



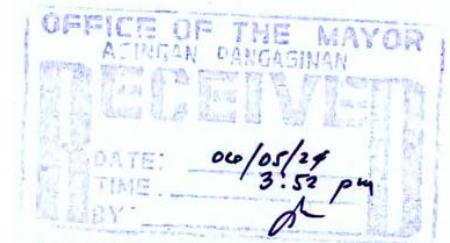
REPUBLIC OF THE PHILIPPINES  
**COMMISSION ON AUDIT**  
**REGIONAL OFFICE NO. I**  
AUDIT GROUP E, LGS – PANGASINAN II  
Dagupan City

**Office of the Supervising Auditor**

May 24, 2024

**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, 2023, 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, Audit 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 March 11, 2024. Management comments are included in the report, where appropriate.

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

1. The assertions on the existence, condition and valuation of Property, Plant and Equipment of the Municipality as at yearend with a total gross book value of ₱631,276,270.65 could not be ascertained due to the non-completion of the annual physical inventory count resulting in inadequate Report on the Physical Count of PPE (RPCPPE) which only covered ₱240,641,904.40 or 38.12% of the total PPE, hence affecting the reliability of PPE accounts in the financial statements.
2. Tax collection policies, tax campaign, strict imposition of penalties, and available civil remedies under Municipal Revenue Code and Republic Act (RA) No. 7160 should have been strengthened and applied by the Municipality in order to address a) the market stall delinquencies amounting to ₱632,984.00 from various stall occupants accruing from year 1999 to 2023; and b) the Real Property Tax delinquencies totaling to ₱62,714,027.80 as of yearend. Additional funds could have been collected to finance social and economic services for the general welfare of the constituents.
3. The auditorial contract review of nine (9) procurements through public bidding with a total contract price of ₱12,093,351.98 reveals that these procurements were accomplished and paid sans complete documentary requirements contrary to Section 4 (6) of Presidential Decree (PD) No. 1445. This deficiency cast doubt on the validity, propriety, and legality of the disbursements and their compliance with the 2016 Revised Implementing Rules and Regulations (IRR) of Republic Act (RA) No. 9184.

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 99 of the General Provisions of Republic Act No. 11936, otherwise known as General Appropriations Act of 2023, 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,



**OMAR G. MANAOAT**  
Supervising Auditor

Cc: The 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 Director, DBM Regional Office No. I, City of San Fernando, La Union  
The Presiding Officer, Sangguniang Bayan, Municipality of Asingan, Pangasinan  
Assistant Commissioner, COA LGS, Quezon City  
National Library, e-copy  
UP Law Center, e-copy  
COA Commission Central Library, e-copy

(Name of the Agency and Address)

**AGENCY ACTION PLAN and  
STATUS of IMPLEMENTATION**  
**Audit Observations and Recommendations**  
For the Calendar Year **2023**

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 23, 2024

**OMAR G. MANAOAT**

Supervising Auditor  
Audit Group E – LGS Pangasinan II  
Dagupan City

**Sir:**

In compliance with Section 2, Article IX-D of the Philippine Constitution and pertinent sections of Presidential Decree No. 1445, we conducted a financial and compliance audit on the accounts and operations of the Municipality of Asingan, Pangasinan for the year ended December 31, 2023.

The audit was conducted to ascertain the propriety of financial transactions and compliance of the agency with prescribed rules and regulations and to assess the strength of internal control systems. It was also made to ascertain the accuracy of financial records and reports, as well as the fairness of the presentation of the financial statements. 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 our attached report consisting of four parts: Part I – Audited Financial Statements, Part II – Audit Observations and Recommendations, Part III – Status of Implementation of Prior Years' Audit Recommendations and Part IV – Annexes. The observations and recommendations were discussed with concerned Management officials and staff in an exit conference held on March 11, 2024. Management's comments are 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.

We acknowledge the support and cooperation extended by the officials and staff of the Municipality to the Audit Team, thus facilitating the submission of the report.

Very truly yours,

A handwritten signature in black ink, appearing to read "Gina M. De Vera", with a long, sweeping horizontal line extending to the right.

**GINA M. DE VERA**  
State Auditor IV  
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, 2023

## 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.

We conducted our audit in accordance with International Standards of Supreme Audit Institutions (ISSAIs). The audit covered the operations of the Municipality for CY 2023. 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 2023 were as follows:

<b>Projects / Program /Activity Name</b>	<b>Brief Description of the PPA</b>	<b>Location</b>	<b>Fund Source</b>	<b>Total Contract Price (₱)</b>	<b>Remarks</b>
Installation of On Grid Solar Power Source for LGU Building	Installation of Renewable Power Supply	Poblacion East	20%DF	4,980,000.00	Completed
Construction of STAC Building	Construction of Building	Macalong	20%DF	1,999,519.75	Completed
Installation of Solar Lights at Ariston East, Ariston West and Bantog	Installation of Solar Streetlights	Ariston East, Ariston West and Bantog	20%DF	2,499,727.13	Completed
Installation of Solar Powered Potable Water Supply System	Installation of Solar Powered Potable Water Supply System	Various Barangays	20%DF	1,249,752.18	Completed
Construction of Riverbank Slope Protection	Construction of Riverbank Slope Protection	Sobol	5% LDRRMF	1,024,550.13	Completed

## C. FINANCIAL HIGHLIGHTS

The financial position, financial performance and source and utilization of funds, appropriations, obligations and disbursements of the Municipality of Asingan for calendar year (CY) 2023, with comparative figures for CY 2022 are as follows:

Accounts	Figures in (P)			
	2023	2022 (Restated)	Increase/ (Decrease)	Percentage
Assets	580,914,708.88	556,044,127.96	24,870,580.92	4.47%
Liabilities	109,862,870.77	114,261,785.81	(4,398,915.04)	-3.85%
Government Equity	471,051,838.11	441,782,342.15	29,269,495.96	6.63%
Revenue	227,390,683.35	252,310,587.19	(24,919,903.84)	-9.88%
Expenditures	201,973,020.43	216,938,528.66	(14,965,508.23)	-6.90%
Appropriations	227,390,683.35	318,714,919.78	-91,324,236.43	-28.65%
Obligations	206,437,804.40	252,252,977.55	-45,815,173.15	-18.16%

Detailed financial statements presented by fund are attached in Annexes A – A.3.

## D. SCOPE OF AUDIT

The audit covered the operation of the Municipality of Asingan for CY 2023. 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 Financial Statements of the Municipality of Asingan as at December 31, 2023 because the cash outflows recorded under Investing Activities were inaccurately reported, showing a discrepancy of ₱3,269,882.43, as they do not tally with the total amount spent on purchasing and/or constructing Property, Plant, and Equipment paid in cash as presented in the Notes to Financial Statements hence affecting the fair presentation of cash in the financial statements.



## **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 March 11, 2024. Management comments were incorporated in the report where appropriate. The most significant observations were as follows:

1. The assertions on the existence, condition and valuation of Property, Plant and Equipment of the Municipality as at yearend with a total gross book value of ₱631,276,270.65 could not be ascertained due to the non-completion of the annual physical inventory count resulting in inadequate Report on the Physical Count of PPE (RPCPPE) which only covered ₱240,641,904.40 or 38.12% of the total PPE, hence affecting the reliability of PPE accounts in the financial statements.

We have recommended the Municipal Mayor to direct the following:

- For the Inventory Committee to complete the physical inventory count and prepare the Report on the Physical Count of Property, Plant, and Equipment (RPCPPE); and also require the submission of the report to the requiring offices within the prescribed period; and
  - For the Inventory Committee and Accounting office to reconcile the differences, if any, between the physical inventory report and the general ledger balance of each PPE account; subsequently, the Accountant shall identify if the difference represents PPE that are still existing, no longer existing but with pertinent records, or no longer existing and without pertinent records.
2. Tax collection policies, tax campaign, strict imposition of penalties, and available civil remedies under Municipal Revenue Code and Republic Act (RA) No. 7160 should have been strengthened and applied by the Municipality in order to address a) the market stall delinquencies amounting to ₱632,984.00 from various stall occupants accruing from year 1999 to 2023; and b) the Real Property Tax delinquencies totaling to ₱62,714,027.80 as of yearend. Additional funds could have been collected to finance social and economic services for the general welfare of the constituents.

We have recommended the Municipal Mayor to instruct the following:

- For the Market Supervisor to initiate effective measures to collect monthly rentals from market stall occupants and strictly impose penalties for late or non-payment thereof. Also, to revisit the contract of lease with all the occupants, and suggest amendments to the Management on terms and conditions that may facilitate better collection of market stall rentals;

- For the Municipal Treasurer to issue Demand Letters to delinquent stall occupants to formally remind them of their duties with the Municipality and institute the civil remedies as provided under the Revised Revenue Code; if futile, revoke the existing lease contract with them and offer the stalls to other vendors.
  - For the Treasury office to improve tax collections thru intensifying tax campaigns and formulating strategies, such as involving Barangay officials, especially those barangays with highest amount of RPT delinquencies, for wider dissemination;
  - For the Municipal Treasurer to issue Notices of Delinquency to all delinquent taxpayers, and post the same at the Municipal Hall, and conspicuous places in each barangay; and
  - To avail remedies in collecting delinquent RPTs provided under RA No. 7160, which includes sale or auction of the property or a usable portion thereof as may be necessary to satisfy the tax delinquency and expenses of sale.
3. The auditorial contract review of nine (9) procurements through public bidding with a total contract price of ₱12,093,351.98 reveals that these procurements were accomplished and paid sans complete documentary requirements contrary to Section 4 (6) of Presidential Decree (PD) No. 1445. This deficiency casts doubt on the validity, propriety, and legality of the disbursements and their compliance with the 2016 Revised Implementing Rules and Regulations (IRR) of Republic Act (RA) No. 9184.

We have recommended the Municipal Mayor to direct the BAC Secretariat to:

1. Ensure completeness of documentary requirements in each stage/ phase of procurement, particularly public bidding, to ascertain the eligibility of the contractors/ suppliers; provide the widest possible dissemination of advertisement hence assuring transparency of the procurement process; and assuring validity, propriety and legality of the disbursements pursuant to the 2016 Revised IRR of RA No. 9184.
2. Explain why the Invitation to Bid as posted in the PhilGEPS was under “Pending” Status instead of “Active”.

We have further recommended that the Municipal Accountant strictly review the completeness of the supporting documents before certifying and effecting payment for these transactions.

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

Of the 84 audit recommendations embodied in the CY 2022 Annual Audit Report, 46 or 54.76% were implemented and 38 or 45.24% were not implemented.

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

As of December 31, 2023, the Statement of Suspensions, Disallowances and Charges showed the following balances:

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

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**PART I**

**AUDITED FINANCIAL STATEMENTS**

## **PART II**

### **OBSERVATIONS AND RECOMMENDATIONS**

## **PART III**

### **STATUS OF IMPLEMENTATION OF PRIOR YEARS' 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  
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, 2023, 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 as at December 31, 2023, and its financial performance, its cash flows, its changes in net assets/ equity, and its comparison of budget and actual amounts for the year then ended in accordance with IPSASs.

### ***Basis for Qualified Opinion***

The Auditor rendered a Qualified Opinion on the Financial Statements of the Municipality of Asingan as at December 31, 2023 because the cash outflows recorded under Investing Activities were inaccurately reported, showing a discrepancy of ₱3,269,882.43, as compared with the total amount spent on purchasing and/or constructing Property, Plant, and Equipment paid in cash as presented in the Notes to Financial Statements hence affecting the fair presentation of cash in the financial statements.

We conducted our audit in accordance with International Standards of Supreme Audit Institutions (ISSAIs). Our responsibilities under those standards are described in the Auditor's Responsibilities for the Audit of Financial Statements section of our report. We are independent of the agency in accordance with the Revised Code of Conduct and Ethical Standards for Commission on Audit Officials and Employees (Code of Ethics) together with the ethical requirements that are relevant to our audit of the FS in the Philippines, and we have fulfilled our other ethical responsibilities in accordance with these requirements and the Code of Ethics. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our 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 what 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 Responsibility 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 a guarantee that an audit conducted in accordance with ISSAI 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:



**GINA M. DE VERA**  
State Auditor IV  
Audit Team Leader

May 23, 2024



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, 2023, and the related Consolidated Statements 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 period then ended. The Financial statements have been prepared in conformity with International Public Sector Accounting Standards and reflect amounts 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 that provides 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 V. LOPEZ, JR.**  
Municipal Mayor

**MUNICIPAL GOVERNMENT OF ASINGAN**  
**PROVINCE OF PANGASINAN**  
**STATEMENT OF FINANCIAL POSITION - ALL FUNDS**  
**As at December 31, 2023**  
**(With Corresponding Figures for CY 2022)**

	<u>Note</u>	<u>2023</u>	<u>2022</u> <u>(Restated)</u>
<b>ASSETS</b>			
<b>Current Assets</b>			
Cash and Cash Equivalents	4	106,063,190.59	99,655,594.29
Receivables	5	72,523,349.78	67,128,656.46
Inventories	6	745,912.00	-
<b>Total Current Assets</b>		<b>179,332,452.37</b>	<b>166,784,250.75</b>
<b>Non-Current Assets</b>			
Property, Plant and Equipment (net)	7	401,582,256.51	389,259,877.21
<b>Total Non-Current Assets</b>		<b>401,582,256.51</b>	<b>389,259,877.21</b>
<b>Total Assets</b>		<b>580,914,708.88</b>	<b>556,044,127.96</b>
<b>LIABILITIES</b>			
<b>Current Liabilities</b>			
Financial Liabilities	8	6,714,913.86	27,663,559.85
Inter-Agency Payables	8	11,347,129.84	4,577,754.26
Intra-Agency Payables	8	6,454,322.45	8,203,226.78
Trust Liabilities	8	12,990,137.43	7,474,715.47
Deferred Credits/Unearned Income	8	62,714,057.80	59,736,353.92
Other Payables	9	9,642,309.39	6,606,175.53
<b>Total Current Liabilities</b>		<b>109,862,870.77</b>	<b>114,261,785.81</b>
<b>Non-Current Liabilities</b>			
Financial Liabilities		-	-
<b>Total Non-Current Liabilities</b>		<b>-</b>	<b>-</b>
<b>Total Liabilities</b>		<b>109,862,870.77</b>	<b>114,261,785.81</b>
<b>NET ASSETS/EQUITY</b>			
Government Equity	10	471,051,838.11	441,782,342.15
<b>Total Liabilities and Net Assets/Equity</b>		<b>580,914,708.88</b>	<b>556,044,127.96</b>

