road network system.”
 - 5.2. Audit of the PPE Depreciation Schedule revealed that Road Networks totaling ₱153,846,562.86 were depreciated by providing a salvage value for each PPE item. As a result, the depreciation expense for the year was

understated by ₱562,272.41. Consequently, this practice also resulted in the understatement of the total accumulated depreciation of Road Networks by ₱1,349,488.24, shown as follows:

Table 5: Understatement of Depreciation Expense and Accumulated Depreciation

Particulars	Depreciation Expense	Accumulated Depreciation
As recomputed	6,959,943.10	22,556,593.32
As reported	6,433,670.69	21,202,939.51
Difference	526,272.41	1,353,653.81

- 5.3. It was also found that one project in 2021 and three projects in 2022 were not depreciated despite their completion and availability for use. This is not in conformity with Section 71 of IPSAS 17 which provides that, “depreciation of an asset begins when it is available for use, i.e., when it is in the location and condition necessary for it to be capable of operating in the manner intended by management.”
- 5.4. Improper computation of its depreciation undermines the accuracy and reliability of the Road Networks account in the financial statements and affects the faithful presentation of the financial statements of the Municipality.
- 5.5. **We recommended the Local Chief Executive direct the Municipal Accountant to compute the depreciation of Road Networks in compliance with COA Circular No. 2015-008 by not providing salvage/residual value to the respective assets and to effect the following adjusting entry to restate the net book value of the account:**

Account	Debit	Credit
Accumulated Surplus/(Deficit)	1,353,653.81	
Accumulated Depreciation – Road Networks		1,353,653.81

- 5.6. Management did not provide any written comments on the matter. The Local Chief Executive verbally expressed his intention to comply with the audit recommendations.

Betterments/Newly constructed or installed assets charged to Repairs and Maintenance

6. **Betterments and newly-constructed or installed assets totaling ₱2,920,540.59 and transactions not considered repairs or maintenance amounting to ₱28,782.06 were charged as Repairs and Maintenance Expenses contrary to IPSAS 17 - PPE, consequently overstating the account and understating the property, plant and equipment of the Municipality as well as the total depreciation for the year.**

- 6.1. IPSAS 17 defines PPE as tangible items that are: 1) held for use in the production or supply of goods or services, for rental to others, or for administrative purposes; and 2) expected to be used during more than one reporting period.
- 6.2. Paragraphs 23 and 24 of the same Standards set forth the guidelines when to capitalize costs or when to recognize repairs and maintenance, to wit:

“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 may include the cost of small parts. The purpose of these expenditures is often described as for the “repairs and maintenance” of the item of property, plant and equipment.
- 6.3. Parts of some items of property, plant and equipment may require replacement at regular intervals. Items of property, plant and equipment may also be required to make a less frequently recurring replacement...or to make a non-recurring replacement. Under the recognition principle...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 recognition criteria are met.
- 6.4. Considering these premises, expenses that only maintains the functionality of an asset is recognized as Repairs and Maintenance. On the other hand, expenses that extended the useful life or improved the functionality of an asset (“betterments”) should be capitalized.
 - a) *Capitalizable costs erroneously charged as Repairs and Maintenance.*
- 6.5. Post-audit of documents attached to disbursement vouchers revealed that betterments, construction or installation of new assets totaling ₱2,920,540.59 were charged to Repairs and Maintenance during 2022.
- 6.6. Betterments should be capitalized since they improve the functionality or useful life of the asset. Much more with new constructions or installations as enumerated in the Annex; they should qualify as PPE considering that “future economic benefits or service potential associated with the items will flow to the entity”. For example, the installation of solar lights in barangays will not only serve the interest of the constituents of that barangay but will essentially become a power cost-saving device in general. Thus, they should not be charged as merely Repairs and Maintenance.
- 6.7. Moreover, it was found that there is no consistency in the treatment of disbursements of the same nature incurred on different months. One

example is Concreting of Road Shoulders. In JEV No. 100-22-09-2536 dated September 20, 2022, it was treated as Repairs and Maintenance. However, in JEV No. 100-22-11-3202 dated November 23, 2022, another transaction of the same nature was capitalized as Road Networks.

- 6.8. Charging to Repairs and Maintenance of disbursements which should have been capitalized not only overstates the account but also understates the LGU's PPE and its total depreciation for the year. Coupled with inconsistency in the treatment of transactions of the same nature, the overall accuracy and fairness of the financial statements is compromised and the users of the financial information therein could be misled as to the actual financial position, performance and operation of the LGU.

b) Disbursements improperly recognized as Repairs and Maintenance.

- 6.9. Review of the disbursements recorded as Repairs and Maintenance disclosed an amount of ₱28,782.06 which were improperly recognized as Repairs and Maintenance rather to its appropriate expense accounts, details of which included even meals and snacks. These transactions also overstated the account balance for the year.
- 6.10. To reiterate, repairs maintain the functionality of an asset. Repairs and Maintenance relates to a specific PPE as implied in the definition and use of the account set forth in the Revised Chart of Accounts. Unless the asset involved is a PPE, those transactions cannot be properly recorded as Repairs and Maintenance.

- 6.11. **We recommended that the Local Chief Executive require the Municipal Accountant to observe the proper use of accounts in recording transactions, to capitalize all major repairs and to effect the necessary adjusting entries to reclassify these disbursements to proper Asset account, with a corresponding charge to Government Equity, as follows:**

Account	Debit	Credit
Road Networks	669,536.88	
Flood Control Systems	319,737.83	
Other Infrastructure Assets	434,358.52	
School Buildings	524,356.52	
Markets	199,860.00	
Other Structures	648,690.84	
Motor Vehicles	29,000.00	
Construction and Heavy Equipment	95,000.00	
Accumulated Surplus/(Deficit)		2,920,540.59

If an asset is recognized, depreciation should be computed from the date of acquisition or from the date of completion of the asset.

- 6.12. The management replied through a written letter stating that adjustments will be made in accordance to the audit recommendation.

Advances to Contractors

7. **Advance payments to a contractor amounting to ₱1,799,646.80 were directly recognized as Construction in Progress which is not in conformance with Section 62, Volume III of MNGAS for LGUs and Section 4.3, Annex E of the Revised Implementing Rules and Regulations (IRR) of RA No. 9184 which could mean that works not yet undertaken were already paid by the Municipality.**

- 7.1. Section 62, Volume III of the MNGAS for LGUs states that the “Advances to Contractors account shall be used for the payment authorized by law to be made in advance to contractors upon submission of the required bond or stand by letter of credit.”
- 7.2. On the other hand, Section 4.3, Annex E of the Revised IRR of RA No. 9184 provides that “advance payment shall be repaid by the contractor by deducting fifteen percent (15%) from his periodic progress payments a percentage equal to the percentage of the total contract price used for the advance payment.”
- 7.3. Post-audit of disbursement vouchers disclosed that advance payments to a contractor with a total of ₱1,799,646.80 were a) directly taken up as part of various CIP accounts instead of Advances to Contractors and b) not deducted from the succeeding progress payments made to the said contractor.
- 7.4. Notably, the advance payments were not also supported with a written request from the contractor and either an irrevocable standby letter of credit of equivalent value from a commercial bank, a bank guarantee or a surety bond callable upon demand, issued by a surety or insurance company duly licensed by the Insurance Commission as required in Sections 4.1 and 4.2, Annex E of the Revised IRR of RA No. 9184 and Section 9.1.1.1 of COA Circular No. 2012-001 dated June 14, 2012.
- 7.5. The above practices violate the matching principle in accounting as works that are yet to be undertaken by the contractor were already paid by the Municipality. These may also put the LGU to risk of non-recoupment of the advance payments made to the contractor, a situation which Section 4, Annex E of RA No. 9184 seeks to avoid.
- 7.6. **We recommended the Local Chief Executive to direct the Municipal Accountant to:**

- a) **Recognize advance payments made to contractors as "Advances to Contractors" instead of Construction in Progress;**
- b) **Deduct from every progress payment recoupment for advance payments equivalent to 15% of such progress payment; and**
- c) **Require from the contractor 1) a written request and 2) either an irrevocable standby letter of credit of equivalent value from a commercial bank, a bank guarantee or a surety bond callable upon demand, issued by a surety or insurance company duly licensed by the Insurance Commission before advance payments will be made.**

7.7. No written comments has been submitted by the Management. However, during the exit conference, the Local Chief Executive agreed with and will direct the Municipal Accountant to implement the recommendations.

Misclassification- CNA

8. **Collective Negotiation Agreement (CNA) Incentive totalling ₱3,027,673.33 was erroneously recorded to Other Maintenance and Operating Expenses (OMOE) account in the Statement of Financial Performance contrary to Section 4.4.4 of DBM Budget Circular 2022-03 overstating the Other Maintenance and Operating Expenses and understating the Other Bonuses and Allowances.**

8.1. IPSAS 1 states 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 IPSASs.

8.2. The Department of Budget and Management (DBM) issued Budget Circular 2022-03 dated October 19, 2022 for the guidelines on the grant of CNA Incentive for fiscal year 2022. Section 4.4.4 of the said Budget Circular states that:

4.4.4 The amount paid as CNA Incentive shall be recorded in the agency books under the account code “Collective Negotiation Agreement Incentive-Civilian,” “Other Benefits,” and “Collective Negotiation Agreement Incentive” for NGAs, LGUs, GOCCs, and LWDs, respectively.(emphasis supplied)

8.3. Further, Section 257 of the MNGAS for LGUs suggests the Other Bonuses and Allowances (816) account to be used for recording the payment of other bonuses and allowances not classified under the specific accounts.

- 8.4. Review of Journal Entry Vouchers showed that payment of CNA Incentive granted for the officials and employees of the Municipality with details as follows:

Table 6: Details of JEV No. 100-22-12-3792

Reference	Payee/Designation	Particulars	Entry Made		
			Debit	Credit	Other
JEV No. 100-22-12-3792	Municipal Payroll	<u>Liquidation of Cash</u>			
		<u>Advance for Payment of</u>			
		<u>Collective Negotiation</u>			
		<u>Agreement of Municipal</u>			
		<u>Officials, Municipal</u>	Maintenance		
		<u>Employees, Casual</u>	and Operating	3,027,673.33	
		<u>Employees for year 2022</u>	Expense		
			Advances to SDO	3,027,673.33	

- 8.5. Post-audit revealed that CNA Incentive amounting ₱3,027,673.33 was erroneously recorded to Other Maintenance and Operating Expenses account instead of Other Bonuses and Allowances account in the Statement of Financial Performance.
- 8.6. CNA Incentive should have been recorded to Personal Services (PS) since it is one of the legal allowances authorized by law for each regular plantilla personnel of the LGU to receive if budget circular was properly observed.
- 8.7. In order for the information in the financial statements to be useful and reliable, the conceptual framework of accounting provides that it must represent faithfully the transactions and other events it either purports to represent or could reasonably be expected to represent. In this regard, the CNA Incentive mentioned above does not form part of the operating expense of the Municipality, rather, as Personal Services Account, hence, overstating the OMOE account by ₱3,027,673.33 and understating the Other Bonuses and Allowances by the same amount.
- 8.8. **We recommended that Local Chief Executive direct Municipal Accountant to utilize the Other Bonuses and Allowances account for CNA incentives given to municipal employees in accordance with Section 4.4.4 of DBM Budget Circular 2022-03 dated October 19, 2022.**
- 8.9. **We further recommended that the Local Chief Executive require the Municipal Accountant to explain or justify the improper charging of the CNA to the OMOE account.**
- 8.10. Management commented through a written letter received on May 5, 2023, explaining that the Collective Negotiation Agreement Incentive was funded from the available balances of allowable Maintenance and Other Operating Expenses (MOOE) allotments, as per Section 336 of RA7160 states that, "Funds shall be available exclusively for the specific purpose for which they have been appropriated. No ordinance shall passed authorizing any transfer

of appropriation from one item to another. However, the LCE or presiding officer of the Sanggunian concerned may, by ordinance, be authorized to augment any item in the approved annual budget for their respective offices from savings in other items within the same expense class of their respective appropriations.

Misclassification- EME

9. Expenditures for salaries and wages, intelligence expense, donations, representation and other Maintenance and Other Operating Expense (MOOE) accounts with aggregate total of ₱4,342,319.00 were charged to Extraordinary and Miscellaneous Expense Account contrary to IPSAS 1 and Section 43 of the General Provision of GAA for CY 2022.

- 9.1. IPSAS 1 states 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 IPSASs.
- 9.2. Section 326 of the LGU MNGAS Volume III states the usage for the account Extraordinary and Miscellaneous Expenses (891). This account is used to record extraordinary expenses incurred by government officials and those of equivalent rank as maybe authorized by the Department of Budget and Management (DBM) for public relations, membership fees in government associations and in national professional organizations duly accredited by the Professional Regulation Commission.
- 9.3. Review of the EME account amounting to ₱9,240,848.10 includes transactions which are identifiable and shall be recorded to a more specific account title under Personal Services (PS) and MOOE. This includes accounts such as Salaries and Wages, Intelligence Expense, Donations, Representation, etc. Details of financial transactions recorded as EME amounting to ₱4,342,319.00, or 46.99% of the total EME account.

Table 7: Breakdown of Expenses charged against the EME account

ACCOUNT	AMOUNT
Salaries and Wages	165,000.00
Intelligence Expense	377,090.00
Donation	2,273,470.00
Representation	537,596.00
Honoraria	28,000.00
Other Supplies and Materials Expense	246,771.00
Advertising Expense	4,154.00

Agricultural and Marine Supplies Expense	616,255.00
Environment/Sanitary Services	28,492.00
Office Supplies Expense	11,576.00
Subsidy- Other	53,915.00
TOTAL	₱4,342,319.00

- 9.4. The Revised Chart of Accounts was provided to ensure uniform classification of accounts and to properly record transactions in their appropriate accounts to reflect the correct nature of expenditures.
- 9.5. Inappropriate charges to EME affects the fair presentation of the financial statements as of the reporting period which may influence the understanding of the Management and the public on the financial information and operations of the Municipality.
- 9.6. Further verification reveals that salaries and wages for STAC employees and honorarium of Child Development Workers totaling ₱165,000.00 and payments for the conduct of anti-illegal drug operations and anti-criminality campaign amounting to ₱377,090.00 were charged against EME contrary to Section 7 of COA Circular 2012-001 dated June 14, 2012, to wit:

“Appropriation for extraordinary and miscellaneous expenses may be used for the following purposes, among others:

- (a) Meetings, seminars and conferences;*
- (b) Official entertainment;*
- (c) Public relations;*
- (d) Educational, athletic and cultural activities;*
- (e) Contributions to civic or charitable institutions;*
- (f) Membership in government associations;*
- (g) Membership in national professional organizations duly accredited by the Professional Regulation Commission;*
- (h) Membership in the Integrated Bar of the Philippines;*
- (i) Subscription to professional technical journals and informative magazines, library books and materials;*
- (j) Office equipment and supplies; and*
- (k) Other similar expenses not supported by the regular budget allocation.”*

- 9.7. No portion of the amounts authorized in the GAA shall be used for salaries, wages, allowances and confidential and intelligence expenses. In case of deficiency, the requirements for the foregoing purposes shall be charged against savings of the agency. These expenditures shall be subject to pertinent accounting and auditing rules and regulations.

- 9.8. The charging of salaries and intelligence expense is a clear violation of the above cited provision and accordingly, these expenses should be charged to the savings of the Municipal Government.
- 9.9. **We recommended the following:**
- a. **The Local Chief Executive requires the Municipal Accountant to make the appropriate adjusting journal entries in pursuant to IPSAS No. 1 and to ensure that disbursements are recorded properly for fair presentation of the expense accounts on the financial statements. In addition, ensure that funds are utilized for the purpose for which these were established.**
 - b. **Explain the charging of salaries and intelligence expense to the EME account and if not properly justified, require the persons responsible to refund the amount of improperly charged expenses.**
- 9.10. Management stated through a written reply that they will comply with the recommendation to make the appropriate adjustment by reclassifying the journal entries that has been charged to the Extraordinary and Miscellaneous Expense Account.

Erroneous Recording of Accounts Payable

10. **Several transactions were erroneously recorded to Accounts Payable account contrary to provisions of Sections 4(8), 112 and 121(1) of PD No. 1445 and Volume 3 of MNGAS for LGUs understating the Accounts Payable account by a net amount of ₱1,373,693.74.**

- 10.1. Sections 4(8), 112 and 121 of PD No. 1445 provides guidelines on the recording of financial transactions of the government, as follows:

“Section 4. Fundamental Principles. Financial transactions and operations of any government agency shall be governed by the fundamental principles set forth hereunder, to wit: xxx

8. Generally accepted principles and practices of accounting as well as of sound management and fiscal administration shall be observed, provided that they do not contravene existing laws and regulations.

Section 112. Recording of financial transactions. Each government agency shall record its financial transactions and operations conformably with generally accepted accounting principles and in accordance with pertinent laws and regulations.

Section 121. Financial reports and statements.

1. The financial reports prepared by the agencies shall comply with the specific requirements of applicable laws and regulations as to nature, accounting basis, content, frequency, and distribution...”

- 10.2. Further, Volume 3 of the said MNGAS for LGUs states that, Accounts Payable is a current liability “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.

a) Recognition of taxes due and liability to an individual not a supplier or contractor.

- 10.3. Review of account subsidiary ledgers and the corresponding Journal Entry Vouchers (JEV) revealed the following transactions which were erroneously recorded as Accounts Payable:

Table 8: Transactions erroneously recorded as Accounts Payable

Date	JEV No.	Particulars	Amount
4/19/2022	100-22-04-0825	Recognition of cancelled transaction due to Staled Check No. 1665369 payable to Pacita Jover for June 2021 Honoraria	7,000.00
12/29/2022	100-22-12-3896	Recognition of documentary stamp tax (DST) payable to BIR for the month of December 2022	10,530.00
12/29/2022	100-22-12-3898	Recognition of expanded withholding taxes (EWT) payable to BIR for the month of December 2022	232,317.13
12/29/2022	100-22-12-3897	Recognition of Value Added taxes (VAT) payable to BIR for the month of December 2022	641,299.35
12/29/2022	100-22-12-3895	Recognition of withholding tax on compensation payable to BIR for the month of December 2022	1,041,129.32
TOTAL			₱1,941,493.26

- 10.4. Based on the MNGAS for LGUs, said transactions should have been recorded in the following accounts:

Table 9: Proper Recording of the Accounts Payable

JEV No.	Proper Account	Purpose
100-22-04-0825	Other Liabilities (465). If the payee is not an employee of the Municipality	This account is used to record the other liabilities which cannot be classified under the specific liability accounts.

	Due to Officers and Employees (428). If the payee is an employee of the Municipality	This account is used to record amounts due to officers and employees of the agency.
100-22-12-3895, 3896	Withholding Taxes Payable (410).	This account is used to record the liability for collections received or amounts withheld from officers and employees or other parties for remittance to the Bureau of Internal Revenue (BIR).
100-22-12-3897 and 3898		

10.5. Moreover, several transactions amounting to ₱1,729,294.73, as enumerated in an Annex attached herein, were debited to Accounts Payable which means that they were initially recognized in this account in the previous year, unless there was no original entry made which, in that case, will definitely result to a total understatement of the account.