*See accompanying Notes to Financial Statements*

**MUNICIPAL GOVERNMENT OF ASINGAN**  
**PROVINCE OF PANGASINAN**  
**STATEMENT OF FINANCIAL PERFORMANCE - ALL FUNDS**  
**For the Year Ended December 31, 2023**  
**(With Corresponding Figures for CY 2022)**

	<u>Note/s</u>	<u>2023</u>	<u>2022</u> <u>(Restated)</u>
<b>Revenue</b>			
Tax Revenue	11	22,083,472.76	15,845,505.14
Share from Internal Revenue Collections	11	187,549,769.00	219,243,814.00
Service and Business Income	12	17,557,441.59	16,619,508.05
Other Income		-	3,760.00
<b>Total Revenue</b>		<b><u>227,190,683.35</u></b>	<b><u>251,712,587.19</u></b>
<b>Less: Current Operating Expenses</b>			
Personnel Services	14	83,143,628.73	86,059,629.80
Maintenance and Other Operating Expenses	15	81,013,704.89	95,895,068.91
Financial Expenses		-	-
Non-cash Expenses	16	32,183,698.13	29,679,525.21
<b>Total Current Operating Expenses</b>		<b><u>196,341,031.75</u></b>	<b><u>211,634,223.92</u></b>
<b>Surplus (Deficit) from Current Operation</b>		<b><u>30,849,651.60</u></b>	<b><u>40,078,363.27</u></b>
Add (Deduct):			
Transfers, Assistance and Subsidy From	13	200,000.00	598,000.00
Transfers, Assistance and Subsidy To	15.8, 15.9	(5,631,988.68)	(5,304,304.74)
<b>Surplus(Deficit) for the period</b>		<b><u>25,417,662.92</u></b>	<b><u>35,372,058.53</u></b>

*See accompanying Notes to Financial Statements*

**MUNICIPAL GOVERNMENT OF ASINGAN**  
**PROVINCE OF PANGASINAN**  
**STATEMENT OF CHANGES IN NET ASSETS/EQUITY - ALL FUNDS**  
**For the Year Ended December 31, 2023**  
**(With Corresponding Figures for CY 2022)**

	<u>Note</u>	<u>2023</u>	<u>2022</u> <u>(Restated)</u>
<b>Balance at January 1</b>		445,904,578.13	396,465,618.32
Add (Deduct)			
Prior Period Adjustments	10.2	<u>(4,122,235.98)</u>	<u>3,892,185.10</u>
<b>Restated Balance</b>		<b><u>441,782,342.15</u></b>	<b><u>400,357,803.42</u></b>
 <b>Changes in Net Assets/Equity for the Calendar Year</b>			
Adjustment of net revenue recognized directly in net assets/equity		3,851,833.04	6,052,480.20
Surplus (Deficit) for the period		<u>25,417,662.92</u>	<u>35,372,058.53</u>
<b>Total recognized revenue and expenses for the period</b>		<b><u>29,269,495.96</u></b>	<b><u>41,424,538.73</u></b>
 <b>Balance at December 31</b>	10	<b><u>471,051,838.11</u></b>	<b><u>441,782,342.15</u></b>

*See accompanying Notes to Financial Statements*

**MUNICIPAL GOVERNMENT OF ASINGAN**  
**PROVINCE OF PANGASINAN**  
**STATEMENT OF CASH FLOWS - ALL FUNDS**  
**For the Year Ended December 31, 2023**  
**(With Corresponding Figures for CY 2022)**

	<u>Note</u>	<u>2023</u>	<u>2022</u> <u>(Restated)</u>
<b>Cash Flows from Operating Activities</b>			
<b>Cash Inflows</b>			
Collection from taxpayers		21,692,515.80	20,018,185.23
Share from Internal Revenue Allotment		187,549,769.00	219,243,814.00
Receipts from business/service income		17,383,585.07	16,456,711.46
Interest Income		173,956.06	168,282.30
Other Receipts		37,329,476.96	25,986,438.30
<b>Total Cash Inflows</b>		<b>264,129,302.89</b>	<b>281,873,431.29</b>
<b>Cash Outflows</b>			
Payments to suppliers and creditors		138,934,019.92	111,477,548.03
Payments to employees		77,148,949.44	81,103,247.69
Other Expenses		7,787,182.40	3,614,628.42
<b>Total Cash Outflows</b>		<b>223,870,151.76</b>	<b>196,195,424.14</b>
<b>Net Cash Flows from Operating Activities</b>	19	<b>40,259,151.13</b>	<b>85,678,007.15</b>
<b>Cash Flows from Investing Activities</b>			
<b>Cash Inflows</b>		-	-
<b>Cash Outflows</b>			
Payment for Purchase or Construction of PPE	18	33,851,554.83	56,057,553.41
<b>Total Cash Outflows</b>		<b>33,851,554.83</b>	<b>56,057,553.41</b>
<b>Net Cash Flows from Investing Activities</b>		<b>(33,851,554.83)</b>	<b>(56,057,553.41)</b>
<b>Cash Flows from Financing Activities</b>			
<b>Cash Inflows</b>			
Proceeds from Loans		-	-
<b>Cash Outflows</b>			
Payment of Loan Amortization and Interest		-	-
<b>Total Cash Outflows</b>		-	-
<b>Net Cash Flows from Financing Activities</b>		-	-
<b>Increase in Cash and Cash Equivalents</b>		<b>6,407,596.30</b>	<b>29,620,453.74</b>
<b>Cash and Cash Equivalents, January 1</b>		<b>99,655,594.29</b>	<b>70,035,140.55</b>
<b>Cash and Cash Equivalents, December 31</b>	4	<b>106,063,190.59</b>	<b>99,655,594.29</b>

*See accompanying Notes to Financial Statements*

**MUNICIPALITY OF ASINGAN, PANGASINAN**  
**Statement of Comparison of Budget and Actual Amounts - All Funds**  
**For the Year Ended December 31, 2023**

Particulars	ASINGAN				
	Budgeted Amounts		Difference	Actual Amounts	Difference
	Original	Final	Original and Final Budget		Final Budget and Actual
<b>Revenue</b>					
A. Local Sources					
1. Tax Revenue					
a. Tax Revenue - Property	9,374,631.96	9,374,631.96	-	11,699,455.80	(2,324,823.84)
b. Tax Revenue - Goods and Services	6,080,000.00	6,080,000.00	-	9,816,930.96	(3,736,930.96)
c. Other Local Taxes	1,385,000.00	1,385,000.00	-	734,628.02	650,371.98
Total Tax Revenue	16,839,631.96	16,839,631.96	-	22,251,014.78	(5,411,382.82)
2. Non-Tax Revenue					
a. Service Income	3,930,000.00	3,930,000.00	-	4,992,043.96	(1,062,043.96)
b. Business Income	7,990,000.00	7,990,000.00	-	12,223,899.55	(4,233,899.55)
c. Other Income and Receipts	870,000.00	870,000.00	-	173,956.06	696,043.94
Total Non-Tax Revenue	12,790,000.00	12,790,000.00	-	17,389,899.57	(4,599,899.57)
B. External Sources					
1. Share from the National Internal Revenue Taxes (IRA)	187,519,451.00	187,549,769.00	(30,318.00)	187,549,769.00	-
2. Share from GOCCs			-		-
3. <i>Other Shares from National Tax Collections</i>				-	-
a. Share from Ecozone			-		-
b. Share from EVAT			-		-
c. Share from National Wealth			-		-
d. Share from Tobacco Excise Tax			-		-
4. <i>Other Receipts</i>			-	200,000.00	(200,000.00)
a. Grants and Donations			-		-
b. Other Subsidy Income			-	200,000.00	(200,000.00)
5. Inter-local Transfer			-		-
6. Capital /Investment Receipts			-		-
a. Sale of Capital Assets			-		-
b. Sale of Investments			-		-
c. Proceeds from Collections of Loan Receivables			-		-
C. Receipts from Borrowings			-		-
<b>Total Revenue and Receipts</b>	<b>217,149,082.96</b>	<b>217,179,400.96</b>	<b>(30,318.00)</b>	<b>227,390,683.35</b>	<b>(10,211,282.39)</b>



Particulars	ASINGAN				
	Budgeted Amounts		Difference	Actual Amounts	Difference
	Original	Final	Original and Final Budget		Final Budget and Actual
<b>Expenditures</b>					
<b>Current Appropriations</b>					
<b>General Public Services</b>					
Personal Services	49,683,487.00	52,484,708.52	(2,801,221.52)	49,748,279.09	2,736,429.43
Maintenance and Other Operating Expenses	24,696,571.15	30,080,693.38	(5,384,122.23)	27,387,602.88	2,693,090.50
Capital Outlay	2,380,581.85	2,680,581.85	(300,000.00)	2,679,895.45	686.40
<b>Education</b>					-
Personal Services	-	-	-	-	-
Maintenance and Other Operating Expenses	1,375,000.00	4,446,000.00	(3,071,000.00)	4,303,028.04	142,971.96
Capital Outlay	110,000.00	154,000.00	(44,000.00)	147,980.00	6,020.00
<b>Health, Nutrition and Population Control</b>					-
Personal Services	14,619,051.00	14,595,329.48	23,721.52	14,193,494.63	401,834.85
Maintenance and Other Operating Expenses	7,929,446.00	7,929,446.00	-	7,242,283.98	687,162.02
Capital Outlay			-		-
<b>Housing and Community Development</b>					-
Personal Services			-		-
Maintenance and Other Operating Expenses	4,000,000.00	4,000,000.00	-		4,000,000.00
Capital Outlay			-		-
<b>Social Services and Social Welfare</b>					-
Personal Services	5,868,666.80	7,717,890.80	(1,849,224.00)	5,723,045.43	1,994,845.37
Maintenance and Other Operating Expenses	6,277,035.50	6,277,035.50	-	5,319,610.38	957,425.12
Capital Outlay	65,004.50	65,004.50	-	65,004.50	-
<b>Economic Services</b>					-
Personal Services	14,345,842.00	15,578,342.00	(1,232,500.00)	13,478,809.58	2,099,532.42
Maintenance and Other Operating Expenses	16,898,932.20	19,036,579.71	(2,137,647.51)	17,061,722.72	1,974,856.99
Capital Outlay	2,100,000.00	4,600,000.00	(2,500,000.00)	4,487,817.56	112,182.44
<b>Other Purposes:</b>					-
LDRRMF					-
Maintenance and Other Operating Expenses	6,126,941.77	6,334,634.97	(207,693.20)	1,049,500.50	5,285,134.47
Capital Outlay	4,029,530.78	4,029,530.78	-	3,703,676.57	325,854.21
20% Development Fund					-
Maintenance and Other Operating Expenses	6,020,711.58	6,121,686.83	(100,975.25)	3,662,873.25	2,458,813.58
Capital Outlay	31,483,178.62	32,883,178.62	(1,400,000.00)	30,007,549.01	2,875,629.61
Allocation for Senior Citizens and PWD					-

Particulars	ASINGAN				
	Budgeted Amounts		Difference	Actual Amounts	Difference
	Original	Final	Original and Final Budget		Final Budget and Actual
Maintenance and Other Operating Expenses	1,875,194.51	1,875,497.69	(303.18)	1,538,284.48	337,213.21
Capital Outlay			-		-
Others			-		-
Personal Services			-		-
Maintenance and Other Operating Expenses	12,838,142.61	12,690,138.99	148,003.62	11,245,356.39	1,444,782.60
Capital Outlay	733,501.90	733,501.90	-	733,501.90	-
<b>Total Current Appropriations</b>	<b>213,456,819.77</b>	<b>234,313,781.52</b>	<b>(20,856,961.75)</b>	<b>203,779,316.34</b>	<b>30,534,465.18</b>
<b>Continuing Appropriations</b>					
<b>General Public Services</b>					
Capital Outlay	4,085,625.86	4,085,625.86	-	2,623,488.06	1,462,137.80
<b>Education</b>					
Capital Outlay	-	-	-	-	-
<b>Health, Nutrition and Population Control</b>					
Capital Outlay	80,059.00	80,059.00	-		80,059.00
<b>Labor and Employment</b>					
Capital Outlay	-	-	-	-	-
<b>Housing and Community Development</b>					
Capital Outlay			-		-
<b>Social Services and Social Welfare</b>					-
Capital Outlay	146,331.67	146,331.67	-		146,331.67
<b>Economic Services</b>					-
Capital Outlay	18,868,360.88	18,868,360.88	-	35,000.00	18,833,360.88
<b>LDRRMF</b>			-		-
Capital Outlay			-		-
<b>20% Development Fund</b>					
Capital Outlay					
<b>Other Purposes:</b>			-		-
Capital Outlay	206,534.00	206,534.00	-	-	206,534.00
<b>Total Continuing Appropriations</b>	<b>23,386,911.41</b>	<b>23,386,911.41</b>	<b>-</b>	<b>2,658,488.06</b>	<b>20,728,423.35</b>
<b>Total Appropriations</b>	<b>236,843,731.18</b>	<b>257,700,692.93</b>	<b>(20,856,961.75)</b>	<b>206,437,804.40</b>	<b>51,262,888.53</b>
<b>Surplus (Deficit) for the period</b>	<b>(19,694,648.22)</b>	<b>(40,521,291.97)</b>	<b>20,826,643.75</b>	<b>20,952,878.95</b>	<b>(61,474,170.92)</b>

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, 2023					
	Income	Personal Services	Maintenance and Other Operating Expenses	Financial Expenses	Capital Outlay
Comparison Statement of Budget and Actual	227,390,683.35	83,143,628.73	78,810,262.62	-	44,483,913.05
Entity Differences					
Basis Differences:	-		40,019,129.08	-	(44,483,913.05)
Income not considered budgetary items		-	-	-	
Non-cash income					
Gain on Sale of Assets					
Transfers, Assistance and Subsidy From					
Receipts not considered as income					
Sale of capital assets					
Borrowings					
Budgetary items not considered as expenses	-	-	-	-	
Debt Service (Loan Amortization, Retirement of Debt Instruments)					
Interest Expenses capitalized					
Capital Expenditures					(40,394,946.77)
Expenses not considered budgetary	-	-		-	
Non-cash expenses					
Depreciation			32,183,698.13		
Amortization-Intangible Assets					
Impairment Losses					
Loss on Sale of Assets					
Transfers, Assistance and Subsidy To			5,610,988.68		
Timing Differences:	-		2,224,442.27	-	-
Prepayments charged to current appropriations					
Unconsumed Inventories charged to current appropriations			(745,912.00)		
Consumed Inventories and deferred charges charged to prior period appropriations			2,970,354.27		
Other Reconciling Items:	-	-	-	-	(4,088,966.28)
(Pertains to accounts recognized under Trust Fund)					
Commitments (Obligated but not delivered)					(1,430,478.22)
Continuing Appropriations - CO					(2,658,488.06)
<b>Per Statement of Financial Performance</b>	<b>227,390,683.35</b>	<b>83,143,628.73</b>	<b>118,829,391.70</b>	<b>-</b>	<b>-</b>

**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 second class municipality and has 21 barangays. Municipal center is situated at approximately 16° 0' North, 120° 40' East, in the island of Luzon. Elevation at these coordinates is estimated at 49.1 meters or 160.9 feet above mean sea level. The municipal government of Asingan is committed to improve the living conditions of its citizenry under a sustainable environment conducive to agriculture, agri-industrial and other rights-based, inclusive socio-economic development undertakings, thereby creating a better and safer place to live in, work and do business for healthy, educated, empowered men and women, God-centered and peace-loving constituents, and transparent leadership.

The municipality's demonstration of excellence across various areas where it received different awards reflects its multifaceted achievements and commendable efforts. These awards underscore the municipality's proficiency and dedication in diverse fields, showcasing its commitment to excellence and continuous improvement in various aspects of governance, community service, and development initiatives.

- Seal of Good Local Governance:

Asingan was awarded the esteemed Seal of Good Local Governance (SGLG), reflecting its unwavering commitment to upholding exemplary governance standards. This accolade highlights Asingan's persistent efforts toward transparency, integrity, and exceptional service delivery, all geared towards fostering the welfare and advancement of its residents.

- The 23rd Gawad Kalasag Seal of Excellence was awarded to Asingan by the National Disaster Risk Reduction and Management Council. Acknowledged as "Fully Compliant" with the standards outlined in the

Philippine Disaster Risk Reduction and Management Act of 2010 (Republic Act No. 10121), the municipality achieved an impressive rating of 1.78. This achievement builds upon Asingan's prior success, having received the same award in the previous year with a commendable rating of 1.70.

- SubayBAYANI Awards 2023 - Department of the Interior and Local Government (DILG) Region I Plaque of Recognition:

The Municipality of Asingan earned 2<sup>nd</sup> Place in the 2023 SubayBAYANI Awards (Municipal LGU Category-Pangasinan) in Region 1 for their steadfast commitment to ensuring accountability in implementing Local Government Support Fund Projects. This accomplishment highlights Asingan's dedication to excellence and transparency in local governance.

- 2023 Regional Anti-Drug Abuse Council (ADAC) Performance Award from the DILG Region 1.
- Regional Peace and Order Council (POC) Performance Award in recognition of its exceptional performance in upholding peace, order, and security within the locality.
- 2023 Philippine Drug Enforcement Agency (PDEA) Commendations for Anti-Drug Efforts. The Municipality was acknowledged for achieving the status of "DRUG-CLEARED" under ROCBDC Resolution No. 03, Series of 2023.
- The Municipal Social Welfare and Development (MSWD) received notable awards in 2023 for their exceptional contributions and initiatives across various programs, to wit:
  - Pantawid Pamilyang Pilipino Program Support
  - Most Innovative Municipal Operations Office award under the Pantawid Pamilyang Pilipino Program.
  - Special Citations were awarded for Gender and Development, Partnership Engagement, and Reigniting Connectivity.
  - Promoting Sustainable Practices: Recognition was given to Asingan for supporting the Garden of Sacrifice 1st Runner-Up Search for Model Bio-Intensive Garden Gearing to Enhance and Sustain Transformation 2023.

- Additionally, MSWD received a Certificate of Recognition for three consecutive years of participation in the Regional Search for Model Bio-Intensive Garden Gearing to Enhance Resources.
- Other Awards and Recognitions:
  - The Regional Competitiveness Committee Region 1 acknowledged Asingan for achieving an impressive 19<sup>th</sup> place nationwide in Government Efficiency among 1st-2nd Class Municipalities in the Cities & Municipalities Competitiveness Index (CMCI) Survey.
  - Additionally, the Municipality of Asingan was honored as a Finalist in the prestigious Search for the 2022 Green Banner Seal of Compliance. This recognition is a testament to the Municipality's dedicated efforts and unwavering commitment showcased during its participation in the 2022 Monitoring and Evaluation of Local Level Plan Implementation (MELLPI) Program.
  - These awards exemplify the Municipality of Asingan's steadfast commitment to effective governance, proactive anti-drug initiatives, sustainable urban planning, and the cultivation of cooperative partnerships, all contributing significantly to community welfare and holistic development.

## **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 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 funds; General Fund (GF), Trust Fund (TF) and Special Education Fund (SEF).

### 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 (PPE)**

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 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 2023.



### 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*

LGU do not have Lease Commitments

#### *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 2023.

### **Note 4 – Cash and Cash Equivalents**

	<b><u>2023</u></b>	<b><u>2022</u></b> <b><u>(Restated)</u></b>
<b>Cash on Hand</b>		
Cash- Local Treasury	-	-
Petty Cash	-	-
<b>Cash in Bank – Local Currency</b>		
Cash in Bank-Local Currency-Current Account	88,628,641.20	82,353,355.37
Cash Equivalents	-	-
Treasury Bills		
Cash in Bank-LCCA-Time Deposits	17,434,549.39	17,302,238.92
Cash in Bank- FC – Time Deposits	-	-
<b>Total Cash and Cash Equivalents</b>	<b><u>106,063,190.59</u></b>	<b><u>99,655,594.29</u></b>

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 Flows consist of Cash in Bank - Local Currency amounting to ₱88,628,641.20 and Cash in Bank - Time Deposits totaling ₱17,434,549.39.
- 4.2 As of the end of the year 2023, the Municipality does not have any balance in the Petty Cash Fund (PCF).
- 4.3 The agency's depository banks are Land Bank of the Philippines (LBP), located at Barangay Nancayasan, Urdaneta City, Pangasinan, and United Coconut Planters Bank (UCPB), now a subsidiary bank of LBP, located at LBP Building, Alexander Street, Urdaneta City, Pangasinan. The Cash in Bank - Local Currency, Current Accounts under LBP total ₱57,670,812.41, while the CIB-LC (UCPB - LBP) has a balance of ₱2,007,738.54 in the GF-Proper, ₱11,101,668.12 in the SEF, and ₱17,848,422.13 in the TF account. Cash in bank earns interest based on the prevailing bank deposit rates of LBP.

<b>Funds</b>	<b>General Fund</b>	<b>SEF</b>	<b>Trust Fund</b>	<b>Total</b>
Unexpended Calamity Fund	5,610,988.68		12,990,137.43	18,601,126.11
20% Local Development Fund	7,899,362.48			7,899,362.48
Capital Outlay	112,638.84			112,638.84
Due to NGA	204,558.09	73,553.95	5,797,195.00	6,075,307.04

- 4.4 The Cash in Bank - LCCA comprises LGU deposits in Development Bank of the Philippines (DBP) - Urdaneta Branch, totaling ₱15,692,084.47, with ₱1,742,464.92 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. 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.

## Note 5 – Receivables

<b>Loans and Receivable Accounts</b>	<b>2023</b>	<b>2022 (Restated)</b>
Accounts Receivable	166,675.00	166,675.00
Real Property Tax Receivable	31,357,013.90	27,790,399.96
Special Education Tax Receivable	31,357,013.90	27,790,399.96
Loans Receivable – Others	278,961.57	278,961.57
Sub-Total		
<b>Inter-Agency Receivables</b>		
Due from GOCCs	809,100.00	-
Due from Local Government Units	0.00	0.00
Sub-Total		
<b>Intra-Agency Receivables</b>		
Due from Other Funds	6,454,322.45	8,985,758.21
Due from Special Accounts		
Due from Local Economic Enterprise	-	-
Sub-Total		
<b>Advances</b>		
Advances for Operating Expenses	-	-
Advances for Payroll	-	-
Advances to Special Disbursing Officer	-	-
Advances to Officers and Employees	20,000.00	20,000.00
Sub-Total		
<b>Other Receivables</b>		
Receivables–Disallowances and charges	1,000.00	1,000.00
Due from Officers and Employees	13,401.20	1,300.00
Other Receivables	2,065,861.76	2,094,161.76
Sub-Total		
<b>Total</b>	<b>72,523,349.78</b>	<b>67,128,656.46</b>

- 5.1 The significant increase in Real Property Tax and Special Education Tax Receivables reflects the projected total real property taxes expected to be collected for 2023, as documented in the LGU's records.
- 5.2 The Advance to Officers and Employees account, totaling ₱20,000.00, remains outstanding as of December 31, 2023. A request for write-off has been made for this amount. This balance is due from a former official who absconded.
- 5.3 The initial balance of Accounts Receivables includes ₱166,675.00 owed by employees and Job Orders who are no longer in service.

5.4 There was no evidence for impairment of receivable accounts hence no allowance for impairment was recorded during 2023 and 2022.

5.5 As of December 31, 2023, 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	31,357,013.90	-	-	20,056,812.35	11,300,201.55
Special Education Tax Receivable	31,357,013.90	-	-	19,031,272.22	12,325,741.68
Loans Receivables – Others	278,961.57	-	-	-	278,961.57
Due from Other Funds	6,454,322.45	-	-	-	6,454,322.45
Due from GOCCs	809,100.00	-	22,750.00	192,700.00	593,650.00
Due from LGUs	-	-	-	-	-
Receivables – Disallowances/ Charges	1,000.00	-	-	-	1,000.00
Due from Officers and Employees	13,401.20	-	-	12,101.20	1,300.00
Due from NGOs/POs	-	-	-	-	-
Advances to Officers and Employees	20,000.00	-	-	-	20,000.00
Other Receivables	2,065,861.76	-	-	1,460,231.76	605,630.00
<b>Total</b>	<b>72,523,349.78</b>	<b>-</b>	<b>22,750.00</b>	<b>40,560,417.53</b>	<b>31,153,832.25</b>

#### Note 6 – Inventories

	<u>2023</u>	<u>2022</u> <u>(Restated)</u>
<b>Inventory Held for Consumption</b>		
Office Supplies Inventory	24,389.00	
Other Supplies and Materials Inventory	721,523.00	-
<b>Total</b>	<b>745,912.00</b>	<b>-</b>

6.1 As of December 31, 2023, the total inventory, carried at fair value less cost to sell, comprised of supplies in various offices and other materials intended for use by the Municipality.

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 pledged as security during the current or prior financial years.

**Note 7 – Property, Plant, and Equipment**

- 7.1 All Property, Plant, and Equipment are stated at cost less accumulated depreciation and impairment losses. The cost includes expenditures 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. Similarly, 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. In cases where an asset is acquired in a non-exchange transaction for nil or nominal consideration, the asset is initially measured at its fair value.
- 7.2 Depreciation on assets is charged on a straight-line basis over the useful life of the asset.
- 7.3 Depreciation is charged at rates calculated to allocate cost or valuation of the asset less any estimated residual value over its remaining useful life.
- 7.4 The Construction in Progress recorded in the books represents ongoing construction projects that have been partially paid and/or obligated. These transactions are supported by duly signed Statement of Work Accomplishment Reports prepared by the Municipal Engineer and approved by the Local Chief Executive. The report serves as documentation of the progress made on the construction projects, detailing the work accomplished, materials used, and expenses incurred up to a certain point in time. It provides transparency and accountability in tracking the status and financial implications of the construction projects, ensuring that they are being carried out in accordance with the planned scope, schedule, and budget.
- 7.5 The land procured in 2023, encompassing Transfer Certificate of Title (TCT) Nos. 028-2020000169 (200sqm) and 028-2020000170 (200sqm), was acquired at a cost of ₱960,000.00. The land located in Barangay Domanpot shall be utilized for the creation of Material Recovery Facility (MRF) taking a significant step towards creating a cleaner and more sustainable community.

According to the Memorandum of Agreement, Barangay Domanpot will be responsible for paying the capital gains tax, documentary stamps tax, transfer tax, and registration of titles. (Payee: Yolanda Meriales Ferrer, with the JEV No. 100-23-02-0164).