10.6. The practice of making Accounts Payable as a “catch-all” account greatly affects its faithful presentation and gives an impression that the Municipality has a significant number of creditors (i.e., suppliers or contractors) in contrast to what is actually recognized in the books.

b) Liquidation of cash advances for monetization of leave credits and overtime services

10.7. Further review of AP Subsidiary Ledger disclosed liquidations totaling ₱1,373,693.74 that were recorded to the account.

10.8. In line with the MNGAS and the Revised Chart of Accounts, the following are the pro-forma entries for cash advances for payroll:

a. Grant of cash advance

Account	Debit	Credit
Advances for Payroll	xx	
Cash in Bank – LCCA		xx

b. Liquidation of cash advance:

Account	Debit	Credit
Related Expense Account	xx	
Advances for Payroll		xx

Note: At some instances, inter-agency payables are also credited.

10.9. Considering the above entries, it would be impossible that a liquidation of cash advance will include a debit to a liability account. In the case of the

Municipality, the entry would include a debit to Other Personnel Benefits (for monetization of leave credits) or Overtime Pay (for OT services rendered).

- 10.10. Moreover, a debit to a liability account would mean that a matching transaction or figure was initially recorded to that account. Otherwise, the liability account would be understated. With no related transactions initially recognized, the Account Payable of the Municipality for the year was understated by the mentioned liquidations.
- 10.11. The improper use of accounts in recording transactions as well as the non-observance of the matching principle in accounting would give a misinformation on the correct balance of the affected accounts. The overstatement (or under) of the payable accounts affects the faithful presentation of the financial statements of the Municipality. Thus, it can adversely influence the decision-making of the users of the financial information.
- 10.12. **We recommended that the Local Chief Executive directs the Municipal Accountant to record the financial transactions in their appropriate accounts in line with the MNGAS for LGUs. We also recommended that the Municipal Accountant draw the following adjusting entry to properly reflect the net effect of the erroneous transactions recorded as Accounts Payable:**

Account	Debit	Credit
Accumulated Surplus (Deficit)	1,373,693.74	
Accounts Payable		1,373,693.74

- 10.13. **We further recommended the concerned officers to prioritize paying the said transactions through check or ADA rather than by cash advance.**
- 10.14. The management informed the Audit Team through a duly signed letter that the Municipal Accountant will make the necessary adjustments to properly reflect the correct balances of the affected accounts.

Obligated Funds Recorded as FS Accounts

11. **Obligated funds amounting to ₱23,231,361.93 were recorded as financial statement accounts despite that the purpose of these obligations are yet to transpire which is not in conformity with Sections 9 and 11 of the Manual for New Government Accounting System (MNGAS) for LGUs, overstating the accounts involved and affecting the overall accuracy, reliability and fairness of the financial statements.**

- 11.1. Budgetary accounts are composed of appropriations, allotments and obligations. In Section 9 of the MNGAS for LGUs, it was stated that obligations shall be taken up in the registries as they are incurred.
- 11.2. It is also clear from the procedures set forth in Section 11 of the Manual that obligations are reflected in the Registry of Appropriations, Allotment and Obligations (RAAOs) and not on the financial statements.
- 11.3. Review of the subsidiary ledgers disclosed that several obligated funds were recorded by the Accountant as Accounts Payable and various asset and expense accounts of the LGU although the purpose of these obligations or the transactions related to them were not yet undertaken or incurred. The following table shows the accounts affected by the recording of the obligated funds:

Table 10: Summary of Accounts affected by the Recording of the Obligated Funds

Accounts Affected	Debit	Credit
Road Networks	499,536.19	
Other Infrastructure Assets	159,972.51	
Buildings	99,766.43	
Other Structures	659,049.20	
Motor Vehicles	1,192,000.00	
Construction in Progress - Land Improvements	199,864.00	
Construction in Progress - Infrastructure Assets	2,397,062.83	
Construction in Progress - Buildings and Other Structures	6,763,594.87	
Due to PhilHealth	195,105.00	
Other Payables	1,465.00	
Subsistence Allowance	74,132.50	
Overtime and Night Pay	5,750.19	
Retirement and Life Insurance Premiums	239,783.44	
PhilHealth Contributions	196,570.00	
Other Personnel Benefits	5,700,188.16	
Traveling Expenses – Local	5,550.00	
Training Expenses	23,550.00	
Office Supplies Expenses	51,710.00	
Food Supplies Expenses	3,201,957.20	
Fuel, Oil and Lubricants Expenses	114,875.00	
Other Supplies and Materials Expenses	595,821.00	
Telephone Expenses	7,643.39	
Internet Subscription Expenses	8,493.59	
Extraordinary and Miscellaneous Expenses	109,534.00	
Other General Services	30,000.00	
Repairs and Maintenance - Infrastructure Assets	169,183.15	
Repairs and Maintenance - Buildings and Other Structures	199,394.28	
Advertising Expenses	285,000.00	
Other Maintenance and Operating Expenses	44,810.00	
Accounts Payable		23,231,361.93

Accounts Affected	Debit	Credit
TOTAL	23,231,361.93	23,231,361.93

- 11.4. Analysis showed that the recorded obligations overstated the balance of the LGU assets, accounts payable and expenses as follows:

Table 11: Summary of % of Misstatements

Account	Total Obligated Amount	Balance per FS	% of Misstatements
Assets	11,970,846.06	562,642,138.23	2.13%
Accounts Payable	23,231,361.93	28,986,330.46	80.15%
Expenses	11,063,945.90	205,048,989.03	5.40%

- 11.5. Notably, 80.15% of the Accounts Payable balance consists of obligated funds. Further, the recognition of obligated funds as financial statement accounts might have been a practice in the Municipality because, as found out, reversing entries were made at the start of the following reporting period to reclassify some of the obligations recorded at year-end.
- 11.6. IPSAS 1.7 defines an asset as 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. Liabilities, on the other hand, arise from past events, the settlement of which is expected to result in an outflow from the entity of resources embodying economic benefits or service potential. The same standard also defined expenses as decreases in economic benefits or service potential during the reporting period in the form of outflows or consumption of assets or incurrences of liabilities that result in decreases in net assets/equity. Obligations, as defined in Section 9 of the MNGAS for LGUs, are amounts committed to be paid by the LGU for any lawful expenditure made by an accountable officer for and in behalf of the local government unit concerned.
- 11.7. Based from the definitions, the common factor for assets, liabilities and expenses is that they “arise from past events or during the reporting period”. Obligations, therefore, cannot qualify as assets, liabilities or expenses because they pertain to a future undertaking. Future undertakings cannot be equated to past or present transactions. Not because it has been a practice that obligations form part of the FS accounts would automatically mean that it is acceptably correct. As always, accounting standards prevail.
- 11.8. Recording obligated funds in the financial statement accounts overstates the total liabilities, assets and expenses of the Municipality thus casting doubt on the accuracy, reliability and fairness of the balances and misleading the users of financial statements. It also accrues in the name of the Municipality assets, liabilities or expenses which in fact do not exist as at year-end.

11.9. **We recommended that the Local Chief Executive direct the Municipal Accountant to refrain from the practice of recognizing obligated amounts in the financial statement accounts and instead record them in the appropriate budgetary accounts.**

11.10. In a written comment, Municipal Accountant states that the obligated amounts that were recorded were obligations that was already transpired but not yet paid.

Inadequate Disclosure on Notes to FS

12. **Significant information for disclosure in the Notes to Financial Statements were not adequately provided as required under IPSAS 1 – Presentation of Financial Statements, and as such, may potentially affect users of the information from making effective decisions and informed judgments on the financial operations of the Municipality.**

12.1. Paragraph 127 of the IPSAS 1 provides that Notes to Financial Statements shall:

“a. Present information about the basis of preparation of the financial statements and the specific accounting policies used in accordance with paragraphs 132-139;

b. Disclose the information required by IPSASs that is not presented on the face of the statement of financial position, statement of financial performance, statement of changes in net assets/equity or cash flow statement; and

c. Provide additional information that is not presented on the face of the statement of financial position, statement of financial performance, statement of changes in net assets/equity or cash flow statement, but that is relevant to an understanding of any of them.”

12.2. Prior period errors are omissions from, and misstatements in, the entity’s financial statements for one or more prior periods and shall be corrected through retrospective restatement in the recognition, measurement, and disclosure of amounts of elements of the financial statements as if a prior period error had never occurred.

12.3. Paragraph 54 of IPSAS 3 explicitly provides the following items to be disclosed for prior period errors:

a. The nature of the prior period error;

- b. *For each prior period presented, to the extent practicable, the amount of the correction for each financial statement line item affected;*
- c. *The amount of the correction at the beginning of the earliest prior period presented; and*
- d. *If retrospective restatement is impracticable for a particular period, the circumstances that led to the existence of that condition and a description of how and from when the error has been corrected.*

12.4. Moreover, paragraph 128 of the same standard states that the Notes shall, as far as practicable, be presented in a systematic manner. Each item on the face of the statement of financial position, statement of financial performance, statement of changes in net assets/equity and cash flow statement shall be cross-referenced to any related information in the notes.

12.5. Verification on the Notes accompanying the Financial Statements of the Municipal Government as at December 31, 2022, revealed the following observations:

Table 12: Deficiencies Noted in the Notes to FS

Account	Consolidated Balance as of 12/31/22	Note No.	Deficiencies noted
<i>Cash and Cash Equivalents</i>	<u>₱99,655,594.29</u>	4	Summary of restricted funds out of the total balance (e.g. 20% DF / SEF / Trust)
<i>Receivables</i>	<u>Current</u> ₱67,139,156.46 <u>Non-current</u> none	5	No explanation provided as to the material increase in Due from Other Funds account and Other Receivables.
<i>Inventories</i>	₱19,590.00	6	a. Additional information on why the management expenses inventories outright. b. Issued/Expensed inventories during the year were also not disclosed.
<i>Road Networks</i>	₱153,846,562.86	N/A	No separate disclosure on as to the breakdown of the recognized road networks per year.

Account	Consolidated Balance as of 12/31/22	Note No.	Deficiencies noted
<i>Liabilities</i>	₱59,736,353.92	9	<ul style="list-style-type: none"> a. Non-presentation of current and non-current liabilities b. No explanation on the material increase of Accounts Payable (from ₱10.33M to ₱30.18M) c. Composition of Due to NGA account as per individual payable amount to NGAs.
<i>Share, Grants and Donations</i>	₱-0-	15	Non-disclosure of donated assets to the Municipal Government (e.g. Patient Transport Vehicle from PCSO)
<i>Maintenance and Other Operating Expenses</i>	90,460,793.88	16	<ul style="list-style-type: none"> a. No information provided as to the material increase in the supplies and material expenses accounts, utility and communication expenses. b. No information provided for the breakdown of the expenses charged under extraordinary and miscellaneous expenses.
<i>Government Equity</i>	445,904,578.13	11	No information provided for the prior period error amounting to ₱1,527,186.19 as an adjustment to the beginning government equity balance.

- 12.6. The notes are explanatory and supplemental information that accompanied the financial statements; thus, adequate disclosure is required to give readers/users a clearer understanding of the financial statements.
- 12.7. **We recommended that the Municipal Mayor require the Municipal Accountant to provide the necessary information relative to the aforementioned accounts in their corresponding Notes to Financial Statements to comply with the disclosure requirements of IPSAS 1.**
- 12.8. The management expressed their agreement to comply with recommendation in a written letter by providing the necessary information in the notes to Financial Statements.

B. COMPLIANCE AUDIT

Compliance on PPE Cleansing

13. Lack of coordination and strategized planning from the inventory committee despite its creation to address the conduct of one-time cleansing of PPE accounts as prescribed under COA Circular No. 2020-006 dated January 31, 2020 prevented the completion of inventory-taking and subsequent submission of a complete report, thus affected the reliability on the existence, condition and accountability assertion of the Municipality on the PPE accounts with a net book value of ₱395,827,797.48.

- 13.1. COA Circular No. 2020-006 prescribes the guidelines and procedures on inventory taking, recognition of those found in station and disposition for non-existing/missing PPE items for the one-time cleansing of PPE accounts of government agencies to establish PPE balances that are verifiable as to existence, condition and accountability.
- 13.2. PPE, as defined in IPSAS 17, are tangible item that (a) are held for use in 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.
- 13.3. The PPE account is one of the critical accounts in every government unit since it constitutes a significant portion of total assets. As at December 31, 2022, the PPE of the Municipality totaled ₱395,827,797.48, net of accumulated depreciation, which is equivalent to 70.35% of the total assets. This includes properties that were found to be either unserviceable, non-existing or missing based on the previous Report on Physical Count of PPE (RPCPPE).
- 13.4. Several follow-ups were made verbally in CYs 2021 and 2022 to the Management in the creation of an inventory committee to expedite the inventory-taking process in compliance with COA Circular No. 2020-006 dated January 31, 2020. While there has been an inventory committee created by the Management comprising of employees from various departments, there has been a snail pace progress in achieving the desired outcome of reconciling the book balance with the physical inventory count due to the lack of any initiative from the inventory committee to formulate a strategic plan and a definite timeline to complete the task.
- 13.5. With no existing plan on how to accomplish the one-time cleansing of the PPE and no definite target date as to the completion of the inventory-taking, it only prolongs the Municipality's compliance with the Circular and adds another level of difficulty in reconciling the asset accounts.

- 13.6. This inaction by the Management produced an uncertain condition on the fairness of presentation of financial statements due to non-observance of the Management to adhere to the guidelines and procedures on inventory taking as prescribed by COA Circular No. 2020-006, thus, the existence, condition and accountability assertion of the Municipality on PPE accounts was doubtful.
- 13.7. **We recommended that the Municipal Mayor require the Inventory Committee to present a strategic plan and a definite timeline in the completion of the one-time cleansing as required under COA Circular No. 2020-006 dated January 31, 2020.**
- 13.8. **We also reiterated our previous years' audit recommendation that the Municipal Mayor enjoin the Municipal Engineer, Municipal Supply Officer and the Municipal Accountant to coordinate with the Inventory Committee and provide the necessary information needed to hasten the inventory-taking process.**
- 13.9. The management inform the Audit Team in a letter that the management made a memorandum requiring the inventory Committee to make the necessary inventory report for the agency to comply with the one-time cleansing.
- 13.10. No copies of this memorandum has been furnished to the Audit Team.

Disbursements supported with Incomplete Documentation

14. **Payments were effected for transactions with an aggregate amount of ₱848,258.00 despite incomplete documentation, contrary to Section 4 (6) of the Presidential Decree (PD) 1445 and the revised documentary requirements under COA Circular No. 2012-001 dated June 14, 2012**
 - 14.1. Section 4(6) of PD 1445 specifically requires all claims against government funds must be supported with complete documentation. As such, this Commission issued the 2012 Revised Documentary Requirements for Common Government Transactions as prescribed by COA Circular No. 2012-001 dated June 14, 2012.
 - 14.2. For CY 2022, we review the disbursement process of the Municipality and noted transactions that were not supported with complete documentation.
 - a) *Capability Building – ₱523,000.00*
 - 14.3. Documents showed that the Municipality disbursed ₱523,000.00 for the Capability Building conducted on March 22 to 24, 2022. It was noted that

proposals were submitted by the hotels to the LGU for the venue selection. Verification of liquidation documents, however, disclosed that Capability Building Proposal was not submitted. It is important to attach the proposal to the disbursement voucher to ascertain the propriety and specification of the projects. Should be indicated therein, at least the following:

1. Project Objective
2. Required Manpower
3. Schedule of Activities
4. Course Outline and Resource Speaker
5. Budgetary Requirements
6. Expected Outcome

- 14.4. In addition, although attendance sheet was provided, no status report was submitted after the Capability Building was done.

b) Payment of honorarium of Resource Speaker - ₱72,000.00

- 14.5. Section 5.7.4 of COA Circular No. 2012-001 provides the documentary requirements in the grant of honoraria to the lecturers, to wit:

- a. Office Order
- b. Coordinator's report on lecturer's schedule
- c. Course Syllabus/Program of Lectures
- d. Duly approved DTR in case of claims by the coordinator and facilitators

- 14.6. Liquidation of cash advance by the Disbursing Officer, for the payment of honorarium of resource speakers for the seminar on Capability Building on Total Wellness for Affective Public Service amounting to ₱72,000.00.

- 14.7. The Audit Team noted that the liquidation reports were not supported with the required Office Order of the Resource Speakers, Coordinator's report on lecturer's schedule and Course Syllabus/Program of Lectures. Also, the absence of information pertaining to the Resource Speakers employment cast doubts on how the Municipality computed the amount granted for their Honorarium.

c) Purchase of deep well pump – ₱25,000.00

- 14.8. The Sangguniang Barangay of Toboy through Resolution No. 17 series of 2022 dated May 19, 2022 requested assistance from the Sangguniang Bayan for the purchase of deep well pump (jetmatic) and pipe for the residents of Sitio Riverside of the same barangay. As such, the Sangguniang Bayan allocated ₱25,000.00 to be charged from the capital outlay under the 20% development fund of the Municipality through Sangguniang Bayan

Resolution No. 173 series of 2022.

- 14.9. The requested materials were intended for two (2) families of the Barangay, which were assessed to be poor, and greatly needs a source of potable water to serve their basic needs.
- 14.10. Per Acceptance and Inspection Report (AIR), it has been noted that no date of delivery and acceptance has been indicated in the document. However, the acceptance portion has been signed by the Property Officer and signed on the inspection portion by the members of the inspection team.
- 14.11. Scrutiny of the supporting documents showed that there was no document evidencing the receipt of the materials by the intended beneficiaries. Also, no documentary pictures were present as a proof that the materials were used for the construction of a deep well. Moreover, no certification from the Barangay that the recipients were indigent were attached.

d) Payment of Wheelchairs for Mobility – ₱193,270.00

- 14.12. On July 12, 2022 the Municipal Social Welfare and Development Office (MSWDO) requested for the purchase of seven (7) modified/customized wheelchair with cushion and another seven (7) low-cost/customized wheelchair with cushion.
- 14.13. After the procurement process, it was determined that the supplier as contracted through Purchase Order No. 07-132 dated July 27, 2022 will deliver the needed wheelchairs for ₱193,270.00. Upon preparation and accomplishment of the AIR, it was again observed that information on the dates of acceptance and inspection were not indicated.
- 14.14. There was also no project proposal from the MSWDO on the necessity, requirement or other vital information on how the project will be executed. Only an agreement form signed by the beneficiaries on October 3, 2022 was attached, wherein there is a condition that if the recipient will outgrow the wheelchairs or unable to use it for some other reason, they will have to return these chairs to the LGU. There is also a disclosure on the agreement of the after sale service on the wheelchairs but no signature from the representative of the supplier was present. Further, the identification cards of the recipients were not attached, more importantly, their PWD ID or any certification from the MSWDO as a validation of their disabilities.
- 14.15. While this is a great initiative from the Municipal Government to cater the needs of the persons with disability, the lack of the foregoing documents and information, casts doubts on the validity, propriety and legality of the transaction.