<b>Particulars</b>	<b>Balance December 31, 2022 (Restated)</b>	<b>Net Addition / Reduction</b>	<b>Balance December 31, 2023</b>
Land	18,668,976.00	960,000.00	19,628,976.00
Land Improvements, Aquaculture Structures	2,038,309.10	199,864.00	2,238,173.10
Road Networks	154,516,099.74	14,790,783.37	169,306,883.11
Flood Control Systems	319,737.83	-	319,737.83
Water Supply System	-	99,995.75	99,995.75
Power Supply Systems	-	5,179,910.00	5,179,910.00
Parks, Plazas and Monuments	20,070,025.76	99,925.00	20,169,950.76
Other Infrastructure Assets	26,003,606.51	3,017,806.51	29,021,413.02
Buildings	94,921,020.93	8,465,454.17	103,386,475.10
School Buildings	5,356,679.17	(124,701.52)	5,231,977.65
Hospitals and Health Centers	6,321,514.57	497,372.40	6,818,886.97
Markets	33,747,110.86	399,768.14	34,146,879.00
Slaughterhouses	5,290,240.01	-	5,290,240.01
Other Structures	85,818,236.69	5,870,575.30	91,688,811.99
Machinery	2,419,750.00	1,276,000.00	3,695,750.00
Office Equipment	20,767,958.91	1,223,670.00	21,991,628.91
Information and Communication Technology Equipment	19,858,450.63	444,175.64	20,302,626.27
Communication Equipment	4,107,246.24	37,998.00	4,145,244.24
Construction and Heavy Equipment	3,196,820.00	-	3,196,820.00
Disaster Response and Rescue Equipment	9,498,669.47	-	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	8,838,071.44	150,690.00	8,988,761.44
Motor Vehicles	34,866,935.14	8,826,960.00	43,693,895.14
Furniture and Fixtures	8,553,855.69	30,483.00	8,584,338.69
Books	261,230.00	-	261,230.00
Construction in Progress - Land Improvements	199,864.00	(199,864.00)	-

<b>Particulars</b>	<b>Balance December 31, 2022 (Restated)</b>	<b>Net Addition / Reduction</b>	<b>Balance December 31, 2023</b>
Construction in Progress - Infrastructure Assets	2,846,600.37	(2,846,600.37)	-
Construction in Progress - Buildings and Other Structures	11,819,849.19	(3,894,187.96)	7,925,661.23
Other Property, Plant and Equipment	2,155,968.08	-	2,155,968.08
<b>TOTAL</b>	<b>586,770,193.22</b>	<b>44,506,077.43</b>	<b>631,276,270.65</b>
Less: Accumulated Depreciation	197,510,316.01		229,694,014.14
<b>NET BOOK VALUE</b>	<b>389,259,877.21</b>		<b>401,582,256.51</b>

## Property, Plant and Equipment at cost

Property, Plant and Equipment	Account Code	Beginning (Restated)	Additions	Disposals	Transfers/ Adjustments	Ending
<b><i>Investment Property, Land and Buildings</i></b>						
Investment Property, Land	1-07-01-010	-	-	-	-	-
Investment Property – Buildings	1-06-01-020	-	-	-	-	-
Construction in Progress-Investment Property, Buildings	1-06-01-030	-	-	-	-	-
<b><i>Land</i></b>						
Land	1-07-01-010	18,668,976.00	960,000.00	-	-	19,628,976.00
<b><i>Land Improvements</i></b>						
Land Improvements	1-07-02-010	2,038,309.10	199,864.00	-	-	2,238,173.10
Other Land Improvements	1-07-02-990	-	-	-	-	-
<b><i>Infrastructure Projects</i></b>						
Road Networks	1-07-03-010	154,516,099.74	14,790,783.37	-	-	169,306,883.11
Flood Control Systems	1-07-03-020	319,737.83	-	-	-	319,737.83
Sewer Systems	1-07-03-030	-	-	-	-	-
Water Supply Systems	1-07-03-040	-	99,995.75	-	-	99,995.75
Power Supply Systems	1-07-03-050	-	5,179,910.00	-	-	5,179,910.00
Communications Networks	1-07-03-060	-	-	-	-	-
Seaport Systems	1-07-03-070	-	-	-	-	-
Airports System	1-07-03-080	-	-	-	-	-
Parks, Plaza and Monuments	1-07-03-090	20,070,025.76	99,925.00	-	-	20,169,950.76
Other Infrastructure Assets	1-07-03-990	26,003,606.51	3,017,806.51	-	-	29,021,413.02
<b><i>Buildings and other Structures</i></b>						
Buildings	1-07-04-010	94,921,020.93	8,465,454.17	-	-	103,386,475.10
School Buildings	1-07-04-020	5,356,679.17	(124,701.52)	-	-	5,231,977.65

<b>Property, Plant and Equipment</b>	<b>Account Code</b>	<b>Beginning (Restated)</b>	<b>Additions</b>	<b>Disposals</b>	<b>Transfers/ Adjustments</b>	<b>Ending</b>
Hospitals and Health Centers	1-07-04-030	6,321,514.57	497,372.40	-	-	6,818,886.97
Markets	1-07-04-040	33,747,110.86	399,768.14	-	-	34,146,879.00
Slaughterhouses	1-07-04-050	5,290,240.01	-	-	-	5,290,240.01
Hostels and Dormitories	1-07-04-060	-	-	-	-	-
Other Structures	1-07-04-990	85,818,236.69	5,870,575.30	-	-	91,688,811.99
<b><i>Machinery and Equipment</i></b>						
Machinery	1-07-05-010	2,419,750.00	1,276,000.00	-	-	3,695,750.00
Office Equipment	1-07-05-020	20,767,958.91	1,223,670.00	-	-	21,991,628.91
Information and Communication Technology Equipment	1-07-05-030	19,858,450.63	444,175.64	-	-	20,302,626.27
Communications Equipment	1-07-05-070	4,107,246.24	37,998.00	-	-	4,145,244.24
Construction and Heavy Equipment	1-07-05-080	3,196,820.00	-	-	-	3,196,820.00
Disaster Response and Rescue Equipment	1-07-05-090	9,498,669.47	-	-	-	9,498,669.47
Military, Police and Security Equipment	1-07-05-100	-	-	-	-	-
Medical Equipment	1-07-05-110	4,046,411.42	-	-	-	4,046,411.42
Printing Equipment	1-07-05-120	-	-	-	-	-
Sports Equipment	1-07-05-130	151,812.00	-	-	-	151,812.00
Technical and Scientific Equipment	1-07-05-140	109,143.47	-	-	-	109,143.47
Other Machinery And Equipment	1-07-05-990	8,838,071.44	150,690.00	-	-	8,988,761.44
<b><i>Transportation Equipment</i></b>						
Motor Vehicles	1-07-06-010	34,866,935.14	8,826,960.00	-	-	43,693,895.14
Other Transportation Equipment	1-07-06-990	-	-	-	-	-
<b><i>Furniture, Fixtures and Books</i></b>						
Furniture and Fixtures	1-07-07-010	8,553,855.69	30,483.00	-	-	8,584,338.69
Books	1-07-07-020	261,230.00	-	-	-	261,230.00

<b>Property, Plant and Equipment</b>	<b>Account Code</b>	<b>Beginning (Restated)</b>	<b>Additions</b>	<b>Disposals</b>	<b>Transfers/ Adjustments</b>	<b>Ending</b>
<i><b>Leased Assets Improvements</b></i>						
Leased Assets Improvements-Land	1-07-09-010	-	-	-	-	-
Leased Assets Improvements-Buildings	1-07-09-020	-	-	-	-	-
Other Leased Assets Improvements	1-07-09-990	-	-	-	-	-
<i><b>Construction in Progress</b></i>						
Construction in Progress-Land Improvements	-	749,369.80	(749,369.80)	-	-	-
Construction in Progress-Infrastructure Assets	-	2,297,094.57	(2,297,094.57)	-	-	-
Construction in Progress-Buildings and Other Structures	-	11,819,849.19	(3,894,187.96)	-	-	7,925,661.23
<i><b>Service Concession Assets</b></i>						
Service Concession Assets	1-07-11-010	-	-	-	-	-
<i><b>Other Property, Plant and Equipment</b></i>						
Work/Zoo Animals	1-07-99-010	-	-	-	-	-
Other Property, Plant and Equipment	1-07-99-990	2,155,968.08	-	-	-	2,155,968.08
<b>Total</b>		<b>586,770,193.22</b>	<b>44,506,077.43</b>	<b>-</b>	<b>-</b>	<b>631,276,270.65</b>

Property, Plant and Equipment at NBV	Account Code	Accumulated Depreciation 01/01/2023	Impairment	Depreciation			Accumulated Depreciation, 12/31/2023			Net Book Value
				GF	SEF	TF	GF	SEF	TF	
<b>Land</b>										
Land	1-07-01-011	-	-	-	-	-	-	-	-	19,628,976.00
<b>Land Improvements</b>										
Land Improvements	1-07-02-011	902,772.63	-	96,819.72	-	-	999,592.35	-	-	1,238,580.75
<b>Infrastructure Projects</b>										
Road Networks	1-07-03-011	22,556,593.33	-	8,168,380.87	-	-	30,724,974.20	-	-	138,581,908.91
Flood Control Systems	1-07-03-021	7,171.16	-	20,250.12	-	-	27,421.28	-	-	292,316.55
Water Supply Systems	1-07-03-041	-	-	-	-	-	-	-	-	99,995.75
Power Supply Systems	1-07-03-051	-	-	-	-	-	-	-	-	5,179,910.00
Parks, Plaza and Monuments	1-07-03-091	4,290,190.45	-	953,326.08	-	-	5,243,516.53	-	-	14,926,434.23
Other Infrastructure Assets	1-07-03-991	4,740,168.36	-	2,564,077.49	21,047.58	-	7,280,737.13	44,556.30	-	21,696,119.59
<b>Buildings and other Structures</b>										
Buildings	1-07-04-011	30,128,974.08	-	4,262,583.61	-	-	34,391,557.69	-	-	68,994,917.41
School Buildings	1-07-04-021	3,224,740.40	-	58,542.36	165,512.20	-	1,241,057.39	2,207,737.57	-	1,783,182.69
Hospitals and Health Centers	1-07-04-031	1,738,358.37	-	473,946.12	-	-	2,212,304.49	-	-	4,606,582.48
Markets	1-07-04-041	25,596,795.80	-	891,854.98	-	-	26,488,650.78	-	-	7,658,228.22
Slaughterhouses	1-07-04-051	937,469.08	-	251,286.48	-	-	1,188,755.56	-	-	4,101,484.45
Hostels and Dormitories	1-07-04-061	-	-	-	-	-	-	-	-	-
Other Structures	1-07-04-991	42,891,774.23	-	4,741,662.32	194,211.00	-	47,339,779.88	487,867.67	-	43,861,164.44
<b>Machinery and Equipment</b>										
Machinery	1-07-05-011	1,761,959.54	-	204,043.98	-	-	1,966,003.52	-	-	1,729,746.48
Office Equipment	1-07-05-021	12,601,437.21	-	2,198,317.30	156,170.79	-	12,477,747.89	2,478,177.41	-	7,035,703.61
Information and Communication Technology Equipment	1-07-05-031	11,233,802.75	-	953,847.75	63,702.87	-	10,952,272.10	1,299,081.27	-	8,051,272.90
Communications Equipment	1-07-05-071	2,510,167.33	-	144,198.60	39,998.95	-	2,230,233.15	464,131.73	-	1,450,879.36
Construction and Heavy Equipment	1-07-05-081	316,858.99	-	(230,113.99)	-	-	86,745.00	-	-	3,110,075.00
Disaster Response and Rescue Equipment	1-07-05-091	6,274,502.92	-	1,008,114.00	-	-	7,282,616.92	-	-	2,216,052.55
Medical Equipment	1-07-05-111	1,160,320.96	-	195,454.80	-	-	1,355,775.76	-	-	2,690,635.66
Sports Equipment	1-07-05-131	20,710.14	-	12,716.64	-	-	33,426.78	-	-	118,385.22
Technical and Scientific Equipment	1-07-05-141	108,705.75	-	-	-	-	108,705.75	-	-	437.72
Other Machinery And Equipment	1-07-05-991	5,552,195.44	-	430,060.24	13,488.02	-	5,928,303.20	67,440.50	-	2,993,017.74
<b>Transportation Equipment</b>										
Motor Vehicles	1-07-06-011	11,580,433.64	-	3,227,716.37	10,146.00	-	14,805,613.51	12,682.50	-	28,875,599.13
Other Transportation Equipment	1-07-06-991	-	-	-	-	-	-	-	-	-
<b>Furniture, Fixtures and Books</b>										
Furniture and Fixtures	1-07-07-011	5,727,781.37	-	797,814.27	11,972.57	-	6,394,842.55	142,725.66	-	2,046,770.48
Books	1-07-07-021	99,909.99	-	31,441.56	-	-	131,351.55	-	-	129,878.45
<b>Construction in Progress</b>										
Construction in Progress-Buildings and Other Structures		-	-	-	-	-	-	-	-	7,925,661.23
<b>Other Property, Plant and Equipment</b>										
Other Property, Plant and Equipment	1-07-99-991	1,546,522.09	-	51,106.48	-	-	616,860.22	980,768.35	-	558,339.51
<b>Total</b>		<b>197,510,316.01</b>	<b>-</b>	<b>31,507,448.15</b>	<b>676,249.98</b>	<b>-</b>	<b>221,508,845.18</b>	<b>8,185,168.96</b>	<b>-</b>	<b>401,582,256.51</b>

## Note 8 – Liabilities

<b>Financial Liabilities</b>	<b>2023</b>	<b>2022 (Restated)</b>
Accounts Payable	5,908,332.09	27,616,130.54
Due to Officers and Employees	806,581.77	47,429.31
	<b><u>6,714,913.86</u></b>	<b><u>27,663,559.85</u></b>
<b>Intra-Agency Payables</b>		
Due to Other Funds	6,454,322.45	8,203,226.78
	<b><u>6,454,322.45</u></b>	<b><u>8,203,226.78</u></b>
<b>Inter-Agency Payables</b>		
Due to BIR	1,056,033.10	-
Due to GSIS	539,371.84	332,370.41
Due to Pag-IBIG	262,458.97	90,568.82
Due to PhilHealth	5,753.68	-
Due to NGAs	6,075,307.04	269,958.28
Due to LGUs	3,408,205.21	3,884,856.75
	<b><u>11,347,129.84</u></b>	<b><u>4,577,754.26</u></b>
<b>Trust Liabilities</b>		
Trust Liabilities- Disaster Risk Reduction and Management Fund	12,990,137.43	7,379,148.75
	<b><u>12,990,137.43</u></b>	<b><u>7,474,715.47</u></b>
<b>Deferred Credits/Unearned Income</b>		
Deferred Real Property Tax	31,357,013.90	27,790,399.96
Deferred Special Education Tax	31,357,013.90	27,790,399.96
Other Deferred Credits	30.00	4,155,554.00
	<b><u>62,714,057.80</u></b>	<b><u>59,736,353.92</u></b>

- 8.1 Accounts Payable consists of outstanding obligations to suppliers, creditors, and employees that have yet to be settled.
- 8.2 The "Due to Officers and Employees" account registered a notable increase of ₱759,152.46 in 2023 due to the following:
- A significant portion of this increase, amounting to ₱503,043.61, stemmed from the terminal benefit of Merlita Serquina, a former employee;
  - The allocation of the first salaries and wages for the newly elected Liga President, SBM Herminio Alcantara, Jr., contributed to the rise in the account balance;
  - The inclusion of an unclaimed tax refund totaling ₱19,294.74 belonging to Dr. Ronnie Tomas further augmented the account;

- d. Expenditures related to subsistence hazard and laundry allowances for the Rural Health Unit (RHU) staff for the month of December 2023 added to the increment; and
  - e. The disbursement of obligated per diem payments to various employees also contributed to the overall increase in the "Due to Officers and Employees" account balance. These combined factors reflect the dynamic nature of the account, which encompasses a range of financial transactions associated with personnel-related expenses within the municipality.
- 8.3 In the first week of January 2024, a total amount of ₱1,056,033.10 was remitted to the Bureau of Internal Revenue (BIR). This remittance was broken down as follows: ₱10,830.00 for Documentary Stamp Tax (Docs Stamp), ₱517,286.67 for Value-Added Tax (VAT) under code 1600VT, ₱31,577.11 for Value-Added Tax (VAT) under code 1600PT, ₱167,632.42 for Expanded Withholding Tax (EWT), and ₱328,706.90 for Withholding Tax on Compensation.
- 8.4 The Due to GSIS, Due to Pag-IBIG, and Due to PhilHealth accounts represent the amounts deducted from the salaries of officials and employees. These deductions are promptly remitted to the respective government agencies in the month following the month for which they were deducted.
- 8.5 The balance of the Due to National Government Agencies (NGA) account includes several components, as follows:
- a. ₱3,997,000 designated for TUPAD wages for 973 TUPAD Workers involved in the Implementation of TUPAD in Asingan;
  - b. The municipality received an incentive amounting to ₱1,800,000 as an awardee from the Seal of Good Local Governance. These transfers from government agencies represent funds received for specific projects undertaken by the LGU for designated purposes, as outlined in project budgets submitted. Consequently, the LGU is contractually obligated to utilize these funds exclusively for the designated projects. Furthermore, the contracts specify that funds for each project can only be allocated to costs incurred upon certification of project phases as complete. The remaining conditions signify phases of projects awaiting certification. Any unspent portion of the fund is subject to the conditions stipulated in the respective Memorandum of Agreements executed between the LGU and the proponent government agencies; and
  - c. The remaining balance from the total Due to NGA account comprises collections from Building permit National Share.
- 8.6 The increase in the amount of ₱5,610,988.68 in the Trust Liabilities - Disaster Risk Reduction and Management Fund (DRRMF) pertains to the



unutilized CY 2023 DRRMF as no calamity affected the Municipality during the year, composed of ₱3,109,249.73 Quick Response Fund and ₱2,501,738.95 Mitigation Fund.

- 8.7 The Deferred Real Property Tax and Deferred Special Education Fund both amounting to ₱31,357,013.90, were reconciled amounts from the Treasurer's Office and Assessor's Office.
- 8.8 As of December 31, 2023, the details of the balance of the Trust Liabilities - Disaster Risk Reduction and Management were as follows:

<b>Year</b>	<b>Amount (₱)</b>	<b>Age as of December 31, 2023</b>
2023	5,610,988.68	Below 1 year
2022	5,134,893.66	1 year
2021	1,048,248.80	2 years
2020	118,491.75	3 years
<b>Total</b>	<b>11,912,622.89</b>	
<i>Continuing Appropriation under LDRRM</i>	1,077,514.54	
<b>Total</b>	<b>12,990,137.43</b>	

#### **Note 9 – Other Payables**

- 9.1 Other Payables includes Balance from the PCSO share of LGU amounting to ₱557,144.44, OSCA - ₱72,952.66, Excise Taxes - ₱593,987.57, Building Permit ₱456,517.14, Birthing Fees - ₱276,950.00, BFP 20% share in Fire Code Fees 2018 & 2021 - ₱224,041.26, MCR Fees RA10172 - ₱243,505.00, Goodwill ₱1,509,098.00, HCI Charges - ₱2,263,131.86, Prof Charges - ₱723,521.58 and loan amortization of various LGU employees at LBP, DBP, SSS, Citi Savings etc.

#### **Note 10 – Government Equity**

- 10.1 The Government Equity of the Municipality has an ending balance of ₱471,051,838.11. From the beginning balance of ₱441,782,342.15 there was an increase in the amount ₱29,269,495.96 or 6.63%. Components of the Government Equity are as follows:

<b>Cash Available for Appropriation/(Deficit)</b>	<b>2023</b>	<b>2022 (Restated)</b>
Cash	106,063,190.59	99,655,594.29
Investments	=	=
<b>Total</b>	<u>106,063,190.59</u>	<u>99,655,594.29</u>

<b>Cash Available for Appropriation/(Deficit)</b>	<b>2023</b>	<b>2022 (Restated)</b>
Less: Current Liabilities		
Financial Liabilities	6,714,913.86	27,663,559.85
Inter-Agency Payables	11,347,129.84	4,577,754.26
Intra-Agency Payables (Net of Due from Other Funds)	-	782,531.43
Trust Liabilities	12,990,137.43	7,474,715.47
Deferred Credits (Net of Deferred RPT/SET income Accounts)/ Unearned Income	30.00	4,155,554.00
Other Payables	<u>9,642,309.39</u>	<u>6,606,175.53</u>
Total Current Liabilities	<u>40,694,520.52</u>	<u>51,260,290.54</u>
Cash Balance/(Overdraft)	<b><u>65,368,670.07</u></b>	<b><u>48,395,303.75</u></b>
Less: Fund Balance for Continuing Appropriation & Commitments		
Continuing Appropriations	20,728,423.35	2,659,882.72
Continuing allotments	<u>16,481,439.44</u>	14,612,766.58
Total	<u>37,209,862.79</u>	<u>17,272,649.30</u>
<b>Cash Available for Appropriation/(Deficit)</b>	<b>28,158,807.28</b>	<b>31,122,654.45</b>
<b>Fund Balance:</b>		
Unappropriated Surplus		
Continuing Appropriations	2,658,488.06	5,309,262.11
Continuing allotments without Commitments	<u>3,464,360.83</u>	<u>4,542,691.84</u>
<b>Total Fund Balance</b>	<b>6,122,848.89</b>	<b>9,851,953.95</b>
<b>Net Other Current Assets</b>		
Receivables (Net of Deferred RPT and Due to Other Funds accounts)	34,442,013.43	11,547,856.54
Inventories	745,912.00	-
Prepayments and Deferred Charges	-	-
<b>Total Current Assets</b>	<b>35,187,925.43</b>	<b>11,547,856.54</b>
<b>Net Non-Current Assets</b>		
Investments in PPE (Net of Accumulated Depreciation and Non-current Liabilities)		
Property, Plant and Equipment (Net of Accumulated Depreciation)	<u>401,582,256.51</u>	<u>389,259,877.21</u>
<b>Total Net Non-Current Assets</b>	<b>401,582,256.51</b>	<b>389,259,877.21</b>
<b>GOVERNMENT EQUITY</b>	<b>471,051,838.11</b>	<b>441,782,342.15</b>

- 10.2 The adjustments from previous periods were debited and credited to the GF and SEF amounting to ₱10,159,771.44 and ₱6,037,535.46, respectively, or a net debit balance of ₱4,122,235.98 of the Prior Period Adjustments account, to wit:

<b>PARTICULARS</b>	<b>Debit</b>	<b>Credit</b>	<b>Remarks</b>
To payment of the Terminal Leave Pay of the Municipal Registrar (Gas Disallowance: 9,600.95)	-	9,600.95	GF
To recognize payment of disallowance of fuel & gasoline for the period Jan. 2017-Dec. 31, 2017 under the provision of Sec. 5 COA Circular- Payor: Dr.. Ronnie Tomas. under OR No. 2796568 dated 1/24/23	-	1,000.00	GF
To recognize payment of disallowance of fuel & gasoline for the period Jan. 2017-Dec. 31, 2017 under the provision of Sec. 5 COA Circular- Payor: Dr. Ronnie Tomas under OR No. 2796529 dated 3/28/23	-	1,000.00	GF
To recognize cash deposit refund of meals and snacks during the COA Exit conferences under Check No. 1724050 JEV#05-1017 (OR No. 2809766)	-	4,500.00	GF
To recognize payment of gasoline disallowance for the period January 2017-December 2017 under the Provision of Sec. 5 COA Circular- Payor: Dr. Ronnie Tomas with OR#3671363	-	1,000.00	GF
To recognize cash deposit of the disallowance of fuel and gasoline Payor: Imelda T. Sison, dated 12/29/2023 (OR No. 0756282)	-	1,000.00	GF
To recognize cash deposit of the disallowance of Fuel and Gasoline Payor: Emely S. Badua Dated 12/29/2023 (OR No. 0756281)	-	1,000.00	GF

<b>PARTICULARS</b>	<b>Debit</b>	<b>Credit</b>	<b>Remarks</b>
To recognize cash deposit of the disallowance of fuel and gasoline Payor: Marjorie V. Tinte Dated 12/29/2023 (OR No. 0756280)	-	1,000.00	GF
To capitalize the asset that was charged to expense in 2022 and record the Depreciation expense for the year 2022	33,922.53	-	GF
To capitalize the asset that was charged to expense in 2022 and record the Depreciation expense for the year 2022	-	2,870,565.88	GF
To capitalized 1 Asus Laptop that was procured in TF - HCI Charges for Birthing Facility	-	98,000.00	GF
To close the accumulated depreciation of the donated asset to different barangays	-	495,794.96	GF
To recognize correction of entry made for the obligation made without commitment from previous years	-	2,183,207.47	GF
To recognize correction of entry made in JEV No. 100-22-07-1685, should have been credited to expense account and correction of entries made in previous years	47,425.62	29,873.76	GF
To recognize correction of entries made in JEV Nos. 100-23-01-0131, 100-23-03-0792, 100-23-05-1309, 100-23-11-3178, 100-23-12-3761, 100-23-12-3762 and 100-23-12-3763 (Should have been credited to Other Receivables)	10,500.00	-	GF
To recognize correction of entry made in JEV No. 100-223-01-0164A - donated motor vehicles to Barangay Poblacion West, Asingan, Pangasinan - KAWASAKI MOTORCYCLE ( MODEL-	6,203.21	-	GF

<b>PARTICULARS</b>	<b>Debit</b>	<b>Credit</b>	<b>Remarks</b>
BARAKO DUAL START) WITH SIDECAR Chassis#BC175J-BB2034 Engine#BC175AEBF7874 COR#464167744-3			
To recognize depreciation expense of previous years	259,178.47	-	GF
To recognize donated motor vehicles to Barangay Carosucan Norte, Asingan, Pangasinan (MITSUBISHI STRADA C/C 2.5D MT 2023 with Body dual AC Chassis#MMBYNKJ30PH0 13668, Engine#4D56BH5291	1,074,000.00	-	GF
To recognize donated motor vehicles to Barangay Poblacion West, Asingan, Pangasinan - KAWASAKI MOTORCYCLE ( MODEL- BARAKO DUAL START) WITH SIDECAR Chassis#BC175J-BB2034 Engine#BC175AEBF7874 COR#464167744-3	108,696.79	-	GF
To recognize donated vehicles to Barangay Cabalititan, Asingan, Pangasinan (TOYOTA HIACE COMMUTER, Chassis#JTFJT02P9N50318 98 Engine#1KDB129475)	1,390,200.00	-	GF
To recognize donated vehicles to Barangay Calepaan , Asingan, Pangasinan (MITSUBISHI L300 C/C 2.2D MT 2021, Chassis#PAEL65MYMMB0 13380 Engine#4N14UAG9956 OR#2091236965 COR#42077280-0)	1,080,000.00	-	GF
To recognize donated vehicles to Barangay Macalong, Asingan, Pangasinan (TOYOTA HIACE COMMUTER,	1,390,200.00	-	GF

<b>PARTICULARS</b>	<b>Debit</b>	<b>Credit</b>	<b>Remarks</b>
Chassis#JTFT02PON75031 918 Engine#B129662)			
To recognize donated vehicles to Barangay San Vicente East, Asingan, Pangasinan (Mitsubishi L300 C/C 2.2D MT 2021 OR#2091236976, COR#42077281-1, Chassis# PAEL65MYMMB13395, Engine#4N1UAH0159)	1,080,000.00	-	GF
To recognize donated vehicles to Barangay San Vicente West, Asingan, Pangasinan (Mitsubishi Strada OR#21270, Chassis#MMBYNKJ30PH0 21866, Engine#4D56UBH9312)	1,074,000.00	-	GF
To recognize donated vehicles to Barangay Toboy, Asingan, Pangasinan (MITSUBISHI STRADA, Chassis#MMBYNKJ30PH0 14068 Engine#4D56UBH4863 OR#21272)	1,074,000.00	-	GF
To recognize adjustment for the immovable inventory for more than five years in the financial statements	19,590.00	-	GF
To recognize depreciation expense in prior years for the Road Networks	1,353,653.82	-	GF
<b>Sub Total - GF</b>	<b>10,001,570.44</b>	<b>5,697,543.02</b>	
To revert the set-up payables that was not yet completed and overdue payables that was not yet collected	158,201.00	339,992.44	SEF
<b>Sub Total - SEF</b>	<b><u>158,201.00</u></b>	<b><u>339,992.44</u></b>	
<b>GRAND TOTAL</b>	<b>10,159,771.44</b>	<b>6,037,535.46</b>	<b>(4,122,235.98)</b>

## Note 11 – Tax Revenue

	<u>2023</u>	<u>2022 (Restated)</u>
<i>Tax Revenue – Individual and Corporation</i>		
Community Tax	735,258.02	678,143.53
<i>Tax Revenue – Property</i>		
Real Property Tax - Basic	4,868,103.83	3,333,281.06
Discount on Real Property Tax -Basic	(319,563.73)	(162,373.09)
Special Education Tax	6,017,802.79	4,125,537.80
Discount on Special Education Tax	(319,563.73)	(162,373.09)
<i>Tax Revenue-Goods and Services</i>		
Business Tax	7,388,542.51	6,247,131.84
Tax on Sand, Gravel and Other Quarry	31,184.25	11,663.40
Tax on Delivery trucks and Vans	-	-
Amusement Tax	2,239,610.00	932,288.50
<i>Tax Revenue – Fines and Penalties</i>		
Tax Revenue – Fines and Penalties-Property Taxes	1,440,535.46	842,205.19
Tax revenue –Fines and Penalties – Other Taxes	1,563.36	-
<i>Share from National Taxes</i>		
Share Internal Revenue Collection	187,549,769.00	219,243,814.00
<b>Total</b>	<b>209,633,241.76</b>	<b>235,089,319.14</b>

- 11.1 The significant decrease in the LGU share from national taxes was due to the numerous economic activities disrupted resulting in the reduction in income generation across local government units (LGUs). Consequently, the amount of national taxes collected from these LGUs, usually determined by their income levels, experienced a decline.