- 14.16. Another resolution from the Sangguniang Kabataan (SK) of Barangay Dupac requesting for a purchase of laptop has been granted by the Sangguniang Bayan through its SB Resolution No. 282 series of 2022 dated August 15, 2022. The laptop was intended to be used for learning system of SK of Barangay Dupac.
- 14.17. The laptop was purchased at ₱34,988.00 and was accepted by the Property Officer and inspected by the Inspection team, however, no information on the dates of acceptance and inspection were indicated in the AIR. Also attached to the supporting documents was a PAR indicating it has been received by the SK Chairperson of Barangay Dupac with no date as to its receipt.
- 14.18. Examination of the attachments to the JEV of the disbursement voucher included a document numbered 23273 presumptively an Official Receipt from the supplier. As can be gleaned from Figure 3 below, it is evident that it is not an Official Receipt and merely a document indicating the information about the purchase of the laptop.

8/25/2022 NO: 23275
SOLD TO: MUNICIPALITY OF ASIN
ADDRESS: ASINAN, PANGASINAN

QTY	UNIT	ARTICLES	PRICE	AMOUNT
1	UNIT	LAPTOP COMPUTER (INFINIX) CPU : i3 - 1002E1 RAM : 8GB STORAGE : 256 GB BATTERY : 11.4V DISPLAY : 15.6" WHD 14.1" INCH FHD IPS OS : WINDOWS 10/home SN : LCMPA PNB 02390		24,988.00
		TOTAL		

NO. _____
SIGNATURE JRL

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been turned over to them. Also, the Accountant already expensed outright the asset by debiting Office Supplies Expense.

14.21. We recommended that the Local Chief Executive:

- a. Require the prompt submission of the lacking documents and missing information from the responsible officials to the Municipal Accountant for proper documentation of the transactions.**
- b. Require the Municipal Accountant and Municipal Treasurer to refrain from processing transactions without complete documentation, and if possible, adopt a checklist of required documents per transaction to ensure that all the necessary supporting documents were attached to the disbursements.**
- c. Require the Municipal Accountant to prepare an adjusting journal entry to recognize the laptop as an asset in the books of the Municipality and strictly follow the accrual basis of accounting under the IPSAS.**

14.22. The management affirmed in their written comment that they will provide the lacking documents the soonest possible time.

Social project of PNP funded by Municipality not consulted with the MSWDO

15. The Municipality approved the request of the former Chief of Police for the purchase of fifty (50) 25 kilogram sacks of rice amounting to ₱48,750.00 intended for less fortunate families within the Municipality without project proposals and recommendations from the Municipal Social Welfare and Development Office (MSWDO).

15.1. Item 3 (i and vi) of Section 483 (b) of the RA No. 7160 or the Local Government Code of 1991 details the additional duties of the Municipal Social Welfare and Development Officers as follows:

- (i) Identify the basic needs of the needy, the disadvantaged and the impoverished and develop and implement appropriate measures to alleviate their problems and improve their living conditions; xxx
- (vi) Coordinate with government agencies and non-governmental organizations which have for their purpose the promotion and the protection of all needy, disadvantaged, underprivileged or impoverished groups or individuals, particularly those identified to be vulnerable and high-risk to exploitation, abuse and neglect;

- 15.2. From the foregoing, it is comprehensible that the primary focal person responsible for the assessment of identifying the basic needs of the needy rests with the MSWDO, and any government agencies or NGOs should coordinate with the former first to ensure the efficient and effective implementation of government programs and projects relative to providing assistance to the financially disadvantaged families.
- 15.3. Review of the disbursement vouchers relative to the Food Supplies Expense account showed a purchase by the Municipality of fifty (50) 25kgs sacks of rice for the less fortunate families of the Municipality. A purchase request dated September 5, 2022 was made amounting to ₱50,000.00 by the former Chief of Police of Asingan and approved by the Local Chief Executive.
- 15.4. Subsequently, a purchase order dated September 9, 2022 was executed to the winning supplier amounting to ₱48,750.00. The supplier delivered the food supplies to the Office of PNP Asingan as follows:

Figure 4: Delivery Receipt from the Supplier dated 9/23/2022

SHINING SUNRICE RETAILER AND GEN. MDSE
PUBLIC MARKET, Asingan, Pangasinan
DELIVERY RECEIPT

Delivered to : PNP ASINGAN

Date: Sept. 23, 2022

Address: Asingan, Pangasinan

Item no.	Quantity	Units	Item Description
1	50	SACKS	GOLDEN RICE STRAIGHT MILL ; WELL MILLED RICE; 25KG

Received the amount merchandise in good order and condition by JAYSON M LOMBAO

- 15.5. While an inspection and acceptance report was prepared and signed by the Inspection Team and the Property Officer of the Municipality, there was no attached list of recipients and no information as to the actual date and location where the sacks of rice were distributed. Moreover, no follow-up was made on the submission of the rationale or project proposal from the requesting office. As such, it can be implied that the project is not adequately planned and casts doubts if the food supplies were actually distributed to its intended beneficiaries.
- 15.6. Also, there were no recommendation or any intervention from the MSWDO to verify if the recipients truthfully received the bags of rice, mainly due to the lack of coordination from the requesting office with the MSWDO.

- 15.7. The project should have been referred first to MSWDO, being the focal person under the RA No. 7160 to formulate a project proposal and implement such projects. While we do not discredit the ability of the PNP Office to determine the needy families, it is the expertise and mandate of the MSWDO to identify such individuals and ensure that only the qualified persons will receive the sacks of rice.
- 15.8. Without any list of recipients of the sacks of rice given, there is no assurance to the effectiveness and efficiency of the projects. It is also contrary to Section 4 (6) of the PD No. 1445 which requires the complete documentation of all claims against government funds and the 2012 Revised Documentary Requirements for Common Government Transactions as prescribed by COA Circular No. 2012-001 dated June 14, 2012.
- 15.9. **We recommended that the Local Chief Executive:**
- a. **Require any programs or projects related to any assistance to families in need be subjected to the review of the MSWDO and its approval before further processing the transaction.**
 - b. **Demand the immediate submission of the lacking documents such as the project proposal and the list of recipients of the sacks of rice given from the requesting office and proof of indigency of the recipients and approval of the project proposal from the MSWDO.**
- 15.10. The MSWDO informed the Audit Team through a written letter received last May 25, 2023 that the activity has not been coordinated to their office and the rice distribution. No written comments has been provided by the requesting office.

Compliance with the Procurement Law (Absence of CPES Implementing Unit)

16. **Establishment of the Constructors Performance Evaluation System (CPES) Implementing Unit has not been made by the Municipal Government in accordance with the guidelines set forth under Annex E of the Updated 2016 Revised Implementing Rules and Regulations (IRR) of RA 9184, which potentially affect the process of evaluating the performance of its contractors.**
- 16.1. Item 13 of the Revised IRR of RA 9184 requires the evaluation of contractors' performance and as such, it mandates all procuring entities implementing government infrastructure projects to establish the CPES implementing units for the evaluation of the performance of their contractors using the NEDA-Approved CPES Guidelines for the type of project being implemented.

- 16.2. CPES evaluation shall be done during construction and upon completion of each government project. To ensure continuous implementation of CPES, all Procuring Entities concerned are required to include in their Projects' Engineering and Administrative Overhead Cost the budget for the implementation of CPES pursuant to NEDA Board Resolution No. 18.
- 16.3. Item 13.3 of the Procurement law further adds that the CPES Implementing Units shall be responsible for the implementation of the CPES Implementing guidelines, including but not limited to, the supervision of CPES to be accredited by the Construction Industry Authority of the Philippines (CIAP). The procuring entity's CPES Implementing Unit shall be responsible for the: a) pre-screening of applications of CPES, b) funding for CPES accreditation training and seminars; and c) yearly evaluation of CPES.
- 16.4. For CY 2022, various infrastructure projects were implemented by the Municipal Government and as such, Management was in an optimal position to evaluate its contractor's performance in assessing infrastructure projects.
- 16.5. However, we noted that there was no CPES implementing unit established within the agency, and while there were commitments to establish such from the previous years, the same is not prioritize by the LGU.
- 16.6. The results of the performance evaluation are required to be submitted on a monthly basis or as often as necessary to the CIAP. The procuring entity's CPES Implementing Unit shall likewise develop and maintain a databank and disseminate the CPES reports to the concerned units/departments within the procuring entity and to other interested users pursuant to the evaluation guidelines provided in the IRR of RA 9184.
- 16.7. The CPES rating and other information shall be used by the concerned government agencies for the following purposes: (a) pre-qualification/eligibility screening of constructors; (b) awarding of contracts; (c) project monitoring and control; (d) issuance of Certificate of Completion; (e) policy formulation/review; (f) industry planning; (g) granting of Incentives/Awards, and in adopting measure to further improve performance of contractors in the prosecution of government projects.
- 16.8. In addition, this systematic monitoring and evaluation of a constructor's performance will give the following benefits to the construction industry:
 - a. Early detection of problem areas encountered in the project and determination of appropriate corrective actions
 - b. Provide necessary safeguards to ensure that the interest of the government is at all times protected

- c. Contribute to the continuous improvement of the country's construction capability
- 16.9. Meanwhile, in the procurement of infrastructure projects, poor performance or unsatisfactory quality and/or progress of work arising from the contractor's fault or negligence is reflected in the CPES rating sheet. Poor performance due solely to the fault or negligence of the contractor is one of the grounds for Blacklisting during the contract implementation stage as provided in GPPB Resolution No. 40-2017 which approved the Revised Guidelines for Blacklisting of Manufacturers, Suppliers, Distributors, Contractors and Consultants.
 - 16.10. With the establishment of the CPES Implementing Unit, the implementation of the NEDA-approved CPES guidelines in the evaluation of contractors' performance during implementation of infrastructure projects is assured, hence would result to an improved contractors' performance in the prosecution of government projects to the advantage of the City of Urdaneta and its constituents as well as other interested users of CPES reports.
 - 16.11. **We recommended that the Local Chief Executive require the BAC to establish a CPES Implementing Unit that will implement the CPES implementing guidelines to provide information on the performance of constructors in government projects and reap the benefits of timely completion of infrastructure projects with the desired quality, among others.**
 - 16.12. The Local Chief Executive directed the BAC Chairman to evaluate the feasibility of establishing a CPES Implementing Unit composed of personnel from the Engineering Office.

Compliance with the Procurement Law (COVID-19 meals and snacks)

17. **Purchase of food packs for COVID-19 patients, and vaccination team in the amount of ₱304,270.00 were undertaken through numerous and repetitive procurement activities due to an inefficient application of procurement rules, contrary to Section 4 (u) of Republic Act (RA) No. 11494 and Item 2.3 of Annex "B" of Government Procurement Policy Board (GPPB) Resolution No. 27-2019 dated December 10, 2019, which denied the sense of urgency required to expedite the Municipality's CoViD-19 response.**

- 17.1. Section 4 (u) of Republic Act (RA) No. 11494 or the Bayanihan to Recover as One Act provides:

Section 4. CoViD19 Response and Recovery Interventions

(u) Procurement of the following as the need arises, in the most

judicious, economical and expeditious manner, as exemptions from the provisions on bidding process required under Republic Act No. 9184 xxx; Provided, That the following information and documents related to the procurement shall be published in the Government Procurement Policy Board (GPPB) online portal, the website of the procuring entity concerned, if available, and at any conspicuous place reserved for this purpose in the premises of the procuring entity within seven (7) working days from the date of acceptance of the award: xxx

- (4) Establishment, construction, and operation of temporary medical facilities;*
- (5) Xxx*
- (6) Ancillary services related to the foregoing;*

17.2. Meanwhile, Item 2.3, Annex “B” of GPPB Resolution No. 27-2019 dated December 10, 2019 provides:

2.3. Framework agreement may be utilized by procuring entities in the following:

2.3.1 for the procurement of goods and services which are repeatedly required but by their nature, use, or characteristic, the quantity or exact time of need cannot be accurately pre-determined; and

2.3.2 for the procurement of goods which are not advisable to be carried in stock.

17.3. For CY 2022, the Municipality procured meals and snacks totaling ₱304,270.00 were distributed to COVID 19 patients and vaccination team personnel. Details are shown in the following table:

Table 13: Summary of procurement for meals and snacks for COVID-19 patients

CDJ/CKDJ	Payee	Particulars	Amount
100-22-02-0193	Mama Sita's Food House	Payment of meals to be served COVID-19 Positive patients at Triage/isolation area from 1/13/2022 to 1/24/2022	13,800.00
100-22-02-0245	Mama Sita's Food House	Payment for meals of COVID 19 Patients at triage for the month of Jan 25, 2022-Feb 3, 2022	12,150.00
100-22-02-0255	Mama Sita's Food House	Payment of meals for COVID 19 Vaccination team on January 17-31, 2022	34,300.00
100-22-02-0256	Mama Sita's Food House	Payment of meals for COVID 19 Vaccination team on January 3-7, 2022	24,500.00
100-22-02-0257	Mama Sita's Food House	Payment of meals for COVID 19 Vaccination team on January 10-14, 2022	24,500.00
100-22-02-0321	Mama Sita's Food House	Payment of meals for COVID 19 Vaccination team on February 2-11, 2022	39,200.00
100-22-03-0507	Mama Sita's Food House	Payment of meals for COVID 19 Vaccination team on February 14-28, 2022	34,300.00
100-22-04-0738	Mama Sita's Food House	Payment of meals for COVID 19 Vaccination team on March 1-11, 2022	31,262.00
100-22-04-0774	Mama Sita's Food House	Payment of meals for COVID 19 Vaccination team on March 16-31, 2022	27,734.00
100-22-05-0986	Mama Sita's Food House	Payment of meals for COVID 19 Vaccination team on March 14-15, 2022	7,644.00
100-22-05-0995	Mama Sita's Food House	Payment of meals for COVID 19 Vaccination team on April 1, 4,8,12, 13, 2022	14,798.00
100-22-05-1082	Mama Sita's Food House	Payment of meals for COVID 19 Vaccination team on April 19, 22, 26-27, 2022	11,074.00
100-22-06-1337	Mama Sita's Food House	Payment of meals for COVID 19 Vaccination team on May 4-31, 2022	21,756.00
100-22-07-1858	Mama Sita's Food House	Payment of meals for COVID 19 Vaccination team on June 1-30, 2022	7,252.00
	TOTAL		304,270.00

- 17.4. We noted that the food packs were served on a daily basis or at contiguous dates, supported by documents such as Purchase Requests (PR) and Purchase Orders (PO) used by the Municipality for its procurement of catering services. Further, as shown in the table, contract was limited to one supplier and the amount for each transaction was maintained at little less than ₱50,000.00, the level by which guidelines already require the posting of requests for submissions of price quotations/proposals in the *PhilGEPS website*.
- 17.5. Under existing laws, a framework agreement may be used for the procurement of items, such as food and catering services, which by their nature, use, or characteristic, may be repeatedly required at quantities or times of need that cannot be accurately pre-determined.
- 17.6. However, we find the sense of urgency for such procurement activities was undermined. The obligation of the LGU to provide food for the frontliners and COVID-19 patients was reasonably expected to continue while the CoViD-19 pandemic lingers. Thus, the BAC should have taken such situation into account when they proposed for the method of procurement that should be used. Considering that an expeditious response to the needs of the CoViD-19 situation is ideal, the more efficient strategy would have been to consolidate the procurement for these food packs/catering services into one contract bulk amount to be procured through public bidding, instead of the going through the tedious process of obtaining price quotations from 3 suppliers every time food packs were needed. This could have prevented the waste of man hours, efforts and resources consumed in the repetitious procedures.

- 17.7. **We recommended that the Local Chief Executive require BAC to utilize the framework agreements for the procurement of goods and services which by their nature, may repeatedly be required, at quantities or times of need, that cannot be accurately pre-determined in order to promote efficiency in the procurement process in consonance with the RA No. 9184.**
- 17.8. No written comments has been provided by the Management. They simply justified during the exit conference that the procurement has been lax due to the after effects of the pandemic and that the availability of the food supplies varies from time to time.
- 17.9. The Audit Team noted however, that this due not preclude the Management from following the procurement rules and regulations and to take into account the proposed method of procurement.

C. PERFORMANCE AUDIT

Non-Functioning and Unimplemented PPAs

18. **Various developmental projects of the Municipality costing ₱4,436,463.65 were found to be non-functioning, idle or unimplemented contrary to the provisions of Department of Budget and Management (DBM) – Department of Finance (DOF) – Department of the Interior and Local Government (DILG) Joint Memorandum Circular (JMC) No. 1 dated November 4, 2020, hence, economy, effectiveness and efficiency in the implementation of these projects and utilization of government funds were not attained.**

- 18.1. DBM-DOF-DILG JMC No. 1 was issued to increase the responsiveness of the guidelines and promote greater autonomy, transparency and accountability in the LGUs' appropriation and utilization of their respective 20% DFs, as provided under RA No. 7160.

- 18.2. Section 3.2.2 and 3.2.3 of the same circular provides that:

“3.2.2 The development projects that may be included under the 20% DF shall be those that are necessary, appropriate, or incidental to efficient and effective local governance, and those which are essential in the promotion of the general welfare of the people.

3.2.3 The LGUs shall ensure that the development projects to be funded out of the 20% DF are well-planned and procurement-and-implementation-ready.”

- 18.3. An ocular inspection was conducted by the Audit Team (AT) on November 21-24, 2022 with the assistance of a representative from the Engineering Office and part of the Inspection Team, and witnessed by a representative from Accounting Office.
- 18.4. The AT based the verification on the Report on Projects/Programs/Activities of Municipality of Asingan as of 3rd quarter of CY 2022 certified by the Municipal Engineer.
- 18.5. During the ocular inspection, the Audit Team noted the following:
- a) *Widening of farm to market road - Zone 7, Brgy. Bobonan - ₱999,682.58*
- 18.6. The width of the two road sections was not proportionate to each other resulting in a gap at the side of the road which may cause road accidents, especially at night when unnoticed by motorists.
- 18.7. Further, it was revealed that the project was recently finished contradictory to the completion date, March 17, 2022, as shown in the PPA report which was already months old up to the inspection date.

Figures 5 and 6: Widening of Farm to Market Road at Zone 7, Brgy. Bobonan



b) Rehabilitation of Libtong Main Road – Brgy. Toboy – ₱299,722.50

- 18.8. The AT discovered that the project was not yet implemented although the date of completion is March 17, 2022 as per report. No extension was shown in the report indicating that the implementation of project remained long overdue.

Figures 7 and 8: Rehabilitation of Libtong Main Road in Brgy. Toboy



c) Continuation of the construction of Farmers Village facilities – Brgy. Macalong - ₱999,734.79

- 18.9. Notably, during the ocular inspection of the place that the facility was not cleaned nor maintained. The water flow became stagnant which left an unpleasant smell in the area. No caretaker was around after inspection of the area. The area was intended to be used by farmers who conduct their meetings. The whole facility remained unutilized in most days casting doubts on the purpose and future plan on the project.

Figures 9 and 10: Continuation of the Construction of Farmers Village Facilities



d) Solar-powered water pump – Brgy. Carosucan Sur - ₱249,750.00

- 18.10. The water pump failed to function even upon switching the machine by the inspection team through the switch box at the back of the sink. The Municipality entrusted the Barangay to oversee its usage and maintenance, however, there was no indication that it was being utilized, nor repaired.