## Note 12 – Service and Business Income

	<u>2023</u>	<u>2022 (Restated)</u>
<b>Service Income</b>		
Permit Fees	2,854,386.04	2,485,228.06
Registration Fees	681,497.00	686,027.00

	<b><u>2023</u></b>	<b><u>2022 (Restated)</u></b>
Clearance and Certificate Fees	1,155,802.59	1,606,025.75
Inspection Fees	398,862.12	390,176.00
Occupation Fees	407,554.00	281,815.00
Fees for Sealing and Licensing of Weights and Measures	52,817.00	44,617.00
Fines and Penalties-Service Income	209,704.20	394,008.50
Other Service Income	142,404.08	179,671.30
<b>Business Income</b>		
Rent/Lease Income	213,669.00	177,521.84
Parking Fees	85,720.00	79,342.00
Receipt from Market Operations	7,500,972.50	7,534,503.90
Slaughterhouse Operation	1,575,389.00	785,820.00
Receipt from Cemetery Operations	286,401.00	267,315.00
Income from Printing and Publication	26,100.00	-
Garbage Fees	428,170.00	450,303.00
Hospital Fees	1,361,147.00	1,084,336.40
Interest Income	173,956.06	168,282.30
Fines and Penalties - Business Income	2,890.00	4,515.00
<b>Total</b>	<b><u>17,557,441.59</u></b>	<b><u>16,619,508.05</u></b>

- 12.1 The rise in business income was attributed by unhindered operation of businesses, facilitated by the absence of obstacles such as COVID-19 restrictions on gatherings and social distancing measures. This scenario has allowed businesses to operate at full capacity, resulting in increased revenue generation. Without limitations on gatherings and social interactions, businesses have experienced higher foot traffic and sales volumes. Sectors previously heavily impacted by COVID-19 restrictions, such as events, tourism, and hospitality, have seen a revival in business activity.

### **Note 13 – Transfers, Assistance and Subsidy**

	<b><u>2023</u></b>	<b><u>2022 (Restated)</u></b>
Assistance and Subsidy		
Subsidy from National Government	-	98,000.00
Subsidy from Local Government Unit	200,000.00	500,000.00
<b>Total</b>	<b><u>200,000.00</u></b>	<b><u>598,000.00</u></b>



- 13.1 The Subsidy from LGU for the years 2023 and 2022 amounting to ₱200,000.00 and ₱500,000.00 respectively represent the counterpart provided by Barangay Ariston West and Barangay Cabalitian for the procurement of their vehicles.

**Note 14 – Employee Costs**

	<b><u>2023</u></b>	<b><u>2022 (Restated)</u></b>
<i>Salaries and Wages</i>		
Salaries and Wages – Regular	47,162,463.80	45,573,166.25
Salaries and Wages- Casual/Contractual	1,679,097.73	1,488,525.64
<i>Other Compensation</i>		
Personal Economic Relief allowance	3,328,636.37	3,278,624.86
Representation Allowance	1,708,635.23	1,785,000.00
Transportation Allowance	1,534,346.59	1,616,062.50
Clothing/Uniform Allowance	834,000.00	827,975.00
Subsistence Allowance	310,575.00	343,382.50
Laundry Allowance	37,050.00	12,600.00
Productivity Incentive Allowance	665,000.00	701,500.00
Hazard Pay	849,874.00	712,433.85
Overtime and Night Pay	304,425.24	193,764.64
Year-End Bonus	4,139,710.70	3,968,072.60
Cash Gift	700,000.00	699,000.00
Other Bonuses and Allowances	4,283,340.54	6,369,558.87
<i>Personnel Benefit Contributions</i>		
Retirement and Life Insurance Premiums	5,718,761.32	5,494,106.25
Pag-IBIG Contribution	166,300.00	163,800.00
PhilHealth Contribution	910,312.44	893,800.00
Employees Compensation Insurance Premiums	182,809.12	159,300.00
<i>Other Personnel Benefits</i>		
Terminal Leave Benefits	1,632,290.65	1,900,224.58
Other Personnel Benefits	6,996,000.00	9,878,732.26
<b>Total</b>	<b>83,143,628.73</b>	<b>86,059,629.80</b>

## Note 15 – Maintenance and Other Operating Expenses

	<u>2023</u>	<u>2022 (Restated)</u>
<i>Traveling Expenses</i>		
Traveling Expenses – Local	6,451,965.55	2,963,626.82
Traveling Expenses- Foreign	174,512.00	-
<i>Training and Scholarship Expenses</i>		
Training Expenses	2,851,082.66	3,756,757.11
Scholarship/Grants/Expenses	535,000.00	762,000.00
<i>Supplies and Material Expenses</i>		
Office Supplies Expense	4,182,152.76	4,447,439.28
Accountable Forms Expense	148,475.00	291,285.00
Food Supplies Expense	294,939.00	4,256,082.70
Welfare Goods Expenses	-	167,082.20
Drugs and Medicines Expenses	3,305,556.00	6,966,379.00
Medical, dental and Laboratory Supplies Expenses	970,875.00	539,625.00
Fuel, Oil and Lubricant Expenses	4,536,351.45	6,313,815.01
Other Supplies and Material Expenses	3,245,102.86	6,154,668.16
<i>Utility Expenses</i>		
Water Expenses	739,334.20	1,449,448.00
Electricity Expenses	7,991,108.74	6,994,894.82
<i>Communication Expenses</i>		
Postage and Courier Services	2,800.00	90,719.38
Telephone Expenses	1,308,691.41	2,999,181.74
Internet subscription Expenses	696,028.39	573,792.40
<i>Confidential, Intelligence and Extraordinary Expenses</i>		
Extraordinary and Miscellaneous Expenses	8,909,537.76	9,240,848.10
<b>Total</b>	<b>46,343,512.78</b>	<b>57,967,644.72</b>

- 15.1 The increase in traveling expenses, amounting to ₱3,488,338.73 was due to various essential trips for officers and employees to fulfill their duties, attend training sessions, and participate in development programs and

meetings. Conversely, there was a decrease in training expenses by ₱905,674.45 owing to complimentary registrations provided for specific conferences and training sessions attended by officers and employees. These expenses were covered either by the national agencies or the agency conducting the training.

- 15.2 The decrease in expenditures for drugs and medicines, amounting to ₱3,660,823, fuel, oil, and lubricants by ₱1,777,463.56, other supplies, by ₱2,909,565.30, and Extraordinary and Miscellaneous Expenses by ₱331,310.34 can primarily be ascribed to the decrease in COVID cases within the municipality. Moreover, the stabilization of oil prices resulted in reduced costs for a variety of commodities and supplies nationwide, thereby contributing to the overall decline in expenses.
- 15.3 The increase in electricity cost was driven by higher wattage rates. Also, by the increase in electricity usage during various events, programs, and activities. In contrast, telephone expenses decreased by ₱1,690,490.33 due to the adoption of enhanced communication methods, such as utilizing internet-based platforms like messenger app, emails, and Zoom. Moreover, the ₱122,235.99 increase in internet expenses was a result of different offices transitioning from conventional landline communication to web-based communication methods.

15.4 *Contracted Services*

	<u>2023</u>	<u>2022 (Restated)</u>
<b><i>Professional Services</i></b>		
Other Professional Services	837,475.24	52,000.00
<b><i>General Services</i></b>		
Environmental /Sanitary Services	1,760.00	-
Other General Services	16,600,229.50	17,030,057.09
<b>Total</b>	<b>17,439,464.74</b>	<b>17,082,057.09</b>

- 15.5 The increase in Other Professional Services, totaling ₱785,475.24 reflects payments made to professional referees during events such as the Mayor's Cup, along with other professional services required by the Municipality throughout 2023. Conversely, the decrease in Other General Services, amounting to ₱429,827.59, was driven by a reduction in hired Job Orders. This reduction was facilitated by the assistance from the Department of Labor and Employment (DOLE), which provided temporary employees through the Government Internship Program. Additionally, the TUPAD Program, also facilitated by the DOLE, contributed to the decrease by having people assisting in the cleaning and maintenance tasks for markets, canals, roads, and other areas within the municipality.

### 15.6 *Repairs and Maintenance*

	<b><u>2023</u></b>	<b><u>2022</u></b> <b><u>(Restated)</u></b>
Repairs and Maintenance -Land Improvements	54,896.31	-
Repairs and Maintenance -Infrastructure Assets	445,508.05	325,389.92
Repairs and Maintenance -Buildings and Other Structure	705,583.45	1,263,280.82
Repairs and Maintenance -Machinery and Equipment	120,650.00	34,993.00
Repairs and Maintenance - Transportation Equipment	2,072,483.05	1,460,262.86
Repairs and Maintenance - Furniture and Fixtures	-	258,716.94
Repairs and Maintenance -Other Property, Plant and Equipment	427,322.13	127,833.34
<b>Total</b>	<b>3,826,442.99</b>	<b>3,470,476.88</b>

### 15.7 *Transfers*

	<b><u>2023</u></b>	<b><u>2022 (Restated)</u></b>
Transfers of Unspent Current Year DRRM Funds to the Trust Funds	5,610,988.68	5,283,304.74
<b>Total</b>	<b>5,610,988.68</b>	<b>5,283,304.74</b>

### 15.8 *Financial Assistance and Subsidy*

	<b><u>2023</u></b>	<b><u>2022 (Restated)</u></b>
Subsidy to Local Government Units	-	21,000.00
Subsidy to Other Funds	21,000.00	-
<b>Total</b>	<b>21,000.00</b>	<b>21,000.00</b>

The Municipality transferred to Subsidy to Other Funds providing municipal aid to the 21 barangays throughout the year 2023.

### 15.9 *Taxes, Insurance Premiums and Other Fees*

	<b><u>2023</u></b>	<b><u>2022 (Restated)</u></b>
Taxes, Duties and Licenses	4,220.00	8,440.00
Fidelity Bond Premiums	270,993.13	274,053.75
Insurance Expenses	1,908,233.53	1,702,309.52
<b>Total</b>	<b>2,183,446.66</b>	<b>1,984,803.27</b>

The increase of ₱205,924.01 in Insurance Expenses can be attributed to increase in insurance premiums. Additionally, the Municipality procured numerous vehicles that require insurance coverage, further contributing to the increase in expenses.

#### 15.10 *Other Maintenance and Operating Expenses*

	<u>2023</u>	<u>2022 (Restated)</u>
Advertising Expenses	750,214.00	839,982.00
Representation Expenses	2,670,207.05	1,017,927.00
Membership Dues and Contributions to Organizations	-	47,425.62
Donations	7,503,156.67	8,277,300.00
Other Maintenance and Operating Expenses	297,260.00	5,207,452.33
<b>Total</b>	<b>11,220,837.72</b>	<b>15,390,086.95</b>

The increase of ₱1,652,280.05 in Representation Expenses resulted from numerous projects and activities conducted by the Municipality, including capacity building, meetings, activities organized by the Department of Social Welfare and Development (DSWD), and other public relations activities aimed at enhancing the Municipality's outreach and engagement efforts. Conversely, the reduction in maintenance and other operating services expenses stemmed from the exclusion of CNA expenses for regular and casual employees in Personnel Services as part of Other Personnel Benefits.

#### **Note 16 – Non-Cash Expenses**

	<u>2023</u>	<u>2022 (Restated)</u>
<i>Depreciation and Amortization</i>		
Depreciation-Land Improvements	96,819.72	96,819.72
Depreciation-Infrastructure Assets	11,467,903.67	13,419,001.35
Depreciation-Buildings and Other Structure	11,039,599.07	8,101,082.48
Depreciation-Machinery and Equipment	5,449,178.42	4,349,234.99
Depreciation-Transportation Equipment	3,237,862.37	2,606,072.04
Depreciation-Furniture, Fixtures and Book	841,228.40	1,056,208.15
Depreciation-Other Property, Plant and Equipment	51,106.48	51,106.48
<b>Total</b>	<b>32,183,698.13</b>	<b>29,679,525.21</b>

**Note 17 – Impairment Loss**

No impairment loss was recognized during the year for both cash-generating and non-cash-generating assets. Additionally, there were no events in 2023 and 2022 that would necessitate the recognition of impairment losses.

**Note 18 -** The Cash Outflow attributed to Investing Activities was ₱33,851,554.83, while the recognized addition or increase in Property, Plant, and Equipment was ₱46,029,769.35. The reconciliation is as follows:

	<b><u>Capital Outlay</u></b>	<b><u>Investing Activities</u></b>
Total amount of additions in PPE	46,029,769.35	33,851,554.83
Less: Donated motor vehicle from PCSO	1,724,000.00	
Donated machinery from DENR	1,276,000.00	
Accounts Payable	5,908,332.09	
Obligated 2023	828,904.37	
Add: Withholding Taxes		2,384,765.93
Adjustment - Capitalized Asset - taxes and Other adjustment	-	56,212.13
<b>Total Amount of Additions in PPE</b>	<b>36,292,532.89</b>	<b>36,292,532.89</b>

**Note 19 – Reconciliation of Net Cashflows from Operating Activities to Surplus (Deficit) for CY 2023**

(in thousands of currency units)	<b>Total</b>	<b>General Fund</b>	<b>Special Education Fund</b>	<b>Trust Fund</b>
<b>Surplus(Deficit)</b>	<b>25,417,662.92</b>	<b>23,326,176.62</b>	<b>2,091,486.30</b>	<b>-</b>
Non-cash transactions				
Depreciation	32,183,698.13	31,507,448.15	676,249.98	-
Increase/ (Decrease) in Payables	(19,730,723.86)	(33,621,199.65)	50,355.24	13,840,120.55
(Increase)/ Decrease in Current Assets	7,437.49	1,780,180.00	(1,772,742.51)	-
Prior Period Adjustments	2,381,076.45	2,721,068.89	(339,992.44)	-
<b>Net Cash from Operating Activities</b>	<b>40,259,151.13</b>	<b>25,713,674.01</b>	<b>705,356.57</b>	<b>13,840,120.55</b>

**Note 20 – Local Disaster Risk Reduction and Management Fund (LDRRMF)**

<b>Particulars</b>	<b>Available</b>	<b>Utilized</b>	<b>Balances</b>
<b>Current year Appropriation:</b>			
Quick Response Fund (QRF)	3,109,249.73	-	3,109,249.73
Mitigation Fund (MF)			
MOOE	2,225,385.24	1,049,500.50	1,175,884.74
Capital Outlay	5,029,530.78	3,703,676.57	1,325,854.21
<b>Total Current year</b>	<b>10,364,165.75</b>	<b>4,753,177.07</b>	<b>5,610,988.68</b>
Continuing Appropriation	1,077,514.54		1,077,514.54
Special Trust Fund			
CY 2022	5,134,893.66		5,134,893.66
CY 2021	1,048,248.80		1,048,248.80
CY 2020	118,491.75		118,491.75
<b>Total Special Trust Fund</b>	<b>7,379,148.75</b>	<b>-</b>	<b>7,379,148.75</b>
<b>Grand Total</b>	<b>17,743,314.50</b>	<b>4,753,177.07</b>	<b>12,990,137.43</b>

## **AUDIT OBSERVATIONS AND RECOMMENDATIONS**

The audit covered thrust areas pursuant to the General Audit Instructions (GAI) and Supplemental GAI of the Assistant Commissioner and Specific Audit Instructions of the Regional Director, Region I, both of the Local Government Audit Sector, this Commission through Memoranda dated October 9, 2023 and October 11, 2023, respectively, in addition to the areas identified during our risk assessment for the audit of accounts and transactions during the year.