Figures 11 and 12: Solar-powered Water Pump in Brgy. Carosucan Sur



e) Solar-powered water pump – Brgy. Carosucan Norte - ₱249,750.00

- 18.11. The water pump also did not function upon testing. The solar panels installed in this project differs from the one inspected in Brgy. Carosucan Sur. Panels of both projects in Brgy. Carosucan Sur and Brgy. Carosucan Norte varied in number and size in which latter has three (3) solar panels while the former has only two (2) of these.
- 18.12. It was clarified by the Inspection Team that the original plan is a 3-panel water pump. They were not informed of such modifications made by the contractor thus no variation order was prepared.
- 18.13. Also, a pipe connecting the water tank and pump was visibly cut off. The pump was located near a farmland which increased doubts that the project was being used as intended. A resident told the AT that the water pump was still functioning in its initial month of operation but suddenly broke down. They were told some people that it was already being repaired but the AT has found no people working on the repairs upon inspection.

Figures 13 and 14: Solar-powered Water Pump in Brgy. Carosucan Norte



f) Solar-powered water pump – Brgy. Cabalitian - ₱249,750.00

- 18.14. The water pump also failed to operate upon test by the AT. To verify if the project was functioning, the AT conducted an inquiry with the residents near the project. It was disclosed that the water pump only runs when the sunlight directly hits the panel. While the project was functioning as per the respondent, the structure was seemed to be not well-thought out due to these users being limited only to certain condition for them to use the said project.
- 18.15. Aside from the usage, it was again noted that the solar panels differ from the others as water pump has only one (1) panel instead of three (3).

Figures 15 and 16: Solar-powered Water Pump in Brgy. Cabalitian



g) *Continuation of the construction of evacuation center – Brgy. Cabalitian - ₱399,625.00*

- 18.16. Verification by the AT revealed that the said project was not yet completed while the report as certified correct by the inspection team showed otherwise. This raised suspicion on the report and other documents being prepared by the Engineering Office whether the said documents or reports on the status of the project were truthfully disclosed.
- 18.17. It was disclosed that the project is actually still undergoing construction, however, conversation with a barangay official added the contractor nor the workers were not seen for a long time despite their ongoing project in the Municipality.
- 18.18. The issue was made clear when asked the Municipal Engineer about the incorrect reporting made by their office. He clarified that he erroneously put “complete” instead of “ongoing”. He then added that the supplier was sent a letter signed by the Municipal Mayor. The team has yet to receive a copy of the letter despite our verbal request during the inquiry.

Figures 17 and 18: Continuation of the Construction of Evacuation Center in Brgy. Cabalitian



h) *Solar-powered Water Pump – Brgy. Bantog - ₱249,750.00*

- 18.19. Upon arriving at the project site, the inspection team checked the switch box and found out that the LED indicator turned green indicating that the motor is working but several attempts however, the faucet was not working. The AT was assisted by the Barangay Secretary during the inspection. She disclosed that the water pump was functioning for the 1st month until such time that water won't come out from the faucet.
- 18.20. Also observed from the previous projects inspected was the design of the water pump. Its design is similar to the water pump in Brgy, Cabalitian

which has only one (1) solar panel thus varies from the approved design plan.

Figures 19 and 20: Solar-powered Water Pump in Brgy. Bantog



i) Solar-powered Water Pump – Brgy. San Vicente East ₱249,750.00

- 18.21. The project was located inside the San Vicente East Elementary School. Initial observation noted by the AT was that the location of the project limits the users only to school personnel and students instead of the residents of the barangay. The principal of the school, who voluntarily assisted us upon entering the premises, argued that residents can use the water pump through a pathway at the back of the school and thus will also be useful for other residents of the barangay.
- 18.22. The AT, along with inspection team, tested the water pump and verified it is not working. The project was already inspected some time ago and also failed to work and thus the Inspection team refused to approve the project preventing payment to the contractor. The school principal disclosed that the water pump was still functioning, however, the solar panels were repositioned due a huge tree blocking the access to sunlight. Subsequently after repositioning, the water pump still does not function again and the contractor did not come back to repair the water pump to make such repairs as to the said project.
- 18.23. The location of the water pump was suggested by the Punong Barangay who chose the location of the water pump to be inside the school premises due to some issues in the land where it was originally planned to be built.



Figures 21 and 22: Solar-powered Water Pump in Brgy. San Vicente East

j) Solar-powered Water Pump – Public Market - ₱289,742.78

- 18.24. It was revealed that the intended users of the water pump inside the public market have not been able to use the water pump for a long time and assumed that it may be broken. No reports were made to the Engineering Office, and despite absence of communications were made, the Municipal Engineer should have made sure that projects are well-maintained by the Municipality through regular monitoring of these projects.
- 18.25. The solar panels were attached to the rooftop of the market. A representative of the AT inspected the said solar panels and found out that only three (3) were being used contrary to the statement of a respondent who stated that there are initially four (4) solar panels attached to the water pump based on his knowledge.



Figures 23 and 24: Solar-powered Water Pump at Public Market

- 18.26. The above observations indicate the lack of monitoring and control by the Municipal Government which affected the economy, effectiveness and efficiency of the implementation of these projects as well as the utilization of government funds of the Municipality.
- 18.27. **We recommended that the Local Chief Executive to direct the Municipal Engineer to (a) regularly monitor all of the projects through ocular inspection during and after the implementation if the intended use of such projects was being attained; and (b) promptly make necessary preventive and corrective actions on these projects such as repairs and maintenance to provide its constituents valuable government service through proper preservation and implementation of government PPAs.**
- 18.28. Management asserted that these projects have been implemented as intended, and as they have given the control to the respective barangays, they were confident that these barangays will be able to maintain the productivity of these projects.
- 18.29. The Audit Team insists that the Management could have taken the necessary precautionary measures to ensure that these PPAs were operating as intended by having a monitoring team to oversee the benefits of the PPAs being derived by the constituents.

Internal Policy on Distribution of Donations

19. **Absence of a prudent internal policy on the approval of request and distribution of non-monetary donations to the component barangays and other government agencies resulted in the lax process of donating properties and inventory items totaling ₱2,733,200.60.**
 - 19.1. Section 16 of the Local Government Code of 1991 states that every local government unit shall exercise the powers expressly granted, those necessarily implied therefrom, as well as powers necessary, appropriate, or incidental for its efficient and effective governance, and those which are essential to the promotion of the general welfare.
 - 19.2. The LGU may provide assistance to its component barangays, other government agencies and other NGOs to facilitate the smooth and uninterrupted flow of government services to its constituents, which generally leads to a more efficient and effective governance.
 - 19.3. As such the Municipal Planning and Development Office is stipulated under Article VI, Section 476 of the Local Government Code of 1991 to formulate integrated economic, social, physical and all other development plans &

policies for consideration of the local development council. Among these development plans and policies may include policies for the donation process.

- 19.4. For recording purposes, Section 324 of Volume III of the Manual on NGAS for LGUs prescribes the usage of the Grants and Donations account (889) which is used to record all non-repayable transfers of funds and property given to other levels of government, private sector, non-government organizations, or international institutions and other funds. Grants encompass reparations and gifts given for particular projects or programs, general budget support or for any other purposes.
- 19.5. The Municipality under the leadership of the current Local Chief Executive provide monetary donations to its financially-disadvantaged constituents and expresses their continuous support to components barangays, various government agencies and other NGOs by providing non-monetary donations that were aimed to assist these agencies in carrying out their daily operations. This support includes granting of requests by these agencies through providing them with the requested properties and inventory items.
- 19.6. Among the agencies that most benefitted from this practice were the schools within the Municipality under the Department of Education, the local Philippine National Police Office, the local Bureau of Fire and Protection Office and the twenty one (21) component barangays of the Municipality.
- 19.7. The process starts with the requesting offices writing in a letter to inform the concerned officials of the Municipality Government on their material needs in daily operations within the Municipality. Subsequently, the Sangguniang Bayan (SB) will pass a resolution approving the request, and these officials or offices concerned will initiate the purchase requisition for the requested property of inventory items, without any further evaluation as to the necessity of request being made.
- 19.8. After the procurement process, the property or inventory items will either be inspected by the Property Officer or directly delivered to the requesting offices or Barangays. Items which were requested under the Office of the Municipal Mayor and other offices were required to be inspected by the Inspection Team and the Property Officer for verification and inspection. However, items requested by the Sangguniang Bayan were not directly presented to the Property Officer and Inspection Team and were mostly handled by the employees of the Sangguniang Bayan or delivered directly to the concerned offices or barangays, though both the Property Officer and the Inspection Team were noted to have prepared and signed an Inspection and Acceptance Report.

- 19.9. Upon delivery of the items to the requesting offices and Barangays, there was no requisition issue slip (RIS) prepared and eventually, no Summary of Supplies and Materials Issued (SSMI) was prepared for the Municipal Accountant to record the consumption/issuance of the inventory items to end users. For properties, no Property Acknowledgment Receipt (PAR) was issued to the end-users of the requesting offices or barangays.
- 19.10. From the foregoing, we have noted the following risks in the non-monetary donation process:
- a. No existing internal policy is present for the processing of the letter-requests asking for assistance from the Municipality.
 - b. Requests were not evaluated as to its necessity or feasibility, and only require a Sangguniang Bayan Resolution for an approval.
 - c. Requests from the barangays and other NGOs were not supported with rationale or project proposals.
 - d. The letter-requests from other government agencies does not include a certification from the authorized official of the requesting office that the requested property or inventory item has no budget or appropriation from its department or division.
 - e. Donations were not recorded under its proper account, and were lodged in other expense accounts.
- 19.11. No SB Resolution authorizing the Local Chief Executive to donate the properties or inventories was made to support the actual donation.
- 19.12. Data obtained from the CY 2022 transactions showed that the Municipality had total donations made amounting to ₱4,446,400.60, consisting of ₱1,713,200.00 monetary donations and ₱2,733,200.60 non-monetary donations.
- 19.13. Scrutiny of the non-financial assistance revealed that various properties and inventory items were given among others, such as:
- | | |
|--|----------------------------------|
| 1. Uniforms for barangays Officials; BHW, etc. | 6. Air conditioner |
| 2. Industrial fans, electric fans, Stand fans, and the like. | 7. Solar lights |
| 3. Agricultural Supplies | 8. Television |
| 4. Constructional materials | 9. Wheelchairs/ prosthetic legs |
| 5. Monoblock chairs | 10. Canopy |
| | 11. Supplies for Brigada Eskwela |
| | 12. Jetmatic pumps, and others |

- 19.14. Notably, for requests that needed further implementation, no monitoring mechanism is present to verify if the donated items and properties were utilized as intended. Also, provision of clothing uniforms to barangays and other government agencies can be considered self-serving. Moreover, donated properties made to the barangays such as air conditioners and electric fans were not included in the books of the recipient barangays.
- 19.15. From the foregoing situations, it is clear that there is a laxity in the granting of the requests of various offices for property and inventory items, and the lack of monitoring over the implementation or utilization of the donated items could potentially result in an ineffective and inefficient use of public resources.
- 19.16. While it is evident that public services in the Municipality are improving, an effective and efficient local development plan in cooperation with the component barangays would likely make the Municipality more economically competitive, environmentally sustainable, and socially inclusive than it is today. With the effectivity of the Mandanas Case Ruling, now is the more pressing time for the Municipal Government to improve its capability to generate a comprehensive and sustainable development plan.
- 19.17. Section 2, of the Presidential Decree No. 1445 provides that:
- “All resources of the government shall be managed, expended or utilized in accordance with law and regulation, and safeguarded against loss or wastage through illegal or improper disposition, with view to ensuring economy, efficiency and effectiveness in the operation of the government. The responsibility to take care that such policy is faithfully adhered to rests directly with the chief or head of the government agency concerned.*
- 19.18. Also specified in items g, h, j, and l of Section 305 of the RA 7160 provided the following fundamental principles to govern the financial affairs, transactions, and operations of local government units:
- “g. Local governments shall formulate sound financial plans, and local budgets shall be based on functions, activities, and projects, in terms of expected results;*
- h. Local budget plans and goals shall, as far as practicable, be harmonized with national development plans, goals, and strategies in order to optimize the utilization of resources and to avoid duplication in the use of fiscal and physical resources; xxx*

j. Local government units shall ensure that their respective budgets incorporate the requirements of their component units and provide for equitable allocation of resources among these component units; xxx

l. Fiscal responsibility shall be shared by all those exercising authority over the financial affairs, transactions, and operations of the local government units. xxx”

19.19. We recommended that the Local Chief Executive:

- a. Adopts an internal policy on the approval, distribution, and monitoring of properties and inventory items requested by other government agencies and component barangays through an executive order to regulate the existing practice.**
- b. Requires any requests of assistance be evaluated by the MPDC for the necessity or feasibility of the said requests and determine if the requests were aligned with the local development plan of the Municipal Government.**
- c. Requires the requesting offices from other Government agencies and Barangays to include a Certification that the requested properties or items were not included their budget or appropriation from their respective agencies. Also require requesting NGOs to include a resolution from their organization in their letters of request for assistance.**
- d. Requests the Sangguniang Bayan for approval of the donation through a SP resolution before the grant and distribution of the requested materials.**
- e. Creates a monitoring team from the Engineering, Supply and Municipal Accounting Offices to help in the evaluation of the PPAs implemented by Barangays to determine the effectiveness and efficiency of the donation made.**
- f. Requires the Municipal Accountant to record the receipt of the inventories donated by the Municipality in books of the recipient barangays and prepare the necessary adjusting entries to correct the erroneous charging of other expense accounts to the donation account.**

19.20. No written comment has been received by the Audit Team. However, the Local Chief Executive justified during the exit conference that they will be drafting a policy on the donations provided by the Municipality to other government agencies and the component barangays.

Backyard and Communal Gardening

20. The ultimate goal of the Backyard and Communal Gardening project with total cost of ₱527,393.00 of the Municipality may not be sufficiently achieved due to several lapses in the project implementation.

- 20.1. One of the programs of the Municipal Agriculture Office is the adoption of the Backyard and Communal Gardening within its component barangays. The constituents will be given assorted vegetable seeds for them to grow within their own backyard which may help provide food source and alleviate hunger. On paper, it addresses one of the sustainable development goals (SDGs) of the United Nations specially Goal 2: Zero hunger, adapted by the country.
- 20.2. Section 16 of RA No. 7160, emphasizes that every LGU shall exercise the powers expressly granted, those necessarily implied therefrom, as well as powers necessary, appropriate, or incidental for its efficient and effective governance, and those which are essential to the promotion of the general welfare.
- 20.3. For CY 2022, the Municipality had three (3) disbursements totaling ₱527,393.00 for the purchase of vegetable seeds and other seedlings intended for the project. Verification of the supporting documents showed the following deficiencies/errors:

Purchase of vegetable seeds, ₱222,505.00

- 20.4. The former Municipal Agriculturist requested through Purchase Request No. 01-062 dated January 17, 2022 the procurement of assorted vegetable seeds amounting to ₱300,000.00 for the communal/backyard gardening. After the procurement process, a contract with the winning bidder was signed on March 18, 2022 for ₱222,505.00.
- 20.5. The seeds were accepted by the former Municipal Agriculturist as evidenced by a Certificate of Acceptance dated March 31, 2022. There was also undated delivery receipt from the supplier and undated Acceptance and Inspection Report duly signed by the Property Officer and the Inspection Team. Grainy photos of the seeds procured were attached, but no pictures on the actual distribution of the seeds to the beneficiaries were submitted.
- 20.6. Examination of the supporting documents discloses that the disbursement was not supported by a duly approved project proposal. Moreover, there was no submitted list of target beneficiaries, hence, no means to verify if the quantity of the procured seeds is substantial enough for the recipients. Further, there was no list of recipients attached together with the information on when the seeds were distributed and how many seeds were

given to each beneficiaries.

- 20.7. The foregoing deficiencies does not only affect the validity, propriety and legality of claim, but also affects the efficiency and effectiveness of the project. The absence of a duly approved project proposal may indicate lack of planning on part of the Municipality as the target beneficiaries were not identified.

Purchase of vegetable seeds, ₱77,368.00

- 20.8. Another purchase request was made by the former Municipal Agriculturist on June 27, 2022 for another set of variety seeds amounting to ₱77,495.00. After evaluation of the submitted quotations, a purchase order was made to the winning supplier for ₱77,368.00 on July 6, 2022.
- 20.9. The supplier delivered the goods as evidenced by a delivery receipt dated July 14, 2022. There was also an undated Acceptance and Inspection Report duly signed by the Property Officer and the Inspection Team. A list of recipients were attached to the disbursement voucher which was undated. Similar with the previous purchase of assorted seeds, there was no project proposal attached and no list of intended beneficiaries were given.
- 20.10. Scrutiny of the submitted list of recipients shows that Municipal officials and employees received packs of the seeds. Moreover, employees of other government agencies were also recipients of the assorted seeds.
- 20.11. Summary of the recipients is broken down as follows:

Table 14: Summary of Recipients

Actual Recipients	No.
Employees of the Municipality	190
Employees of Other Government Agencies	25
Others	86
Total	301

- 20.12. As shown in Table 1, there were a total of 190 beneficiaries of the vegetable seeds that were employees of the Municipality (either regular, casual or contractual) and another 25 identified as employees of other government agencies. As a result, 215 or 71.43% of the actual vegetable seeds were not distributed to its intended beneficiaries, and the other 86 or 28.57% were still subject for verification. Instead of the farmers or families in need being the recipient of the project, majority of the procured seeds were given to the Municipal employees or employees of other government agencies. Consequently, it may affect the ability of the supposed beneficiaries to deliver the target outcome of a sustainable backyard/communal farming.

- 20.13. There was no actual monitoring conducted as to the effectiveness of this project by the Municipal Agriculture Office and absence of an actual project proposal or the intended beneficiaries cast doubts as to the actual intention of the Municipality in bringing up this project.

Purchase of Farm-ready Papaya seedlings, ₱227,520.00

- 20.14. Another purchase request of ₱227,550.00 for 6,320 seedlings of papaya to be distributed to the barangays for purpose of backyard and communal gardens was made by the former Municipal Agriculturist. The papaya seedlings delivered consist of 1,540 pieces of red royale, 3,980 of red lady and 810 carinosa all costing ₱36 each seedlings. These were accepted by the OIC-Municipal Agriculturist through a certificate of acceptance dated September 1, 2022 and inspected by the Inventory Team and the Property Officer on the same day.
- 20.15. Notably, the request was not supported with any project proposal and intended list of beneficiaries. As such, there were no expected outputs, as well as benchmarks and timelines to compare the actual situation with the desired outcome.
- 20.16. Analysis of the supporting documents showed that the papaya seedlings were not readily distributed to the barangays. Per records, the papaya seedlings were given on November 16, 2022 at the Municipal Agriculture Office.
- 20.17. Examination of the 137 names included in the actual list of beneficiaries showed the following:

Table 15: Summary of Actual Recipients of Papaya Seedlings as identified

Actual Recipients	No.
Employees of the Municipality	46
Barangay Officials	15
Employees of Other Government Agencies	27
Others	49
Total	137

- 20.18. Of the 137 names in the list, 88 or 64.23% of the recipients were either employees of the Municipality, barangay officials or employees of the other government agencies. Among the individuals that have received the papaya seedlings included eight (8) councilors and fifteen (15) barangay officials. As such, majority of the recipients were not even farmers, and with no project proposal or any master list of the target beneficiaries attached, it again affects the effective implementation of the project.