We acknowledged and commended the Management's demonstration of excellence across various areas where it received different awards reflecting its multifaceted achievements and commendable efforts. The awards received, underscore the Management's proficiency and dedication in diverse fields, showcasing its commitment to excellence and continuous improvement in various aspects of governance, community service, and development initiatives.

As regards financial reporting, the Municipal Accountant immediately effected adjustments to correct the balances of the following accounts and has provided the necessary disclosures. These actions already addressed the communicated issues which resulted in the following:

1. No residual value was already provided for the depreciable components of the road networks system pursuant to Item 14, Section IV of COA Circular No. 2015-008 Accounting and Reporting Guidelines on the Local Roads Asset Management System;
2. Due from GOCCs which represents receivable of claims from Philippine Health Insurance Corporation (PhilHealth) were already accounted for;
3. Reciprocal accounts, Due from Other Funds and Due to Other Funds, were already reconciled as at December 31, 2023 removing any discrepancies previously noted, in consonance with Section 112 of Presidential Decree No. 1445 and Annex B of the COA Circular No. 2015-009; and
4. Prior period figures were already restated as presented in the CY 2023 financial statements pursuant to the provisions of International Public Sector Accounting Standards (IPSAS) 1 and 3 affecting the fair presentation of the financial statements.

Residual audit issues that were not completely addressed are presented and discussed herein, together with the recommended courses of action, management comments and auditor's rejoinder, where appropriate:



## A. FINANCIAL AUDIT

### *Comparison between Statement of Cash Flows, SCBAA, and Notes to FS*

**5. The cash outflows recorded under Investing Activities were inaccurately reported, showing a discrepancy of ₱3,269,882.43, as they do not tally with the total amount spent on purchasing and/or constructing Property, Plant, and Equipment paid in cash as presented in the Notes to Financial Statements contrary to paragraph 25 (a) of IPSAS No. 2; hence affecting fair presentation of cash in the financial statements.**

- 5.1. IPSAS No. 2 prescribes the presentation of the changes in the Agency's cash and cash equivalents by means of a Statement of Cash Flow that classifies cash flows during the financial period according to operating, investing and financing activities.
- 5.2. Paragraph 25 (a) of IPSAS No. 2 provides that cash payments to acquire property, plant, and equipment, intangibles, and other long-term assets including those relating to capitalized development costs and self-constructed property, plant, and equipment shall be classified as Investing Activities.
- 5.3. Review of the Notes to Financial Statements provided the following Total Additions to PPEs as of 2023 amounted to ₱46,029,769.35.
- 5.4. There are two instances where it is reasonable for the Cash Outflows under Investing Activities to not match the total additions to PPEs i.e. when PPEs are acquired through donations and when they are obtained through loans or liabilities. From the total amount above, the Audit Team deducted those PPEs acquired thru donations, and the total balance of Accounts Payable.

Total Amount of Additions to PPEs	46,029,769.35
Less: Donated by PCSO - Motor Vehicle	1,724,000.00
Donated by DENR – Machinery	1,276,000.00
<b><i>PPE Acquired at cost sans donated items</i></b>	<b><i>43,029,769.35</i></b>
Less: Accounts Payable as of 12/31/2023	5,908,332.09
<b><i>Net Amount of PPE Acquired thru Purchase/ Construction</i></b>	<b><i>37,121,437.26</i></b>

- 5.5. However, the aggregate Cash Outflows attributed to Investing Activities merely sum up to ₱33,851,554.83, resulting in a total discrepancy of ₱3,269,882.43. Additionally, the Audit Team has calculated that the overall Capital Outlay spent, as indicated in the Statement of Comparison of Budget and Actual Amounts (SCBAA) reached ₱44,483,913.05. The likely explanation for the variance between the SCBAA and Cash Flows might be

the acquisition of PPEs that were subsequently donated to barangays or constituents.

- 5.6. As such, the Audit Team came up with the computation as presented below:

<b>Particulars</b>	<b>Notes to FS - PPE (₱)</b>	<b>Cash Flows – Investing Activity (₱)</b>	<b>SCBAA – Capital Outlay (₱)</b>
Total Additions to PPE	46,029,769.35	33,851,554.83	44,483,913.05
Donations to Municipality	(3,000,000.00)	-	-
Accounts Payable	(5,908,332.09)	-	-
Donations from Municipality to Brgys/ constituents	-	-	(7,503,156.67)
<b>Balances</b>	<b>37,121,437.26</b>	<b>33,851,554.83</b>	<b>36,980,756.38</b>

- 5.7. Supplementary explanatory notes could have been included to explain the non-reconciliation of the pertinent accounts such as Capital Outlays expenditures in the SCBAA, additions of PPE in the Notes to Financial Statements, and the total cash outflows pertaining to investing activities. It is worth mentioning that even the cash payments for the acquisition of properties were not disclosed in the notes.
- 5.8. It must be emphasized that paragraph 27 of IPSAS No. 1 states that “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.” Presentation of information requires that it must not only be reliable and relevant but also comparable and understandable. Thus, the flow of information must be traced from one statement to another, according to the effects of the transactions. In this case, from additions to long-term assets in the Notes to FS to investing activities in the Statement of Cash Flows and even to capital outlay expenditures in the SCBAA.
- 5.9. The failure to disclose the complete cash payments for property acquisitions deprived the financial statement users of pertinent information. This information could have clarified the discrepancies between the increase in assets and the capital outlays obligated in the SCBAA, in comparison with the disclosed cash outflows from investing activities in the Statement of Cash Flows. Consequently, this omission affects the fair presentation of the financial statements.

- 5.10. As a result of the identified deficiencies, the FS is not reliable, particularly where the flow of information from one statement to another cannot be established.
- 5.11. **We have recommended the Municipal Mayor to enjoin the Municipal Accountant to include additional disclosures as to the total cash payments for acquisition of long-term assets/ PPEs. Moreover, it is essential to present the effects of transactions from the Notes to FS pertaining to PPEs to the Statement of Cash Flows and to Statement of Comparison of Budget and Actual Amounts in a comparable and understandable manner.**
- 5.12. Management commented that it has directed the Municipal Accountant to provide the necessary disclosures for the acquisition of long-term assets/PPE. This is to accurately reflect the impact of the transactions on the Statement of Cash Flows and the Statement of Comparison of Budget and Actual Amounts. The Municipal Accountant justified that the discrepancy was due to the recognition of cash payment basis in the cash flow, whereas in the SCBAA, gross amounts were recorded. On May 13, 2024, the Municipal Accountant submitted the revised Notes to FS providing for the necessary disclosures.
- 5.13. **Further review of the revised Notes to FS last May 13, 2024 showed a discrepancy of ₱1,523,691.92 comparing the additions to PPE under Note 7 and Note 20 amounting to ₱44,506,077.43 and ₱46,029,769.35, respectively.**

*Inconsistencies of records resulting in inaccurate valuation of Land Account*

6. **The accuracy of the Land Account as presented in the financial statements, totaling to ₱19,628,976.00, remains uncertain due to inconsistencies between the records of the Municipal Assessor and the Municipal Accountant. Consequently, this discrepancy raises doubt regarding the fairness of the account's presentation in the financial statements.**
  - 6.1. The Statement of Financial Position as at December 31, 2023 showed that the Land Account has a total balance of ₱19,628,976.00 under General Fund.
  - 6.2. Review of the Schedule of Property, Plant and Equipment detailing the composition of Land Account by the Municipal Accountant, vis-à-vis the Declared Landholdings of the Municipality of Asingan by the Municipal Assessor showed the following discrepancies:

- a. Three (3) lots were recorded in the Declared Landholdings, but were not recorded in the Schedule of PPE for Land Account. Furthermore, the acquisition cost or amount of these lots were not determined.

<i><b>Tax Declaration No.</b></i>	<i><b>Location</b></i>	<i><b>Type</b></i>	<i><b>Land Area</b></i>	<i><b>Amount/ Value</b></i>
5-0002-00647	Brgy. Poblacion West	Road	251	not stated
5-0010-01870	Brgy. Carosucan Norte	not stated	900	not stated
5-0010-01871	Brgy. Carosucan Norte	not stated	2848	not stated

- b. On the other hand, seven (7) lots were included on the Schedule of PPE for Land Account that were not listed under the Declared Landholdings of the Municipality.

<i><b>Location</b></i>	<i><b>Lot No.</b></i>	<i><b>Land Area</b></i>	<i><b>Amount (₱)</b></i>	<i><b>Remarks</b></i>
Brgy. Poblacion East	804 - part	5609	201,920.00	Assessed Amount
Brgy. Coldit	1934 - right of way	582	20,952.00	Assessed Amount
Southern Portion	14581 - A- part	100	3,600.00	Assessed Amount
Brgy. Macalong	1438	10351	60,880.00	Assessed Amount
Brgy. Macalong	1582 - C - canal right of way	355	1,000.00	Assessed Amount
Brgy. Sobol	4825 - right of way	110	2,640.00	Assessed Amount
Brgy. Bantog	TCT 37301	294.12	500,000.00	Purchase Price/ Acquisition Cost

- 6.3. In addition to the discrepancies between records, several lots are also recorded according to their assessed value and not the acquisition cost.
- 6.4. International Public Sector Accounting Standards (IPSAS) 17 requires that PPE that qualifies for the recognition as an asset shall be measured at its cost. The cost of an item of PPE is the cash price equivalent. When an asset is acquired through a non-exchange transaction, its cost shall be measured at its fair value as at the date of acquisition.

- 6.5. In view of the foregoing deficiencies, the accuracy of the Land account in the FS could not be ascertained.
- 6.6. **We have recommended the Municipal Mayor to instruct the Municipal Assessor and the Municipal Accountant to reconcile their records pertaining to the Land account. Determine the acquisition cost of each land parcel composing the Land account. In cases where a parcel was acquired thru non-exchange transaction, such as donations, they shall determine the prevailing fair value at the date of acquisition.**
- 6.7. The Municipal Mayor already instructed the Municipal Assessor and the Municipal Accountant to reconcile their records through a memorandum.

*Land properties without Transfer Certificate of Title (TCT)*

- 7. **Of the fifty-seven (57) land properties of the Municipality, twenty-eight (28) lots under the Land account were not supported with Transfer Certificate of Title (TCT) in the name of Municipality, hence making the ownership of these properties not absolute and uncertain. This deficiency exposes the land properties to risk of ownership litigations that may be prejudicial to the Municipality.**
  - 7.1. Pursuant to Section 58 of the Presidential Decree (PD) No. 1445, the Audit Team conducted examination and audit of assets which includes ascertaining their existence, ownership, valuation and encumbrances as well as evaluating the adequacy of control over the account.
  - 7.2. Comparison of the Schedule of Property, Plant, and Equipment - Land Account in comparison with the Declared Landholdings under the name or administered by the Municipality showed that 28 land properties with a total assessed value amounting to ₱3,056,294.00 were not supported with TCT evidencing absolute ownership.
  - 7.3. While the Municipality holds tax declarations for these land parcels, the same is not sufficient to prove legal ownership over the land properties until it is supported with TCT, Original Certificate of Title (OCT), Certificate of Land Ownership/ Award (CLOA) and Emancipation Patent (EP) duly issued by the Land Registration Authority. Tax declaration merely indicates claim of ownership.
  - 7.4. The absence of the TCT makes the ownership of the land properties questionable, which may result in litigations as opposed to other individuals/ parties/entities that may claim ownership over the land.
  - 7.5. **We have recommended the Municipal Mayor to direct the Chairperson of Inventory Committee, together with the Municipal Assessor and Municipal Accountant, to exhaust all possible means to document the**

**legality of ownership of the lots through a TCT in the name of the Municipality and submit a copy thereof to the Audit Team pursuant to Section 39 of PD No. 1445.**

**7.6. We have further recommended that funds be appropriated in the annual budget for the titling of the lands.**

**7.7. During the exit conference conducted on March 11, 2024, the Management commented that:**

**7.7.1. An official memorandum was issued to the Municipal Assessor, outlining instructions to evaluate the current status of land transfer titles undergoing processing, as recorded in the Municipality's books. The Municipal Assessor, in collaboration with the Municipal Accountant, received specific directives to conduct a thorough reconciliation of records related to the Land Account. This reconciliation endeavor aims to ensure precision and congruence between the documented data and the factual status of land transfer titles.**

**7.7.2. Moreover, the memorandum stressed that in instances where land titles are not yet available, Management will prioritize and proactively take steps to obtain the necessary titles for Municipal land. This proactive stance highlights the significance of confirming legal ownership and maintaining proper documentation of land assets within the Municipality.**

**7.7.3. It was noted that some entries in the books under the Land account were attributed to areas within school premises. The Municipal Assessor was tasked with acquiring a copy of the land title to facilitate the removal of said land from the Municipality's records. The Municipal Assessor has committed to addressing the titling of LGU properties through Special Patents, except for lands already occupied by schools. Management will prioritize securing property titles by allocating funds in the upcoming years, particularly for properties facing titling challenges such as transfer fees and related issues.**

## **B. COMPLIANCE AUDIT**

*Non-completion of the annual physical inventory count of PPE*

**8. The assertions on the existence, condition and valuation of Property, Plant and Equipment of the Municipality as at yearend with a total gross book value of ₱631,276,270.65 could not be ascertained due to the non-completion of the annual**