- 20.19. From the three (3) transactions relative to the Backyard/Communal Gardening, there is a continuing theme of not identifying the target beneficiaries that were in need of the actual seeds or seedlings. The laxity on part of the Municipality on processing transactions without the approved project proposal and lack of monitoring on their part to evaluate the implementation of the Backyard/Communal Gardening presents risks that the intended outcome has not been achieved effectively.
- 20.20. Further, the continuing practice of including of government officials and employees, whether from the Municipality or from other government agencies, as recipients of a government project instead of prioritizing the needy and financially deprived constituents of the Municipality, defeats the goal of government funds being utilized for public purpose, as this can be viewed as self-serving to the persons involved.
- 20.21. **We recommended that the Local Chief Executive:**
- a. **Demand the Municipal Agriculturist to formulate an approved project proposal for its Backyard/Communal Gardening project and require the submission of a written explanation from the person responsible for the inclusion of various officials and employees of the Municipality, barangays and other government agencies as recipients of the project.**
 - b. **Direct the Municipal Agriculturist to stop the practice of distributing agricultural supplies (seeds and seedlings) to Municipal officials and employees as well as the other government agencies, and instead identify constituents who were in actual need of the seeds and seedlings.**
 - c. **Assist the Municipal Agriculturist in formulating a monitoring team to evaluate the effectiveness of the projects implemented by the Municipal Agriculture Office.**
 - d. **Require the prompt submission of the lacking documents and missing information such as the master list of intended beneficiaries and project proposals for the 3 transactions from the Municipal Agriculturist to the Municipal Accountant for proper documentation of the transaction.**
- 20.22. The current head of the Municipal Agriculture's Office informed the Audit Team that there were no existing documents relative to the transactions that have been turned-over by the former Municipal Agriculturist. However, she replied that they will submit the necessary documents the soonest possible time and agreed to implement our recommendations.
- 20.23. The Local Chief Executive further added that they will stop the practice of providing their employees the excess seedlings and agreed to direct the

Municipal Agriculturist to identify the beneficiaries first and ensure that all seedlings will be provided to the farmers in need.

D. OTHER AUDIT AREAS

Compliance with 20% Development Fund

21. **Utilization and implementation of the programs, projects and activities (PPAs) under the 20% Local Development Fund were made in accordance with the DBM, DOF and DILG Joint Memorandum Circular No. 1 dated November 4, 2020, thus enabling the achievement of desired socio-economic development and environment outcomes.**
 - 21.1. Section 287 of the Local Government Code of 1991, otherwise known as the RA No. 7160, provides that each local government unit shall appropriate in its annual budget no less than twenty percent (20%) of its annual Internal Revenue Allotment (IRA) for development projects.
 - 21.2. In compliance thereof, the Local Development Council (LDC) resolved to appropriate ₱43,888,220.89 for 20% DF and was adopted as a special purpose allocation to finance the development projects of the Municipality through SB Resolution No. 256 series of 2021 dated November 8, 2021.
 - 21.3. Based on the results of the ocular inspection carried out by the Audit Team with representatives from the Municipal Engineer's Office, there were 30 completed, 2 ongoing and 11 not yet started PPAs, which were all deemed eligible development projects under the 20% DF.

Table 16: Summary of the Utilization of the 20% Development Fund

Particulars	No.	Amount Disbursed	Amount Appropriated	%
No. of completed projects	30	27,386,731.55	27,400,000.00	62.43%
No. of on-going projects	2	1,289,600.16	2,839,458.09	6.47%
Total programmed and implemented projects	32	28,676,331.71	30,239,458.09	68.90%
Projects for implementation	11	-	13,648,762.80	31.10%
Total PPAs for implementation	43	28,676,331.71	43,888,220.89	100.00%

Table 17: Detailed Breakdown of the 20% Development Fund Utilization

Particulars	Budget	Utilization	Status of Implementation
Construction of Multi-purpose Hall @ Poblacion West	2,500,000.00	2,499,573.42	Completed
Construction of Multi-purpose Hall @ Poblacion East	2,500,000.00	2,499,677.86	Completed

Particulars	Budget	Utilization	Status of Implementation
Construction/Rehabilitation of PWD Building	2,000,000.00	1,999,724.86	Completed
Construction of Dupac Child Development Center	800,000.00		Not yet Implemented
Construction of Health Center @ Dupac	800,000.00		Not yet Implemented
Continuation of the Construction of Nambilangan-Alvarado Road @ Sobol	500,000.00	499,319.10	Completed
Widening of the Bobonan Zone 7 Farm-to-Market Road @ Bobonan	1,000,000.00	999,682.58	Completed
Continuation of Construction of Palaris Irrigation Road @ Zone 4, Palaris	500,000.00	499,723.32	Completed
Construction of Local Access Road @ Zone 2, Calepaan	500,000.00	499,745.19	Completed
Continuation of Construction of Coldit-San Vicente Local Access Road @ Coldit	3,000,000.00	2,999,649.44	Completed
Construction of Ciriaco Altura Farm-to-Market Road @ Domanpot	2,000,000.00	1,999,646.58	Completed
Continuation of the Construction of Don Luis Butao Farm-to-Market Road @ Domanpot	1,000,000.00	999,573.55	Completed
Construction of Farm-to-Market Road @ Zone 2, Ariston East	500,000.00	498,147.30	Completed
Continuation of the Construction of Don Mariano Sapigao Farm-to-Market Road @ Carosucan Sur	500,000.00	498,928.50	Completed
Continuation of the Construction of Dusan Farm-to-Market Road @ Dupac	800,000.00	799,596.00	Completed
Continuation of Feeder Road @ Zone 7, Macalong	1,000,000.00	997,409.27	Completed
Concreting of mini-evacuation center frontage @ Poblacion West	200,000.00		Not yet Implemented
Rehabilitation of Libtong main Road @ Toboy	300,000.00		Not yet Implemented
Installation of Solar Streetlights @ Calepaan	1,000,000.00	999,753.68	Completed
Updating of CBMS	648,762.80		Not yet Implemented
Solid Waste Management Program	500,000.00		Not yet Implemented
Residual Waste Transport and Disposal Fees	500,000.00		Not yet Implemented
Maintenance of materials Recovery Facility	500,000.00		Not yet Implemented
Maintenance of Market	500,000.00	499,626.60	Completed
Maintenance of main Slaughterhouse (septic tank and canal)	700,000.00	699,660.69	Completed
Maintenance of Municipal Hall and other Buildings	2,339,458.09	1,228,425.16	Ongoing

Particulars	Budget	Utilization	Status of Implementation
Installation of Solar Lights in front of Municipal Cemetery	200,000.00	199,890.00	Completed
Installation of additional LED Lights around Public Plaza	500,000.00	61,175.00	Ongoing
Construction of Bahay Silangan	1,000,000.00	999,807.87	Completed
Construction of PNP Quarters	600,000.00	599,575.90	Completed
Continuation of the Construction of Farmers' Village facilities (CR, Bridge, Pergula, etc.) Macalong	1,000,000.00	999,714.32	Completed
Construction of Nego/Pasalubong Center	600,000.00	599,575.90	Completed
Continuation of the Construction of Evacuation Center @ Cabalitian (add 1 span, 1 storage, 1 septic tank)	400,000.00		Not yet Implemented
Repair of gym (MFASSCC) (repaint outside wall, replace broken windows)	500,000.00	499,762.15	Completed
Improvement of housing for buffalos of Bantog Samahang Nayon Multi-purpose Cooperative	200,000.00	199,497.72	Completed
Concreting of FMR @ Baro-Dumaquet	200,000.00	199,941.36	Completed
Concreting of FMR @ Zone 2, San Vicente East	200,000.00	199,941.36	Completed
Concreting of FMR @ Toboy Bagong Baryo	200,000.00	199,941.36	Completed
Landscaping of the surrounding of the old fountain, installation of garden lights @ pathway going to Auditorium	1,000,000.00	999,976.58	Completed
Continuation of Concreting frontage of gym (MFASSCC)	200,000.00	199,930.66	Completed
Concreting of pathway @ Poblacion West	1,000,000.00	999,738.43	Completed
Purchase of Lot for Municipal Dumpsite	1,000,000.00		Not yet Implemented
Various projects, i.e., livelihood/entrepreneurial projects; construction or rehabilitation of local access roads, irrigation or drainage canals; etc. (ref JMC 1, S-2020)	8,000,000.00		Not yet Implemented
TOTAL	43,888,220.89	28,676,331.71	

21.4. As can be seen in Table 17, the PPAs are mostly infrastructure projects and not in the nature of expenses that are prohibited from being charged under the 20% DF, which is in consonance with Item 3.2.5 of the DBM-DOF-DILG JMC No. 1 dated November 4, 2020.

21.5. The continued adherence with the established criteria in the utilization of 20% DF by the Municipal Government is significant in the attainment of the socio-economic development and environmental management outcomes envisioned in its development plans.

- 21.6. **We commended the Local Chief Executive and Management specially the Local Development Council for their compliance in appropriating and utilizing the 20% Development Fund for its eligible development projects in adherence to Item 3.2.5 of the DBM-DOF-DILG JMC No. 1 dated November 4, 2020, and continue to implement future PPAs in such way to achieve the socio-economic and environmental long term goals of the Municipal Government.**

Compliance with LDRRMF

22. **Preparation of a Public Service Continuity Plan (PSCP) was not completed and approved as required in National Disaster Risk Reduction and Management Council (NDRRMC) Memorandum No. 33, s. 2018 and No. 57, s. 2020 which may result in negative impact in the delivery of vital services to the public during disruptive events.**

- 22.1. Section 16 of the Local Government Code of 1991 provides that it “*shall exercise the powers expressly granted, those necessarily implied therefrom, as well as powers necessary, appropriate, or incidental for its efficient and effective governance, and those which are essential to the promotion of the general welfare. Within their respective territorial jurisdictions, local government units shall ensure support, among other things, the preservation and enrichment of culture, promote health and safety, enhance the right of the people to a balanced ecology, encourage and support the development of appropriate and self-reliant scientific and technological capabilities, improve public morals, enhance economic prosperity and social justice, promote full employment among their residents, maintain peace and order, and preserve the comfort and convenience of their inhabitants.*” With this, all LGUs were mandated by the law to formulate policies to promote the effective and efficient delivery of public service to its constituents.
- 22.2. Also, it is imperative that the LGU ensure its continued performance of essential functions such as but not limited to the delivery of vital basic services to the public. The lessons learned from the COVID 19 pandemic can be a source of information to formulate such plans and challenge the overall capacity of the LGU to face upcoming uncertainties that may delay the receipt of goods and services need by the public.
- 22.3. As such, importance of Public Service Continuity Planning (PSCP) is vital for the mitigation, if not elimination of service disruptions in the government service. PSCP is the process of creating systems of prevention and recovery to deal with potential threats to the LGU. Any event that could negatively impact operations is included in the plan, such as supply chain interruption, loss of/or damage to critical infrastructure, among others. The PSCP outlines scenarios and the steps it will take in any scenario to return to regular operations. It is written ahead of time and can also include

precautions to be put in place. Usually created with the input of key staff as well as stakeholders, a PSCP sets contingencies that minimize potential harm to service operations during adverse scenarios.

- 22.4. As early as 2018, the NDRRMC issued Memorandum No. 33, series of 2018, dated April 10, 2018, enjoining all government member agencies of the Disaster Risk Reduction Management at all levels, and other government departments, offices, bureaus, services, unit and instrumentalities to develop their own PSCP. Another Memorandum No. 57, series of 2020 dated June 15, 2020 was issued to update the PSCP and contingency plans due to ongoing public health emergency.
- 22.5. Our inquiry with the concerned personnel at MDRRMO disclosed that while the Management is aware of the said requirement, only a draft copy of the report has been prepared and is not yet completed and approved. Apparently, this passive stance in planning ahead of any unforeseen situations, such as presence of the critical processors of services, may result in a slow and uncoordinated response when dealing with any potential threats to public services delivery.
- 22.6. With a completed PSCP and its proper application, the LGU will have continued performance of essential functions through timely and orderly recovery, resumption of vital services to the public, minimized damage and loss of critical process by protecting essential facilities and resources, reduced or mitigated disruptions to operations, implemented succession if agency leadership is disrupted and improved continuity capabilities through test, training, and exercise program.
- 22.7. To assist LGU's in formulating the PSCP, the Civil Service Commission (CSC) through Memorandum Circular (MC) No. 2, s. 2021 dated March 4, 2021 provides for the prescribed template. Further, the Philippine Disaster Resilience Foundation, together with Office of the Civil Defense and NDRRMC prepared a PSCP guidebook. The guidebook requires that a working group should be created to formulate the PSCP. It will then be approved by relevant authorities. Moreover, it is recommended also that the PSCP will be institutionalized in the Municipal Government by a formal written document, ideally a resolution.
- 22.8. **We recommended that the Local Chief Executive through its MDRRMO adopt an internal policy to institutionalize the PSCP by creating a working group that will perform the necessary activities to strengthen the risk management capabilities of the Municipal Government and enable it to manage its vulnerabilities in the event of disruptive events:**

- 22.9. **We further recommended that MDRRM Officer improve their monitoring of operational requirements like the submission of PSCP and continuous update of the plan depending on the availability of other useful information.**
- 22.10. The MDRRMO informed the Audit Team that the PSCP has already been completed and had been approved and a copy will be furnished upon its final reproduction.

Structural Requirements Fire Code

23. **Fire safety measures were not adequately available as provided for in Rule 10.2.2 of the Implementing Rules and Regulations of RA 9514 or the Fire Code of the Philippines such as a) alternative exits are unmarked by clearly visible signs and were obstructed or locked; and b) fire safety equipment and emergency evacuation plan are deficiently provided.**

- 23.1. Fires affect government agencies which may resulted to injury, loss of life, and damage to government properties. By establishing and implementing a fire prevention and preparedness program, the government can help in minimizing injuries to its employees and people catered by the LGU itself or even avoiding both the loss of life and damage to government properties.
- 23.2. Rule 10.2.2 of the IRR of RA 9514 or the Fire Code of the Philippines provides the following general requirements on fire safety in buildings, structures and facilities:

“Division 2. General Requirements

- a. *Every building or structure, new or old, designed for human occupancy shall be provided with exits sufficient to permit the fast and safe escape of occupants in case of fire or other emergency. The design of exits and other fire safety construction shall be such that reliance for safety to life in case of fire or other emergency will not depend solely on any single fire safety construction. Additional safeguards shall be provided for life safety in case any single safeguard is ineffective due to some human or mechanical failure.*
- b. *Xxx*
- c. *Every building or structure shall be provided with exits of kind, number, location and capacity appropriate to the individual building or structure, with due regard to the character of the occupancy, the number of persons exposed, the fire protection available and the height and type of construction of the building or structure, to afford all occupants convenient facilities for escape. Xxx”*

23.3. Moreover, Section 5 (g), Paragraph 2 of RA 9514 states that:

“No occupancy permit, business or permit to operate shall be issued without securing a Fire Safety Inspection Certificate (FSIC) from the Chief, BFP or his/her duly authorized representative.”

23.4. Ocular inspection of the buildings and premises of the agency on March 22, 2023 revealed the following:

- a. The alternative emergency exit located at back of the Municipal Town Hall is partially obstructed by motor vehicles and bicycles (Figure 25) and the exit at the Vice Mayor’s Office was blocked by various boxes and items (Figure 26).

Figure 25

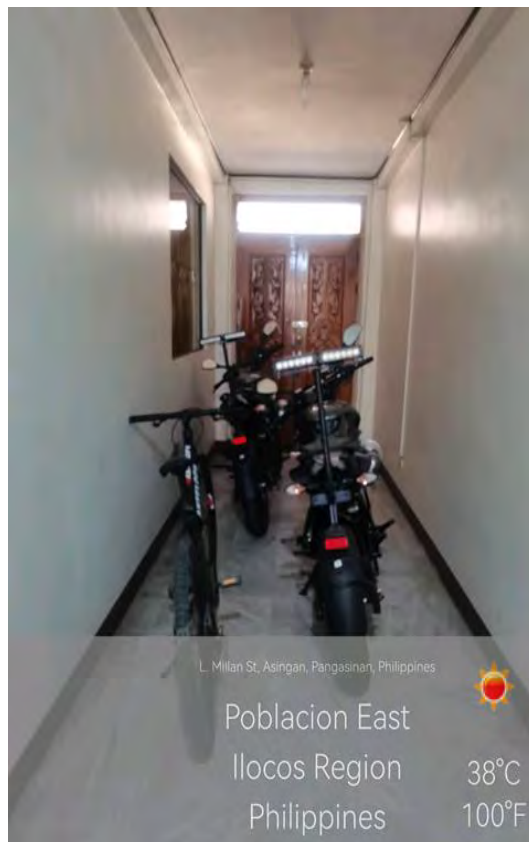
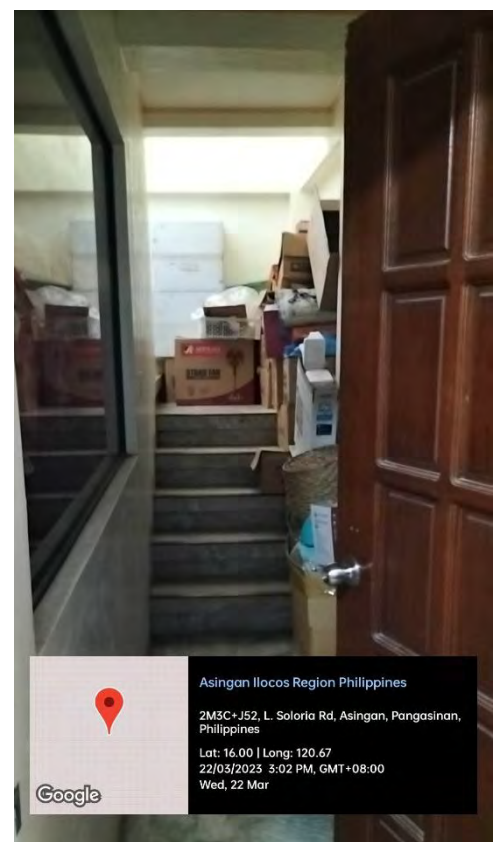
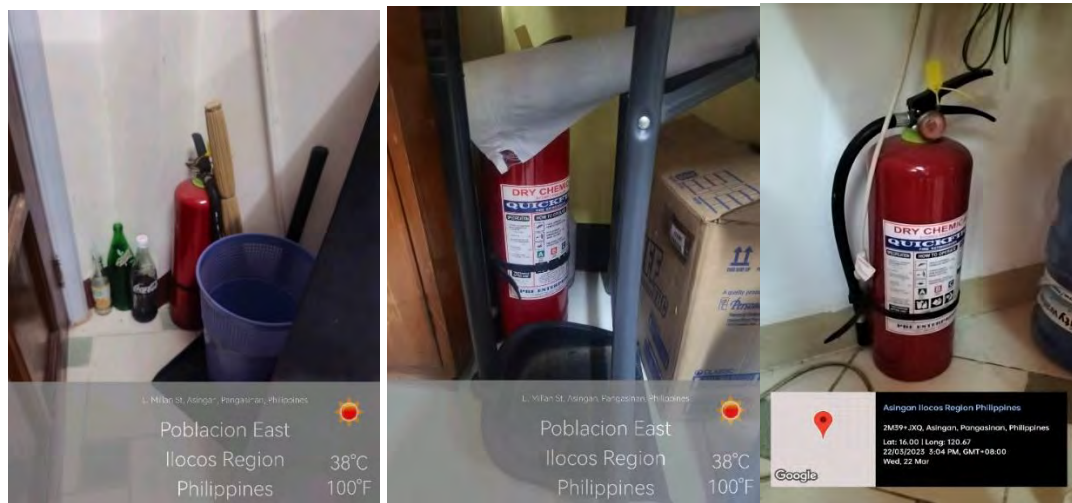


Figure 26



- b. Fire safety equipment were given to various offices, however, these equipment were not place strategically and were noticeably neglected within the office premises (Figures 27-29).

Figures 27-29: Fire Extinguishers at Various Offices



- c. Emergency evacuation plan was not posted in the visible premises of the buildings.
 - d. No clear indicators or signages are found to inform the building occupants or the visiting stakeholders of the way to the building alternative emergency exits.
- 23.5. The BFP is required by law to conduct fire safety inspection of all buildings and establishments to determine their compliance with the provisions of the Fire Code of the Philippines. The BFP emphasize that buildings and high-rise establishments must be equipped with the required fire alarm systems, fire detectors, fire extinguishers, automatic fire sprinklers system (AFSS) and similar gadgets.
- 23.6. Paragraph (d), Section 7 of RA 9514 states that:

“(d) Provision of Fire Safety Construction, Protective and Warning System – Owners, occupants or administrators of buildings, structures and their premises or facilities, except such other buildings or structures as may be exempted in the rules and regulations to be promulgated under Section 5 hereof, shall incorporate and provide therein fire safety construction, protective and warning system, and shall develop and implement fire safety programs, to wit:

- (1) Fire protection features such as sprinkler systems, hose boxes, hose reels or standpipe systems and other firefighting equipment;*
- (2) Fire alarm systems;*
 - a. Fire walls to separate adjoining buildings, or warehouses and storage areas from other occupancies in the same building;*

- b. *Provisions for confining the fire at its source such as fire resistive floors and walls extending up to the next floor slab or roof, curtain boards and other fire containing or stopping components;*
- c. *Termination of all exits in an area affording safe passage to a public way or safe dispersal area;*
- d. *Stairway, vertical shafts, horizontal exits and other means of egress sealed from smoke and heat;*
- e. *A fire exit plan for each floor of the building showing the routes from each room to appropriate exits, displayed prominently on the door of such room;*
- f. *Self-closing fire resistive doors leading to corridors;*
- g. *Fire dampers in centralized air conditioning ducts;*
- h. *Roof vents for use by fire fighters; and*
- i. *Properly marked and lighted exits with provision for emergency lights to adequately illuminate exit ways in case of power failure.”*

23.7. The said guidelines provide further that:

Section 10.2.5.13 Emergency Evacuation Plan

A. An emergency evacuation plan shall be posted on strategic and conspicuous locations in the building containing the following basic information:

- 1) *“You Are Here/ room number/ building” Marking*
- 2) *Fire Exits*
- 3) *Primary Route to Exit (Nearest to the viewer)*
- 4) *Secondary Route to Exit (Second nearest to the viewer)*
- 5) *Fire alarm pull stations and annunciators*
- 6) *Fire extinguishers/ hose cabinets*
- 7) *Emergency Light*
- 8) *First Aid Kits locations (if applicable)*
- 9) *Emergency Call stations (if applicable)*
- 10) *Areas of safe refuge (for high-rise building)*
- 11) *Assembly areas instructions*
- 12) *“In Case of Emergency” instructions*

23.8. Furthermore, it is good to note that they had put emphasis in conducting regular fire drills and seminars to the locality and gave further importance on fire safety evacuation plan. As shown in the picture above, the team noticed the posting of an emergency evacuation plan on strategic and noticeable area in the 2nd floor of the main building. However, on the newly renovated building disclosed lacking number of fire extinguishers and non-posting of the emergency evacuation plan. Also observed that there is absence of necessary and applicable fire safety materials listed in the

aforementioned guidelines that could have increased the degree of safety in cases of emergency sufficient enough for any person within to feel secured.

- 23.9. Hence, the laxity of the municipality in installing fire preventive measures may expose government properties to loss and worse putting people's lives at risk should any unfortunate incident may occur.
- 23.10. **We recommended that the Local Chief Executive direct the Municipal Engineer and the MDRRMO to coordinate with the BFP for the re-conduct evaluation and inspection on the municipal buildings' fire safety standards and implement fire preventive measures to avoid the risk of losing lives and properties in cases of man-made and/or natural calamities.**
- 23.11. **We also recommended that Local Chief Executive require the MDRRMO to provide the necessary and applicable firefighting equipment/materials installed on conspicuous places, and post as well an emergency evacuation plan where anyone can likewise easily access.**
- 23.12. No written comments has been provided by the Management. However, they informed the Audit Team that they will be inspecting each offices to confirm their compliance with the audit recommendations.

Clothing/Uniform Granted

- 24. **Polo barongs/uniform amounting ₱77,924.00 were procured and distributed to SB Members in addition to the uniform/clothing allowance granted at ₱6,000.00 each to 11 officials totaling ₱66,000.00 contrary to the guidelines set forth under Section 6.1 of Budget Circular No. 2018-1 dated March 08, 2018 and Section 57 of General Provisions of the General Appropriations Act of 2022.**
 - 24.1. Section 57 of the General Provisions of R.A. No. 11639 or the 2022 General Appropriations Act provides that:

Sec. 57. Uniform or Clothing Allowance. An amount not exceeding Six Thousand Pesos (₱6,000) per year is hereby authorized for the payment of uniform or clothing allowance to each qualified government employee, subject to B.C. No. 2018-1 dated March 8, 2018 and such other guidelines issued by the DBM.
 - 24.2. Similarly, Section 6.1 of Budget Circular No. 2018-1 dated March 08, 2018 provides that:

6.1 For FY 2018, the U/CA for full-time service of government personnel shall not exceed ₱6,000 per annum. For each subsequent

year, the U/CA shall not exceed the amount authorized under the pertinent general provision in the annual GAA.

- 24.3. The audit of the CY 2022 transactions of the Municipality of Asingan disclosed that in January 2022, the Municipality granted each regular employee Uniform Allowance for CY 2022 of ₱6,000.00 each, pursuant to the aforementioned regulations. Specifically, Journal Entry Voucher No. 100-22-01-066 covered the payment clothing allowance of the following Sangguniang Bayan (SB) Officials and employees for CY 2022 totaling ₱108,000.00.
- 24.4. It was observed, however, that additional uniform for SB Members were made under Journal Entry Voucher (JEV) No. 100-22-08-2129 dated August 15, 2022, details of which are shown below:

Check No.	Date	Payee	Amount (₱)
1724826	August 15, 2022	AVL Tailoring and General Merchandise	77,924.00

- 24.5. Scrutiny of supporting documents revealed the following:
- Nine (9) Re-elected officials who were granted clothing allowance at the beginning of the year were also recipients of the procured polo barong/ uniform, thus exceeding the ₱6,000.00 limitation stated on Section 57 of GAA 2022.
 - Two (2) Newly elected officials who undertook oath of office on June 28, 2022 were also recipients of the procured polo barong contrary to Section 9.1 of Budget Circular No. 2018-1 dated March 08, 2018 on August 15, 2022 which provides that a newly-hired employee may qualify to the grant of U/CA only after rendering six (6) months of service.
- 24.6. Granting of uniform allowance exceeding the required limitation is considered as irregular expenditures which are subject to audit disallowance pursuant to Section 3.1 of COA Circular No. 2012-003 dated October 29, 2012.
- 24.7. It was further observed that various uniforms amounting to ₱358,838.00 were procured and distributed to different private organizations those who are not employees of the municipal government contravenes Sec. 57 of the 2022 General Appropriations Act which limits the grant only to qualified government employees.

- 24.8. The total clothing expenses incurred by the Municipality in contravention of existing regulations amounted to ₱436,132.00.
- 24.9. **We recommended that Local Chief Executive and Sangguniang Bayan to comply with the limitations and regulations on the grant of Uniform/Clothing Allowance, whether in cash or in kind, currently set at ₱6,000.00 per annum pursuant to Section 6.1 of Budget Circular No. 2018-1 dated March 08, 2018 and Section 57 of General Provisions of the General Appropriations Act of 2022.**
- 24.10. Management agreed in a written comment that they will comply with the audit recommendations and stop granting clothing allowances to those who are not qualified.

Utilization of Special Education Fund

25. **The Special Education Fund was used for purposes other than those enumerated under Section 272 of RA No. 7160, otherwise known as the Local Government Code of 1991 and Section 4 of DepEd, DILG and DBM Joint Circular No. 1, s. 2017 dated January 19, 2017 reducing the fund which could be used for priority projects.**
 - 25.1. The Department of Education (DepEd) is vested with the authority, accountability and responsibility for ensuring access to, promoting equity in, and improving the quality of basic education. One of its shared principles is that the communication channels of field offices shall be strengthened to facilitate flow of information and expand linkages with other government agencies, local government units and non-governmental organizations for effective governance. In holistic view, the determination of resources requirements, including details of necessities to attain the mandate for education sector rests with the DepEd.
 - 25.2. The assistance or support of LGUs to the education department is aptly assigned by law and implemented by the local school board (LSB). Primarily, Title IV of RA No. 7160 defines the composition, functions, and duties of the members of LSB. Section 99 thereof provides that the LSB is tasked to determine the annual supplementary budgetary needs, *in accordance with the criteria set by the DepEd* for the operation and maintenance of public schools within the LGU. This statement only confirms that the needs of the schools with reference to the DepEd criteria are the paramount consideration in the SEF budgeting process.
 - 25.3. In summary, the following laws and regulations prescribe the transactions and activities as items of SEF priority spending:

- a. Section 272 of the Local Government Code of 1991 - application of the proceeds of the SEF.

That the proceeds shall be allocated for the operation and maintenance of public schools, construction and repair of school buildings, facilities and equipment, educational research, purchase of books and periodicals, and sports development as determined and approved by the local school board.

- b. Joint Circular No. 1, series of 2017, of the DepEd, Department of Interior and Local Government (DILG) and Department of Budget and Management (DBM) dated January 19, 2017 - The revised guidelines on the use of the SEF to ensure a more strategic and efficient utilization of resources for priority programs and projects which would complement, as well as reinforce, the budgeting priorities at the different levels of decision-making.

Section 4 thereof enumerated the allowable expenses chargeable against the SEF, enumerated as follows:

- *4.0 Allowable Expenses Chargeable Against the SEF*
- *4.1 In all instances, the allocation for the following expenditure items chargeable against the SEF shall be net of the budgetary provision for the same or related item(s) in the budget for the DepEd and the ECCD Council, and that which may be funded out of the Special Purpose Funds*
 - *4.1.1 Operation and maintenance of public schools:*
 - *4.1.1.1 - Payment of compensation/allowances of teachers locally hired in elementary and secondary schools identified to have shortages per the teacher deployment analysis of the DepEd xxx;*
 - *4.1.1.2 - Payment of salaries/wages of utility workers and security guards hired in public elementary and secondary schools which have not been provided such position in the DepEd budget; and*
 - *4.1.1.3 - Payment of expenses pertaining to the operation of schools, which may include utilities and communication expenses.*
 - *4.1.2 Construction and repair of school buildings:*
 - *4.1.2.1 - Construction, repair and maintenance of school buildings and other facilities for public elementary and secondary schools, which are deemed to have shortage of classrooms or of other facilities xxx... furthermore, this item shall be given priority in the SEF Budget; and*
 - *4.1.2.2 Acquisition and titling of school sites.*

- *4.1.3 Facilities and equipment:*
 - *4.1.3.1 - Acquisition of laboratory, technical and similar apparatus, and information technology equipment and corollary supporting services (e.g. internet connection, maintenance, etc.), subject to the prevailing requirements and specifications set by the DepEd.*
- *4.1.4 Educational research:*
 - *4.1.4.1 - Educational research other than the research subject areas funded in the DepEd budget, subject to the prevailing policies and guidelines of the DepEd.*
- *4.1.5 Purchase of books and periodicals:*
 - *4.1.5.1 - Purchase of library books and periodicals for the libraries of the different elementary and secondary schools in the province, city and municipality, and the purchase of instructional materials, workbooks and textbooks needed by public elementary and secondary schools, subject to the prevailing policies and guidelines of the DepEd.*
- *4.1.6 Sports development:*
 - *4.1.6.1 - Expenses for school sports activities at the national, regional, division, district, municipal and barangay levels, as well as for other DepEd related activities, subject to the prevailing requirements and specifications set by the DepEd.*
- *4.1.7 Funding for the ECCD Program xxx...*

c. Section 7(b) of RA No. 10410, otherwise known as the “Early Years Act of 2013” – *The LGUs shall include allocations from their SEF for the Early Childhood Care and Development (ECCD) Program.*

- 25.4. For CY 2022, the Municipality of Asingan appropriated ₱4,431,056.20 for SEF. Review of SEF Utilization Report revealed that ₱1,333,162.11 or 42.76% was allocated for Maintenance and Other Operating Expenses (MOOE) and ₱1,784,475.92 or 57.24% for Capital Outlays.
- 25.5. In the analysis of disbursement vouchers related to SEF for CY 2022, the Audit Team noted the inclusion of expenditure items totaling ₱1,624,963.92 which were not among those *allowable expenses chargeable against the SEF* stated in Section 272 of RA No. 7160 and Section 4 of DepEd, DILG and DBM Joint Circular No. 1.
- 25.6. It was further observed that allocation for ECCD, a more important and priority program required by Congress thru the passage of RA No. 10410,

otherwise known as the “Early Years Act of 2013”, was not given due consideration as there was no fund allocated for this purpose.

- 25.7. The LSB in each province, city, or municipality shall be responsible for the preparation and approval of the annual budgetary requirements of the public schools based on the DepEd-approved School Improvement Plan (SIP) and Division Education Development Plan (DEDP) in the implementation of ECCD Program, kindergarten, elementary and secondary, formal and non-formal education programs, chargeable to their respective SEFs as prescribed under Section 5.2 of DepEd, DILG and DBM Joint Circular No. 1, series of 2017.
- 25.8. The projects included for SEF for CY 2022 are not in consonance with Section 5(1) of DepEd, DILG and DBM Joint Circular No. 1, stating that, the LSB shall formulate a three-year program indicating strategic prioritization policies in the allocation of the SEF to schools taking into consideration equitable sharing, priority needs and such factors as enrollment ratio, distance of the schools, performance, drop-out rate and location of schools, as well as the goals of the LGU’s Comprehensive Development Plan, and the expenditures, programs, projects in the LGU’s Local Development Investment Plan prior to the formulation and preparation of its Annual Budget for the incoming year.
- 25.9. The incurrence of non-priority expenses demonstrates the LSB’s failure to consider the standard parameters and criteria in the budget formulation for SEF. The absence of judicious planning and budgeting may hinder the attainment of SEF objectives and compliance with the oversight authority.
- 25.10. **We recommended that Municipal School Board to judiciously plan and formulate a SEF Budget in line with strategic prioritization policies in the allocation to schools taking into consideration equitable sharing, priority needs and other factors pursuant to Section 272 of RA No. 7160 and Section 4 of DepEd, DILG and DBM Joint Circular No. 1, s. 2017 dated January 19, 2017.**
- 25.11. No written comments was provided by the Management. However, during the exit conference, the Local Chief Executive justified that he and the Local School Board will be making a strategic prioritization of the PPAs to be implemented in the upcoming year.

Gender and Development (GAD)

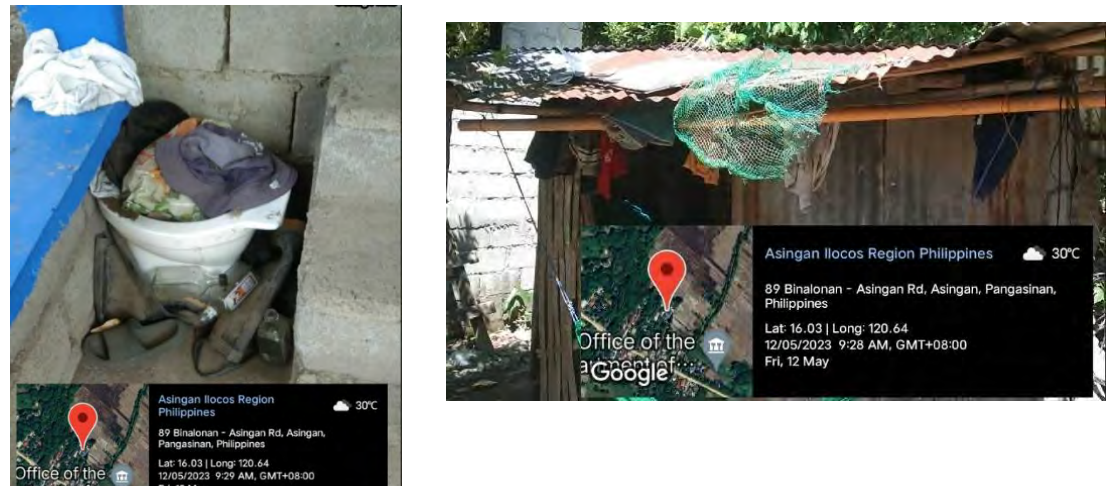
26. **Absence of monitoring mechanism and follow-up on the intended construction of sanitary toilet in various households amounting to ₱299,760.00, resulted in misuse or non-implementation by the recipients affecting the overall effectiveness of the project.**

- 26.1. The DOH has a Zero Open Defecation (ZOD) program where it advocates that every household in the barangay has sanitary toilets. Surprisingly, as one of the poorest provinces in the country, the Sarangani Province has zero open defecation.
- 26.2. Moreover, under Executive Order (EO) No. 138 signed by former President Rodrigo R. Duterte, all LGUs are tasked to formulate and prepare their Devolution Transition Plans (DTPs) to guide the transition in their full assumption of the devolved roles and responsibilities from the national government, including their increased share in all national taxes and revenues in line with the implementation of the Mandanas-Garcia ruling.
- 26.3. As Goal No. 6 of the United Nations, Clean Water and Sanitation, it is important for the LGUs to ensure that its constituents has access to health sanitation facilities. Basic sanitation services such as toilets or latrines are important because the lack of these facilities result in diarrheal diseases. The safety of women and girls are also compromised when they use public toilets or have no choice but to defecate openly. Thus, LGUs are encouraged to be more proactive in addressing this very basic need.
- 26.4. Through the initiative of the Municipal Mayor, a purchase request dated November 26, 2021 for materials intended for the construction of sanitary toilets of forty (40) chosen beneficiaries from Barangay Toboy and Sobol was made amounting to ₱300,000.00. Finally on May 10, 2022 a purchase order was prepared for 40 sets of water closet, 80 pieces of pipe with cover, 80 bags of cement, 40 pieces of PVC pipes, 40 pieces of PVC clean out and 40 pieces of PVC Coupling Reducer.
- 26.5. The materials were eventually delivered on May 15, 2022 by the supplier under Delivery Receipt No. 0207. Notably, the inspection team and property officer already prepared and signed an inspection and acceptance report dated May 13, 2022.
- 26.6. The intended beneficiaries were selected by the Sanitation Inspector based on the current financial condition and if he/she has a suitable space for the construction of the toilet. The Sanitation Inspector stated that the recipients were only given materials and the labor for the actual construction will be shouldered by them or made through a bayanihan. However, no feasibility study or project proposal was prepared to enable the Municipality in the smooth implementation of project.
- 26.7. Subsequent confirmation has been by the Audit Team with the Sanitation Inspector and the GAD Focal Person on May 12, 2023 to confirm whether the beneficiaries actually received and constructed their respective toilets.

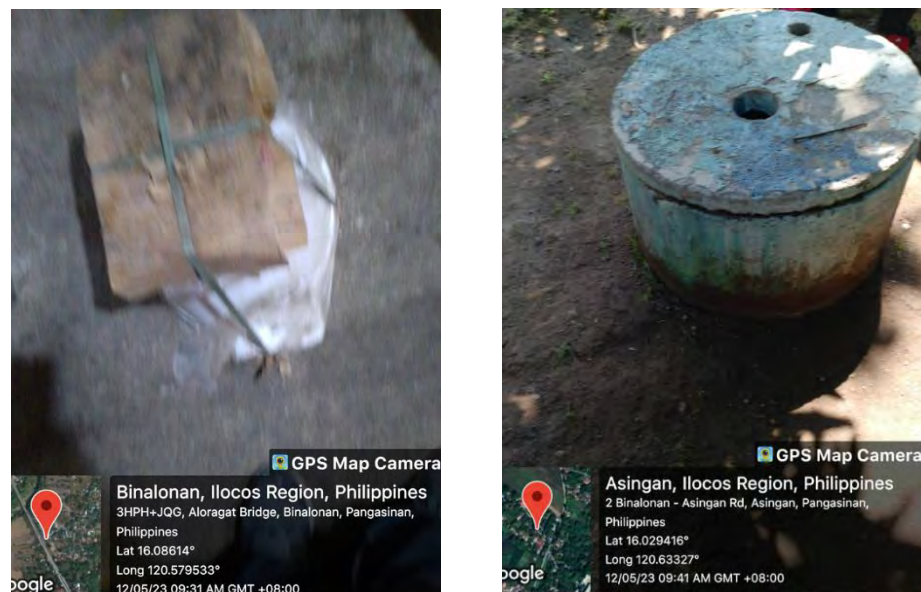
Of the 40 intended recipients, 14 were visited by the Audit Team at Barangay Toboy and discovered that 7 had already constructed the toilets, 6 did not start any construction and already used some of the materials received for other purposes, while a family has an ongoing construction of their toilets.

26.8. Some pictures taken during the visit were as follows:

Figures 30 and 31: Unused materials for the construction of toilets



Figures 32 and 33: Unused materials for the construction of toilets



26.9. As can be seen from the foregoing pictures, there has been a lack of monitoring on the part of the Municipality on the implementation of the project. We noted that the beneficiaries were truly deserving on their end to have their own access to sanitation facilities. Due to the lack of a project

proposal or feasibility on the matter, there was no follow-up on the project implementation, nor the anticipation that the beneficiaries do not have the capability to construct their own toilets. The beneficiaries are well below the poverty line and do not have the means to hire someone to construct their toilet for them. Moreover, there has been no written agreement with the Barangay for a possible bayanihan to assist those who had received the materials for toilet construction.

26.10. Had the Municipality considered preparing a project proposal or feasibility study for the sanitation project, they could have anticipated the foregoing deficiencies. Also, as GAD funds were involved in the implementation of the project, there should have been a follow-up made by the GAD Focal Person or a monitoring plan to be made by the Sanitation Inspector. Consequently, the noted deficiencies in the implementation process severely affected the overall effectiveness of the project.

26.11. **We recommended that the Local Chief Executive:**

- a. **Assist the GAD Focal Person and the Sanitation Inspector to do a follow-up and formulate a monitoring mechanism to regularly update on the status of implementation of the projects and to ensure whether the beneficiaries utilized the materials as intended.**
- b. **Require the submission of project proposal or feasibility study for future programs or projects with long term implementation to ensure that the desired outcomes will be achieved effectively and efficiently.**

26.12. Management asserted that upon distribution of the construction materials to the recipients, they have an agreement with the Barangay Officials to help their constituents construct their toilets.

26.13. The Audit Team however, noted that the agreement is only made verbally and there were no memorandum of agreement between the concerned Barangays and the Municipality for the bayanihan construction of the toilets. Moreover, the Audit Team also asserts that further consideration is to be made in the project proposal for the feasibility of upcoming PPAs of similar nature.

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

27. The Municipality of Asingan had regularly remitted the amount withheld from the taxable transactions within the period allowed by law in CY 2022. Likewise, statutory deductions made were also remitted to respective government owned and controlled corporations. The outstanding balances reflected in the year-end financial statements were promptly remitted to the concerned government agency as of January 31, 2023.

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

28. 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

29. As of December 31, 2022, the Municipality of Asingan has unsettled suspensions, disallowances, and charges, respectively as follows:

Notice	Beginning Balance (P)	This Period (January 1 to December 31, 2021)		Ending Balance (As of December 31, 2021)
		NS/ND/NC (P)	NSSDC (P)	(P)
Notice of Suspension	-	-	-	-
Notice of Disallowance	1,745,803.53	-	37,034.90	1,708,768.63
Notice of Charge	-	-	-	-
Total	1,745,803.53	-	-	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 52 audit recommendations embodied in the CY 2021 Annual Audit Report, twenty four (24) or 46.15% were implemented and twenty eight (28) or 53.85% were not yet implemented:

Observation and Recommendation	Reference 2020 AAR (Page No.)	Action Taken by Management	Result of Auditor's Validation
<p>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.</p> <p>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</p>	<p style="text-align: center;">2021-33</p>	<p>The Municipal Engineer certifies that repairs/rehabilitation and construction of infrastructure assets amounting to ₱1,731,559.91 was recognized as major repairs, while ₱671,324.53 was classified as routinely and/or minor repairs.</p>	<p>Not Implemented</p> <p>Reiterated under Observation No. 6</p> <p>It was observed that Management continuously recognized betterments and newly constructed/installed assets as</p>

Observation and Recommendation	Reference 2020 AAR (Page No.)	Action Taken by Management	Result of Auditor's Validation
infrastructure assets should be capitalized or recognized as property, plant and equipment in accordance with IPSAS No. 17.		The reclassified expenses for major repairs was capitalize and has been reflected in the revised Financial Report.	Repairs and Maintenance.
<p>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.</p> <p>We recommended that the Local Chief Executive require:</p> <p>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</p>	2021-34	<p>Adjusting entries for the on-going Construction Projects and expenditures that are not yet fully delivered in the amount of ₱3,283,806.40 was reflected in the revised Financial Statements in accordance with New Government Accounting System (NGAS).</p>	<p>Not Implemented</p> <p>Reiterated under Observation No. 11</p> <p>Audit of Accounts Payables disclosed that Management still charges undelivered goods and infrastructures</p>

Observation and Recommendation	Reference 2020 AAR (Page No.)	Action Taken by Management	Result of Auditor's Validation
<p>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;</p> <p>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</p> <p>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.</p>			<p>not yet constructed to payables</p> <p>Not Implemented</p> <p>Not Implemented</p>
<p>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</p>	<p>2021-38</p>		

Observation and Recommendation	Reference 2020 AAR (Page No.)	Action Taken by Management	Result of Auditor's Validation
<p>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.</p> <p>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.</p>		<p>The Php 1,239,889.80 discrepancy in Construction in Progress (CIP) account was due to timing difference in cut off period of Engineering and Accounting Office. The reconciliation of discrepancy will be reflected in the next report.</p>	<p>Implemented</p> <p>Quarterly Report of ongoing PPA for 4th Quarter CY 2022 from Municipal Engineer reconciled from the balance of CIP accounts reflected on the Financial Statements CY 2022</p>
<p>4. 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.</p>	<p>2021-41</p>		

Observation and Recommendation	Reference 2020 AAR (Page No.)	Action Taken by Management	Result of Auditor's Validation
<p>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.</p>		<p>The list of recipients affected by COVID -19 and the certified true copy of logbook showing the food assistance distributed duly received by BHWs, CVOs, and Barangay Officials have been forwarded to your office.</p>	<p>Implemented</p> <p>Certified List of Recipients affected by COVID 19 and certified true copy of logbook of food assistance distributed was submitted to the audit team.</p>
<p>5. 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.</p> <p>We recommended that the Local Chief Executive:</p>	<p>2021-43</p>	<p>The Local Executive Officer has directed the MHO and MENRO to comply with DOH prescribed procedures</p>	<p>Implemented</p> <p>Inspection disclosed that MHO</p>

Observation and Recommendation	Reference 2020 AAR (Page No.)	Action Taken by Management	Result of Auditor's Validation
<p>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;</p> <p>b. Instruct the MENRO to integrate COVID-19 Waste Management Plan into the LGU's Solid Waste Management Plan; and</p> <p>c. Advise 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.</p>		<p>in transporting and disposal of health care wastes.</p> <p>The Municipal Planning and Development Officer (MPDO) will ensure that programs and activities related Health Care Waste disposal will be included in the Annual Investment Plan.</p>	<p>and MENRO complied with the DOH prescribed procedures on disposal of COVID wastes. In addition, the Municipality was able to incorporate COVID Waste Management Plan into LGU's Solid Waste Management plan and Annual Investment Plan.</p>
<p>6. 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.</p> <p>We recommended that the Municipal Mayor (a) stop designating Job Order personnel as</p>	<p>2021-46</p>	<p>In compliance with the AOM, Local Chief Executive has designated permanent and casual</p>	<p>Implemented</p> <p>Checking of Plantilla</p>

Observation and Recommendation	Reference 2020 AAR (Page No.)	Action Taken by Management	Result of Auditor's Validation
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.		employees as market collecting officers effective immediately. The following bonded employees are as follows: 1. Bobby Velasco 2. Valentino Garcia 3. Arnold Bustillos 4. Robert Malayo 5. Juanito Oca	Organization verified the appointment of permanent employees designated as collecting officers
7. 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. 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	2021-47	As per COA recommendation, the Treasurer's Office has requested for additional safe deposit boxes for the safekeeping of unremitted and undeposited collections. The purchase of which is currently in the procurement process.	Implemented During conduct of cash examination disclosed, safe deposit boxes were presented by the Treasury Department.

Observation and Recommendation	Reference 2020 AAR (Page No.)	Action Taken by Management	Result of Auditor's Validation
collections and accountable forms are stored for safekeeping to avoid the risk of loss pursuant to Section 101 of PD No. 1445.			
<p>8. 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.</p> <p>We recommended that the Local Chief Executive:</p> <p>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.</p>	2021-48	<p>The Inventory Committee is in the process of conducting physical inventory of all PPEs.</p> <p>Once the physical count is completed, the accounting office will update the Inventory Ledger and reconcile the correctness of PPE Account balances in the financial statements.</p>	<p>Not Implemented</p> <p>Reiterated under Observation No. 13</p> <p>Inventory Committee was unable to submit Report of Inventory on Property Plant and Equipment.</p>

Observation and Recommendation	Reference 2020 AAR (Page No.)	Action Taken by Management	Result of Auditor's Validation
<p>Through the Inventory Committee, update the property records based on the results of physical inventory and reconcile them with the accounting records.</p> <p>After the inventory taking, instruct the Municipal Accountant to update the ledger cards for each item of the PPE</p> <p>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.</p>			<p>Not Implemented</p> <p>Not Implemented</p> <p>Not Implemented</p>
<p>9. 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.</p>	<p>2021-50</p>		

Observation and Recommendation	Reference 2020 AAR (Page No.)	Action Taken by Management	Result of Auditor's Validation
<p>We reiterate that the Local Chief Executive requires the:</p> <p>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.</p> <p>b. General Services Officer in coordination with the Municipal Engineer to prepare Report on Local Road Networks and Local Road Network Property Card.</p> <p>c. Municipal Accountant to prepare general ledger and the Local Road Network Ledger Card.</p> <p>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.</p> <p>e. Concerned Offices to ensure coordination in the proper implementation of the</p>		<p>The Municipal Engineer's Office is currently finalizing the Road Mapping, cost segregation of road components and assessment of replacement cost. Once completed, the accounting office will prepare the general ledger and Local Road Network Ledger Card. The Local Chief Executive will also appoint a person-in-charge of the monitoring and ledger bookkeeping.</p>	<p>Implemented</p> <p>Municipal Engineer was able to furnish the audit team with report with the complete description and cost segregation of road components for road projects.</p> <p>Not Implemented</p> <p>No Property Card submitted</p> <p>Implemented</p> <p>Ledger Cards for Road Networks was submitted to the audit team.</p> <p>Not Implemented</p> <p>Report of Physical Count on Road Network System was not submitted.</p> <p>Implemented</p> <p>Implementation of the accounting and</p>

Observation and Recommendation	Reference 2020 AAR (Page No.)	Action Taken by Management	Result of Auditor's Validation
accounting and reporting guidelines of COA Circular 2015-008 dated November 5, 2015.			reporting guidelines of COA Circular 2015-008 was substantially complied
<p>10. 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.</p> <p>We recommended that the Local Chief Executive:</p> <p>a. Creates an Inventory Team with Appraisal and Disposal Committee which will:</p> <p>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;</p>	2021-52	<p>The LGU has created Inventory and appraisal Team that will determine the unserviceable and appraisal value of all PPEs subject for disposal.</p> <p>Moving forward, the LGU will strictly comply with the disposal process as stated in Section 79 of Presidential Decree (PD) No. 1445 and Section 7 of COA Circular No. 89-296.</p>	<p>Not Implemented</p> <p>Although Inventory Team was created, unserviceable properties were yet to dispose by the Municipality.</p>

Observation and Recommendation	Reference 2020 AAR (Page No.)	Action Taken by Management	Result of Auditor's Validation
<p>2. Conduct an appraisal of the unserviceable properties and waste materials and furnish the Audit Team with a copy of the appraisal report thereof;</p> <p>3. Facilitate the immediate disposal of the identified and verified unserviceable properties and waste materials to recoup any salvage value thereof.</p> <p>4. Dispose the unserviceable properties based on the most appropriate mode of disposal pursuant to the provisions of COA Circular Nos. 89-296.</p> <p>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.</p> <p>c. Requires Municipal Accountant to derecognize the costs of the properties once the disposal thereof has</p>			<p>Not Implemented</p> <p>No additional necessary documents furnished to the audit team</p> <p>Not Implemented</p> <p>Municipal Accountant was unable to derecognized</p>

Observation and Recommendation	Reference 2020 AAR (Page No.)	Action Taken by Management	Result of Auditor's Validation
<p>been completed and submission of the necessary documents by the Supply Officer and the GSO.</p> <p>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.</p> <p>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.</p>			<p>unserviceable properties as of date.</p> <p>Not Implemented</p> <p>No written communication forwarded to the audit team regarding disposal of unserviceable properties.</p> <p>Not Implemented</p> <p>No written explanation was submitted on why the unserviceable PPE disposed were not presented to the audit team.</p>
11. Donated Property, Plant and Equipment by a	2021-55		

Observation and Recommendation	Reference 2020 AAR (Page No.)	Action Taken by Management	Result of Auditor's Validation
<p>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.</p> <p>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.</p>		<p>The donated Manlift Equipment amounting to Php 860,000 has been accepted by the Sangguniang Bayan through a Resolution. A copy of the which including Acknowledgment Receipt and other documentary requirements will be submitted to your office.</p>	<p>Not Implemented</p> <p>Reiterated under Observation No. 4</p> <p>Although the Management was able to comply with the recommendation on the donated Manlift Equipment, subsequent donated properties such as Patient Transport Vehicle, were not recognized in the books.</p>

Observation and Recommendation	Reference 2020 AAR (Page No.)	Action Taken by Management	Result of Auditor's Validation
<p>12. 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.</p> <p>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.</p>	2021-57	<p>The Procurement Officer will notify in writing, email and /or thru text messages the Commission on Audit (COA) regarding the delivery schedule of goods subject for inspection. A copy of Purchase Order / Delivery Receipt / Inspection Report will be submitted to the COA prior to inspection.</p>	<p>Not Implemented</p> <p>Although requests for inspection were submitted to the audit team, verification revealed that they were submitted beyond the prescribed deadline.</p> <p>Not Implemented</p>

Observation and Recommendation	Reference 2020 AAR (Page No.)	Action Taken by Management	Result of Auditor's Validation
<p>13. 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.</p> <p>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.</p>	2021-58	<p>The Local Executive Officer has instructed the BAC Secretariat to ensure timely submission of perfected contracts to your office.</p>	<p>Implemented</p> <p>BAC Secretariat was able to submit Contracts and POs to the Audit Team.</p>
<p>14. 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</p>	2021-59		

Observation and Recommendation	Reference 2020 AAR (Page No.)	Action Taken by Management	Result of Auditor's Validation
<p>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.</p> <p>We recommended that the Local Chief Executive:</p> <p>Instruct Supply Officer to conduct pre-repair evaluation and post-repair evaluation/inspection of all government vehicles subject to repairs.</p> <p>Require the Supply Officer to prepare a Certificate of Acceptance and secure warranty certificates and Waste Material Report to be approved by the LCE.</p>		<p>In compliance with AOM No. 2022-05 (2021) dated January 31, 2022 the following additional documentary requirements will be attached to transactions pertaining to repair and maintenance of government vehicles:</p> <ol style="list-style-type: none"> 1. Pre-repair evaluation report (Detailed services needed) 2. Post inspection Report (Detailed Work Accomplished) 3. Certificate of Acceptance 4. Report of Waste Materials 5. Warranty Certificate <p>In addition, the Municipal Mayor has designated Storekeeper I to prepare and monitor the issuance of Certificate of Acceptance, Waste Materials Report and Warranty Certificate of all government vehicle subject to repairs and maintenance.</p>	<p>Not Implemented</p> <p>Post audit disclosed that pertinent documents related to repairs and maintenance of government vehicles were not attached</p> <p>Not Implemented</p>

Observation and Recommendation	Reference 2020 AAR (Page No.)	Action Taken by Management	Result of Auditor's Validation
<p>15. 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.</p> <p>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.</p>	2021-61	<p>Moving forward, the Municipal Engineer will provide all on-going government programs, projects and activities at the beginning of the year. Furthermore, the Local Executive Officer has instructed the Municipal Engineer to ensure that the Audit Team is notified prior to the commencement of a project.</p>	<p>Not Implemented</p> <p>Review of submitted documents revealed that 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</p>

Observation and Recommendation	Reference 2020 AAR (Page No.)	Action Taken by Management	Result of Auditor's Validation
<p>16. 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.</p> <p>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.</p>	2021-62	<p>The projects listed are in accordance with AIP and majority of them are for the maintenance of municipal buildings, facilities, including market. 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.</p> <p>On the other hand, the “nylon rope” was covered by Section 2.1.12 of JMC No. 1 issued March 27, 2021.</p> <p>Be that as it may, LGU Asingan will follow your</p>	<p>Implemented</p> <p>Audit Team reviewed the CY 2022 Annual Investment Program, Utilization Reports and other pertinent documents relative to the 20% Local Development Fund and also audited the disbursement vouchers and their supporting documents to ascertain, among others, that the actual disbursements for the PPAs identified and implemented were eligible</p>

Observation and Recommendation	Reference 2020 AAR (Page No.)	Action Taken by Management	Result of Auditor's Validation
		recommendation to strictly follow the 20% MDF Utilization as outlined in JMC 2017-01.	developmental projects and not among those expenditures enumerated under Item 3.2.5 of DBM-DOF-DILG JMC No. 1
<p>17. 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.</p> <p>We recommended that the Local Chief Executive:</p> <p>a. Instruct the LDRRM Officer to maximize the</p>	2021-65	<p>a. Management exercised due diligence in disbursing calamity fund however, the</p>	<p>Implemented</p> <p>Optimum</p>

Observation and Recommendation	Reference 2020 AAR (Page No.)	Action Taken by Management	Result of Auditor's Validation
<p>utilization of the LDRRMF in accordance with the PPAs detailed in the LDRRMFIP.</p> <p>b. Direct the LDRRM Officer to refrain from charging expenses that were not eligible for the calamity fund.</p> <p>c. Enjoin Municipal Accountant and Municipal Treasurer to explain why similar documentary pictures attached to different disbursement vouchers were processed for payment, and</p> <p>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.</p>		<p>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 typhoon, earthquake, and other calamities. In addition, we have a Memorandum of Agreement (MOA) with various grocery stores and pharmacy 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.</p> <p>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 too social restrictions.</p> <p>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.</p> <p>d. Php 150,000 for the repair and maintenance of disaster equipment and vehicles were not utilized since it's still in good</p>	<p>Utilization of LDRRMF was observed.</p> <p>Implemented</p> <p>Review of Utilization Report of LDRRMF reveled that expenses charged to LDRRMF were compliant with Republic Act No. 10121</p> <p>Implemented</p> <p>Review of submitted vouchers pertaining to the procurement of meals revealed that similar menus were served, hence, identical pictures.</p> <p>Implemented</p> <p>The LCE designated municipal employees as part of the LDRRM Office in concurrent capacity</p>

Observation and Recommendation	Reference 2020 AAR (Page No.)	Action Taken by Management	Result of Auditor's Validation
		<p>working condition.</p> <p>2. Ineligible transactions charged to DRRMFIP. Industrial fan for isolation area, 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 RHU photocopy machine were charged against the fund allotment for MDRRMO office operation and not to Calamity Fund.</p> <p>3. Similar Supporting documents attached to several disbursement vouchers.</p> <p>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,</p>	

Observation and Recommendation	Reference 2020 AAR (Page No.)	Action Taken by Management	Result of Auditor's Validation
		<p>Management will improve our documentation by including date stamps and a photo of inspection team.</p> <p>4. Required manning complement for LDRRRMO were not employed. Currently the LGU has maxed out 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 operation.</p>	
<p>18. 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.</p> <p>We recommended that the GAD Focal Person continuously monitor the implementation of the GAD Program/Activity/Project to maximize the</p>	2021-69	<p>Due to fluctuating cases of COVID-19, social restrictions, changing alert level and new COVID variant, the implementation of our programs has been affected particularly</p>	<p>Not Implemented</p> <p>Restated under Observation No. 19 and 26</p>

Observation and Recommendation	Reference 2020 AAR (Page No.)	Action Taken by Management	Result of Auditor's Validation
gender responsiveness of the Municipality.		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, among others.	Although utilization was substantially complied, Absence of monitoring mechanism and follow-up on the various projects of Municipality was observed.
<p>19. 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.</p> <p>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.</p>	2021-70	<p>Through Executive Order No. 007-B, S 2020 dated February 5, 2020, Gender and Development (GAD) Monitoring and Evaluation Team was constitutionalized in accordance with PCW-DILG-DBM-NEDA Joint Memorandum Circular No. 2013-01. And on February 16, 2022, GAD M&E Team of the Municipality was reorganized through Executive Order No. 015, S-</p>	<p>Implemented</p> <p>Through Executive Order No. 007-B S. 2020, management was able to constitutionalized Gender and Development (GAD) Monitoring and Evaluation Team</p>

Observation and Recommendation	Reference 2020 AAR (Page No.)	Action Taken by Management	Result of Auditor's Validation
		2022 to strengthen the M&E system for gender-responsiveness and other GAD-related programs of the Municipality.	
<p>20. 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.</p> <p>We recommended that the Local Chief Executive through Municipal Treasurer and Market Supervisor:</p> <p>a. Send demand letters when the stallholders become delinquent for at least three (3) months.</p> <p>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.</p> <p>c. Instructs the officials and employees</p>		<p>The Market Supervisor and Municipal Treasurer's office will exert utmost effort to collect the rentals from delinquent stallholders by sending demand letters. Upon refusal to settle their obligations, we will institute legal actions against the delinquent stallholders.</p>	<p>Implemented</p> <p>Demand letters where issued to delinquent stallholders.</p> <p>Not Implemented</p> <p>No written comments from Management relative to the legal actions against the delinquent stallholders who refuse to settle their past due accounts was received by the audit team.</p>

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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.			Not Implemented No written justification was submitted to the audit team
<p>21. 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.</p> <p>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.</p>	2021-74	<p>Per checking of our records with Human Resource Department, accomplishment reports are complete however it was filed in a separate folder due to its volume. Moving forward, we will ensure that all supporting documentations are submitted to your office on time.</p>	Implemented Post audit of payroll accounts disclosed that DTRs and Accomplishment Report was attached.

Observation and Recommendation	Reference 2020 AAR (Page No.)	Action Taken by Management	Result of Auditor's Validation
<p>CY 2021 AAR</p> <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	<p>The Municipal Accountant properly reclassified the accounts affected.</p>	Implemented
<p>2. Uncollected rent income from delinquent stallholders amounting to ₱140,010.50, on the market stall premises of LGU-Asingan 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>	34		

Observation and Recommendation	Reference 2020 AAR (Page No.)	Action Taken by Management	Result of Auditor's Validation
<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 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>a. Municipal Treasurer sent monthly billing statements to stall holders.</p> <p>b. The Municipal Accountant had drawn entry for the recognition of income and receivables for previous year.</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> <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</p>

Observation and Recommendation	Reference 2020 AAR (Page No.)	Action Taken by Management	Result of Auditor's Validation
			and collection of delinquent receivables.
<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>		Materials and quality tests were done by the Municipal Engineer to ensure projects were in accordance with plans and specifications	Implemented
<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>We recommended</p>	46		

Observation and Recommendation	Reference 2020 AAR (Page No.)	Action Taken by Management	Result of Auditor's Validation
<p>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 tax assessments.</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</p>

Observation and Recommendation	Reference 2020 AAR (Page No.)	Action Taken by Management	Result of Auditor's Validation
<p>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>established that Municipality already have a copy of the database on business tax assessments.</p>
<p>10. Payments for various expenditures related to the utilization of 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</p>	<p>56</p>		

Observation and Recommendation	Reference 2020 AAR (Page No.)	Action Taken by Management	Result of Auditor's Validation
<p>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>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.</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>Management through the BAC is committed to comply with the procurement regulations pertaining to negotiated procurement.</p>	<p>Implemented</p> <p>Implemented</p>

Observation and Recommendation	Reference 2020 AAR (Page No.)	Action Taken by Management	Result of Auditor's Validation
01-2020.			
<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, 2022

(In Philippine Peso)

Particulars	Total	General Fund	Special Education Fund	Trust Fund
ASSETS				
Current Assets				
Cash and Cash Equivalents	99,655,594.29	83,342,910.17	10,536,364.05	5,776,320.07
Receivables	67,139,156.46	30,892,946.04	27,790,399.96	8,455,810.46
Inventories	19,590.00	19,590.00	-	-
Prepayments and Deferred Charges	-	-	-	-
Total Current Assets	166,814,340.75	114,255,446.21	38,326,764.01	14,232,130.53
Non-Current Assets				
Property, Plant and Equipment	395,827,797.48	389,348,130.35	5,930,161.33	549,505.80
Total Non-Current Assets	395,827,797.48	389,348,130.35	5,930,161.33	549,505.80
Total Assets	562,642,138.23	503,603,576.56	44,256,925.34	14,781,636.33
LIABILITIES				
Current Liabilities				
Financial Liabilities	30,186,759.76	29,033,759.77	339,992.44	813,007.55
Inter-Agency Payables	4,530,328.64	2,309,514.81	391,964.05	1,828,849.78
Intra-Agency Payables	8,203,226.78	7,080,826.49	183,936.33	938,463.96
Trust Liabilities	7,474,715.47	95,566.72	-	7,379,148.75
Deferred Credits/Unearned Income	59,736,353.92	29,868,176.96	29,868,176.96	-
Other Payables	6,606,175.53	2,780,009.24	4,000.00	3,822,166.29
Total Current Liabilities	116,737,560.10	71,167,853.99	30,788,069.78	14,781,636.33
Non-Current Liabilities				
Financial Liabilities	-	-	-	-
Total Non-Current Liabilities	-	-	-	-
Total Liabilities	116,737,560.10	71,167,853.99	30,788,069.78	14,781,636.33
NET ASSETS/EQUITY				
Government Equity	445,904,578.13	432,435,722.57	13,468,855.56	-
Total Liabilities and Net Assets/Equity	562,642,138.23	503,603,576.56	44,256,925.34	14,781,636.33

MUNICIPAL GOVERNMENT OF ASINGAN
STATEMENT OF FINANCIAL PERFORMANCE - BY FUND
For the year ended December 31, 2022
(In Philippine Peso)

Particulars	Total	General Fund	Special Education Fund	Trust Fund
Revenue				
Tax Revenue	15,845,505.14	11,414,448.94	4,431,056.20	-
Share from Internal Revenue	219,243,814.00	219,243,814.00	-	-
Service and Business Income	16,619,508.05	16,619,508.05	-	-
Shares, Grants and Donations	-	-	-	-
Other Income	3,760.00	3,760.00	-	-
Total Revenue	251,712,587.19	247,281,530.99	4,431,056.20	-
Less: Current Operating Expenses				
Personnel Services	86,059,629.80	86,059,629.80	-	-
Maintenance and Other Operating Expenses	90,460,793.88	89,127,631.77	1,333,162.11	-
Financial Expenses	-	-	-	-
Non-cash Expenses	28,528,565.35	27,849,091.97	679,473.38	-
Total Current Operating Expenses	205,048,989.03	203,036,353.54	2,012,635.49	-
Surplus (Deficit) from Current	46,663,598.16	44,245,177.45	2,418,420.71	-
Add (Deduct):				
Transfers, Assistance and Subsidy From	500,000.00	500,000.00	-	-
Transfers, Assistance and Subsidy To	5,304,304.74	5,304,304.74	-	-
Surplus(Deficit) for the period	41,859,293.42	39,440,872.71	2,418,420.71	-

MUNICIPAL GOVERNMENT OF ASINGAN
STATEMENT OF CHANGES IN NET ASSETS/EQUITY - BY FUND
As at December 31, 2022

Particulars	Total	General Fund	Special Education Fund	Trust Fund
Balance, January 1, 2022	396,465,618.32	385,415,183.47	11,050,434.85	-
Add (Deduct)				
Prior Period Errors	1,527,186.19	1,527,186.19	-	
Restated Balance	397,992,804.51	386,942,369.66	11,050,434.85	-
Add (Deduct) Changes in net assets/equity during the year				
Adjustment of net revenue recognized directly in net assets/equity	6,052,480.20	6,052,480.20	-	
Surplus (Deficit) for the	41,859,293.42	39,440,872.71	2,418,420.71	-
Total recognized revenue and expenses for the period	47,911,773.62	45,493,352.91	2,418,420.71	-
Balance, December 31, 2022	445,904,578.13	432,435,722.57	13,468,855.56	-

MUNICIPAL GOVERNMENT OF ASINGAN
STATEMENT OF CASH FLOWS - BY FUND

For the year ended December 31, 2022

(In Philippine Peso)

Particulars	Total	General Fund	Special Education Fund	Trust Fund
Cash Flows from Operating				
Cash Inflows				
Collection from	20,018,185.23	15,223,933.23	4,794,252.00	-
Share from Internal	219,243,814.00	219,243,814.00		-
Receipts from business/service income	16,456,711.46	16,456,711.46		-
Interest Income	168,282.30	168,282.30		-
Other Receipts	25,986,438.30	9,061,952.82	6,102,100.40	10,822,385.08
Total Cash Inflows	281,873,431.29	260,154,693.81	10,896,352.40	10,822,385.08
Cash Outflows				
Payments to suppliers	111,575,548.03	97,226,515.03	5,962,556.05	8,386,476.95
Payments to employees	81,103,247.69	81,103,247.69		
Other Expenses	3,614,628.42	3,614,628.42		
Total Cash Outflows	196,293,424.14	181,944,391.14	5,962,556.05	8,386,476.95
Net Cash Flows from Operating Activities	85,580,007.15	78,210,302.67	4,933,796.35	2,435,908.13
Cash Flows from Investing				
Cash Inflows	-	-	-	-
Cash Outflows				
Purchase/Construction of Property, Plant and Equipment	55,959,553.41	51,950,108.79	1,673,899.74	2,335,544.88
Total Cash Outflows	55,959,553.41	51,950,108.79	1,673,899.74	2,335,544.88
Net Cash Flows from Investing Activities	(55,959,553.41)	(51,950,108.79)	(1,673,899.74)	(2,335,544.88)
Cash Flows from Financing				
Cash Inflows				
Proceeds from Loans	-	-	-	-
Total Cash Inflows	-	-	-	-
Cash Outflows				
Payment of loan amortization and interest	-	-	-	-
Total Cash Outflows	-	-	-	-
Net Cash Flows from Financing Activities		-	-	-
Total Cash Provided by Operating, Investing and	29,620,453.74	26,260,193.88	3,259,896.61	100,363.25
Add: Cash at the Beginning of the	70,035,140.55	57,082,716.29	7,276,467.44	5,675,956.82
Cash Balance at the End of the	99,655,594.29	83,342,910.17	10,536,364.05	5,776,320.07

MUNICIPAL GOVERNMENT OF ASINGAN
STATUS OF APPROPRIATIONS, ALLOTMENTS, OBLIGATIONS AND BALANCES
Current Legislative Appropriations
For the Year Ended December 31, 2022
(In Philippine Peso)

Annex A.4

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Code	Function/Program/Project	Appropriations	Allotments	Obligations	Balances Of Allotments
	Grand Total	318,714,919.78	318,714,919.78	243,816,870.25	74,898,049.53
A	Current Year Appropriations	300,211,160.47	300,211,160.47	242,585,760.24	57,625,400.23
	PS	87,332,929.80	87,332,929.80	87,141,874.91	191,054.89
	MOOE	147,322,993.05	147,322,993.05	95,171,488.17	52,151,504.88
	CO	65,555,237.62	65,555,237.62	60,272,397.16	5,282,840.46
	FE	-	-	-	-
1000	General Public Services	105,379,129.10	105,379,129.10	102,135,748.72	3,243,380.38
	PS	53,345,480.20	53,345,480.20	53,345,480.20	-
	MOOE	34,036,758.90	34,036,758.90	31,490,597.83	2,546,161.07
	CO	17,996,890.00	17,996,890.00	17,299,670.69	697,219.31
	FE	-	-	-	-
3000	Educ., Cult., Sports & Manpower Dev't.	3,313,300.00	3,313,300.00	3,117,638.03	195,661.97
	PS	1,273,300.00	1,273,300.00	1,082,245.11	191,054.89
	MOOE	2,040,000.00	2,040,000.00	2,035,392.92	4,607.08
	CO	-	-	-	-
	FE	-	-	-	-
4000	Health Services	24,503,298.48	24,503,298.48	23,496,156.38	1,007,142.10
	PS	12,705,053.15	12,705,053.15	12,705,053.15	-
	MOOE	11,109,045.33	11,109,045.33	10,105,996.23	1,003,049.10
	CO	689,200.00	689,200.00	685,107.00	4,093.00
	FE	-	-	-	-
5000	Labor And Employment	-	-	-	-
6000	Housing And Community Development	5,185,000.00	5,185,000.00	5,108,285.00	76,715.00
	PS	-	-	-	-
	MOOE	5,185,000.00	5,185,000.00	5,108,285.00	76,715.00
	CO	-	-	-	-
	FE	-	-	-	-
7000	Social Welfare Services	14,909,106.98	14,909,106.98	14,137,625.73	771,481.25
	PS	5,201,994.50	5,201,994.50	5,201,994.50	-
	MOOE	7,082,112.48	7,082,112.48	6,586,134.38	495,978.10
	CO	2,625,000.00	2,625,000.00	2,349,496.85	275,503.15
	FE	-	-	-	-
8000	Economic Services	41,263,216.30	41,263,216.30	35,123,200.41	6,140,015.89
	PS	14,807,101.95	14,807,101.95	14,807,101.95	-
	MOOE	25,856,114.35	25,856,114.35	20,016,608.46	5,839,505.89
	CO	600,000.00	600,000.00	299,490.00	300,510.00
	FE	-	-	-	-
9000	Other Purposes	-	-	-	-
	PS	-	-	-	-
	MOOE	-	-	-	-
	CO	-	-	-	-
	LDRRMF	11,714,463.10	11,714,463.10	6,431,158.36	5,283,304.74
	MOOE	6,739,215.69	6,739,215.69	4,446,497.95	2,292,717.74
	CO	4,975,247.41	4,975,247.41	1,984,660.41	2,990,587.00
	20% Development Fund	43,888,220.89	43,888,220.89	40,340,706.64	3,547,514.25
	MOOE	6,234,548.74	6,234,548.74	3,701,962.49	2,532,586.25
	CO	37,653,672.15	37,653,672.15	36,638,744.15	1,014,928.00
	Allocation for Senior Citizens and PWD	2,192,438.14	2,192,438.14	1,906,151.18	286,286.96
	MOOE	2,143,838.14	2,143,838.14	1,857,551.18	286,286.96
	CO	48,600.00	48,600.00	48,600.00	-
	Others	47,862,987.48	47,862,987.48	10,789,089.79	37,073,897.69
	MOOE	46,896,359.42	46,896,359.42	9,822,461.73	37,073,897.69
	CO	966,628.06	966,628.06	966,628.06	-

MUNICIPAL GOVERNMENT OF ASINGAN
STATUS OF APPROPRIATIONS, ALLOTMENTS, OBLIGATIONS AND BALANCES
Current Legislative Appropriations
For the Year Ended December 31, 2022
(In Philippine Peso)

Annex A.4

6 of 6

Code	Function/Program/Project	Appropriations	Allotments	Obligations	Balances Of Allotments
B	Continuing Appropriations	18,503,759.31	18,503,759.31	1,231,110.01	17,272,649.30
	CO	18,503,759.31	18,503,759.31	1,231,110.01	17,272,649.30
1000	General Public Services	2,900,218.30	2,900,218.30	801,234.15	2,098,984.15
	CO	2,900,218.30	2,900,218.30	801,234.15	2,098,984.15
3000	Educ., Cult., Sports & Manpower Dev'T.	-	-	-	-
4000	Health Services	75,966.00	75,966.00	-	75,966.00
	CO	75,966.00	75,966.00	-	75,966.00
5000	Labor And Employment	-	-	-	-
6000	Housing And Community Development	-	-	-	-
7000	Social Welfare Services	77,362.52	77,362.52	-	77,362.52
	CO	77,362.52	77,362.52	-	77,362.52
8000	Economic Services	15,294,478.49	15,294,478.49	274,141.86	15,020,336.63
	CO	15,294,478.49	15,294,478.49	274,141.86	15,020,336.63
9000	Other Purposes	155,734.00	155,734.00	155,734.00	-
	CO	155,734.00	155,734.00	155,734.00	-