**physical inventory count resulting in inadequate Report on the Physical Count of PPE (RPCPPE) which only covered ₱240,641,904.40 or 38.12% of the total PPE, hence affecting the reliability of PPE accounts in the financial statements.**

- 8.1. The financial statements of the Municipality showed a total gross value of PPE at ₱631,276,270.65; however, the annual physical count was not completed by the Inventory Committee, resulting in the RPCPPE covering only ₱240,641,904.40 or 38.12% of the total PPE.
- 8.2. The non-completion of the physical count resulted in inadequate RPCPPE. The Audit Team noted that the report did not include Land Improvements, Water Supply Systems, Flood Control Systems, Power Supply Systems, Parks, Plazas and Monuments, Other Infrastructures, Buildings, School Buildings, Hospitals and Health Center, Markets, Slaughterhouses, and Other Structures.
- 8.3. Moreover, the physical count only covered PPEs acquired from year 2018 until 2022, leaving other newly purchased PPEs, and those acquired on years prior to year 2018 unaccounted.
- 8.4. Section 122 (1) of Presidential Decree No. 1445 states that whenever deemed necessary in the exigency of the service, the Commission may, under regulations issued, require the agency heads, chief accountants , budget officers, cashiers, disbursing officers, administrative or personnel officers, and other responsible officials of the various agencies to submit trial balances, physical inventory reports, current plantilla of personnel, and such other reports as may be necessary for the exercise of its functions.
- 8.5. Also, Section 124 of the Manual on the New Government Accounting System (NGAS) for Local Government Units (LGUs), Volume I state that:

Physical count of property, plant, and equipment by type shall be made annually and reported on the Report on the Physical Count of Property, Plant and Equipment (RPCPPE). This shall be submitted to the Auditor concerned not later than January 31 of each year.
- 8.6. The incomplete conduct of physical inventory count of PPEs makes the Management assertions on existence, condition and valuation doubtful.
- 8.7. **We have recommended the Municipal Mayor to direct the following:**
  - **For the Inventory Committee to complete the physical inventory count and prepare the Report on the Physical Count of**

**Property, Plant, and Equipment (RPCPPE); and also require the submission of the report to the requiring offices within the prescribed period; and**

- **For the Inventory Committee and Accounting office to reconcile the differences, if any, between the physical inventory report and the general ledger balance of each PPE account; subsequently, the Accountant shall identify if the difference represents PPE that are still existing, no longer existing but with pertinent records, or no longer existing and without pertinent records.**

*Non-completion of the requirements of One-Time Cleansing of PPE Accounts*

**9. One-time cleansing of PPE accounts was not utilized by the Municipality due to the a) incomplete of physical inventory count, b) lack of coordination among key personnel which resulted in non-reconciliation, inadequacy, or non-preparation of required reports which serves as the inventory working papers, and c) failure to adhere with the timeline of various activities to be undertaken. Therefore, the assertions on existence, condition, and valuation of PPE accounts are not reliable.**

- 9.1. The Inventory Committee submitted to the Audit Team the Report on Physical Inventory of LGU Properties on January 16, 2024. Included therein is Memorandum No. CFLJ – 017, series of 2023 issued by the Municipal Mayor, instructing the Inventory Committee and the key personnel to conduct the physical inventory count; the Physical Inventory Plan (PIP) on the preliminary activities, timelines, designation of the inventory team and their roles and reports to be submitted, schedule of physical inventory taking and the submission of report, and the copy of the physical inventory count.
- 9.2. The submitted physical inventory count has a reported total of ₱240,641,904.40 for PPEs. However, the Audit Team observed that the inventory taking covered only the period from 2018 to 2022, and leaves the existence and condition of PPEs amounting to ₱390,634,366.25 unverified.
- 9.3. 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.
- 9.4. Because of the inadequate reports prepared, the physical inventory working papers were deficient, hence unreliable. This rendered difficult the determination of PPEs amounting to ₱390,634,366.25 whether the same were still serviceable, unserviceable, non-existing or missing, not found during inspection, or without available records of accountability.



- 9.5. Determining the condition of the PPEs is crucial to avail the One-time cleansing of accounts, which provides a means to derecognize PPEs that are nonexistent or missing yet still present in accounting records, as well as those found at stations but not properly recorded. The completion of the one-time cleansing process could ultimately reconcile all records related to PPE accounts, thus ensuring the reflection of accurate and reliable financial reports.
- 9.6. **We have recommended the Municipal Mayor to instruct the Inventory Committee and key personnel concerned to:**
- **Complete the conduct of annual physical inventory and make updates on the current/ existing inventory reports, and to adhere with the timeline of activities under the Physical Inventory Plan (PIP). The Inventory Committee and accounting shall compare the latest Report on the RPCPPE/Inventory Report with the PPE Ledger Cards (PPELCs);**
  - **The Inventory Committee shall prepare a list of PPE items which are recorded in the PPELCs but not included in the RPCPPE/Physical Inventory Report as well as PPE items which are included in the RPCPPE but not recorded in the PPELCs;**
  - **After the completion of physical count, for the PPEs classified as non-existing/ missing and of those without available records of accountability, the Management should conduct the procedures enumerated under Items 7 and 8 of the same COA Circular for the disposition and derecognition.**
- 9.7. Management has issued a memorandum to the inventory team instructing them to carry out the annual physical count of inventory. They are tasked to create plans and a timeline of activities that align with the Physical Inventory Plan (PIP). Additionally, they are directed to prepare a list of PPE items recorded in the PPELCs but not included in the Inventory report, as well as PPE items included in the RPCPPE but not recorded in the PPELCs. Furthermore, after completing the physical count, for the PPEs classified as non-existing/missing and for those without available records of accountability, they should conduct the procedures outlined under Items 7 and 8 of the same COA Circular for disposition and derecognition.
- 9.8. Furthermore, Management will convene a meeting to discuss the tasks to be undertaken following the adoption of the P50,000.00 threshold for recognizing PPE. A primary concern for the LGU is to ensure the security of semi-expendable items falling below the 50,000 threshold. Therefore, the individual assigned to record, update, and monitor these items must undergo

training on proper transaction recording, form usage, and other related issues concerning this matter.

*Non-completion of physical count of supplies and inventories at year end*

**10. The existence, condition, and valuation of Inventories at yearend amounting to ₱745,912.00 were not validated due to a.) non-completion of Report of the Physical Count of Inventories (RPCI) and b.) recording of supplies/ inventories as an outright expense; thus affecting the fair presentation of the Inventory and its related expense accounts in the financial statements.**

- 10.1. The Notes to Financial Statements of the Municipality as at December 31, 2023 showed that Inventory Held for Consumption account with a total amount of ₱745,912.00 was comprised of the following:

Office Supplies Inventory	₱24,389.00
Other Supplies and materials inventory	721,523.00

***a.) non-completion of Report of the Physical Count of Inventories (RPCI)***

- 10.2. The designated Supply/Property Custodian has submitted to the Audit Team the quarterly list of supplies and inventories that were on-hand and distributed to each office in the Municipality. However, the report only covered up to the third quarter of the year.
- 10.3. The absence of the 4<sup>th</sup> Quarter list precluded the Audit Team from verifying the balances of the Office Supplies and Other Supplies and Materials Inventories shown in the financial statements due to the non-completion of RPCI. The RPCI therefore could not be made as basis for the veracity of the inventories at yearend as the supplies included in the aforementioned report may have already been dispensed or used.
- 10.4. Section 124 of the Manual on NGAS for LGUs, Volume I states that:

The local chief executive shall require periodic physical inventory of supplies of property. Physical count of inventory items by type shall be conducted semesterly and reports in the Report of the Physical Count of Inventories (RCPI). 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.

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- 10.5. The office supplies that were still on hand at yearend were not counted which is crucial in supporting management assertions as regards the inventory account balances. The results of the physical inventory count must be reconciled with the records of the Accounting office in order to reflect reliable and accurate balances.

***b.) recording of supplies/ inventories as outright expense***

- 10.6. In our post-audit of transactions by the Municipality for year 2023, we observed that a total of ₱1,879,275.00 supplies and inventories were recorded as an outright expense instead of recording it first to the appropriate inventory account.
- 10.7. International Public Sector Accounting Standards (IPSAS) 1 states that:
- IPSAS 1 states that [F]air 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...
- 10.8. Relative thereto, COA Circular No. 2015-009 provides that the LGUs shall record their financial transactions in accordance with the Chart of Accounts prescribed in the Revised Chart of Accounts for Local Government Units.
- 10.9. In addition, Section 114, Volume I of the Manual on New Government Accounting System provides [t]hat purchase of supplies and materials for stock, regardless of whether or not they are consumed within the accounting period, shall be recorded as Inventory following the perpetual inventory method.
- 10.10. Regular purchases shall be coursed thru the Inventory account and issuance thereof shall be recorded as they take place, except those purchased out of petty cash fund which shall be for immediate use and for stock in which case shall be charged immediately to the appropriate expense accounts. It further provides that [The] General Services Officer or the Municipal Treasurer, as the case maybe shall likewise maintain stock cards and property cards for supplies; property, plant and equipment; and work animals in their custody to account for the receipt and disposition of the same. The balance per stock card/property cards should always reconcile with the ledger cards of the accounting office.
- 10.11. With the foregoing deficiencies, the ending balances of Inventories in the FS were not deemed reliable as of year-end, affecting the fair presentation

Inventory accounts and the related expense accounts in the financial statements.

- 10.12. **We have recommended the Municipal Mayor to direct the designated Supply/ Property Custodian thru the Inventory committee to complete the physical inventory count of inventories/ semi-expendable properties that are not yet distributed to end-users and prepare the Report on the Physical Count of Inventories (RCPI) to be submitted to the requiring offices; and to reconcile with the Accounting Office any difference between accounting records and physical count.**
- 10.13. **We have further recommended the Municipal Mayor to enjoin the Municipal Accountant to record the inventoriable purchases following the perpetual inventory method pursuant to the provisions of Section 114 of Manual on NGAS for LGUs, Volume I and subsequently record the corresponding expense accounts only upon distribution.**
- 10.14. Management commented that a memorandum has been issued to the designated Supply/Property Custodian by the Inventory Committee, assigning them the task of conducting a physical inventory count of inventories and semi-expandable properties that have not yet been distributed to end-users. Additionally, they are required to prepare the Report on the Physical Count of Inventories (RCPI) and submit it to the relevant offices. Furthermore, the Supply/Property Custodian has been instructed to reconcile discrepancies between accounting records and the physical count with the Accounting Office.
- 10.15. In addition, the Management has also instructed the Municipal Accountant to record all purchases using the perpetual inventory method, as outlined in Section 114 of the Manual on NGAs for LGUs, Volume I, and subsequently record the expense account upon distribution.

#### *Tampering of Accountable Forms*

11. **One hundred thirty-five (135) duplicates of Accountable Forms (AFs) amounting to ₱255,297.54 were noted to be altered or tampered. Of this number, ninety-two (92) duplicate AFs amounting to ₱185,545.50 have dates of collections that are manually written instead of carbonized copy; whereas two (2) original copies of AFs were retrieved and confirmed with the payee that the actual dates of collection differed from the dates written on the duplicate. On the other hand, a number of forty-three (43) AFs totaling to ₱69,752.04 were found to have erasures.**

**This act is in violation of Section 73, Volume I of the Government Accounting and Auditing Manual (GAAM) and is considered falsification thru altering true dates and making any alteration or intercalation in a genuine document**

**which changes its meaning punishable under Article 172 (1) of the Revised Penal Code (RPC) of the Philippines in relation to Article 171 (5) (6) thereof.**

11.1. Section 73, Volume I of the GAAM requires that:

Pre-numbered official receipts shall be issued in strict numerical sequence. In preparing official receipts, all copies of each receipt shall be exact copies or carbon reproductions in all respects of the original. If payment has been tendered in money order or check, the official receipt shall be prepared with the date, number, and the amount of such money order, or check together with the purpose for which the payment has been received. The address of the payor shall also be indicated on the official receipt to facilitate communication with him if necessary.

11.2. Relative thereto, it is a well-settled rule that an Official Receipt, i.e. the Accountable Form 51, is a public document as stated in the case of United States vs. Vy Guico, thus:

An official receipt was held to be a public document, for the reason that it was invested with the character of an official document by reason of the fact that it was printed in accordance with the standard forms required by the Government.

11.3. The AFs under audit were analyzed by the Audit Team (AT) relative to the conduct of cash examination for the accounts and accountabilities of the Municipal Treasury Office (MTO) of Asingan for CY 2023. The AT found deficiencies in the handling of AFs by the collectors.

***Duplicate AFs have dates of collections that are manually written instead of carbonized copy.***

11.4. During the audit, the AT noted 92 duplicate AFs where the collection dates were handwritten, while the rest of the information, including payee names, payment amounts in both words and numbers, and other particulars on the face of the duplicate AFs, were carbon copies.

- 11.5. Confirmation with the payee was made by the Local Treasury Operations Officer I (LTOO I) of MTO Asingan, and was able to retrieve the original copies of the AFs bearing the serial numbers 0756697 and 0756698.
- 11.6. The MTO has identified the collector responsible for this action by tracing the serial numbers of the AFs under his accountability.
- 11.7. This act makes intentional delay in remitting collections to the Liquidating Officer for deposit which creates an opportunity for lapping of collected money. The lapping scheme involves misappropriating cash collections by using them to cover up previously pilfered cash. Consequently, these funds are at risk of misuse or misappropriation.

***Duplicate AFs that have erasures on the name of payees, nature of collections, and amounts.***

- 11.8. The Audit Team further noted that 43 AF duplicates have erasures, as summarized below:

<i>Particulars</i>	<i>Count</i>	<i>Amount (₱)</i>
Name of payee	12	22,457.76
Nature of collection	4	2,783.00
Amount paid	21	43,403.28
Multiple erasures (names, dates, amounts)	6	1,108.00
<b><i>Total</i></b>	<b><i>43</i></b>	<b><i>69,752.04</i></b>

- 11.9. Emphasizing Section 73, Volume I of the GAAM, which requires that all copies of each receipt shall be exact copies or carbon reproductions in all respects of the original. Having erasures on the face of the duplicate copies makes it doubtful that these are exact copies of the original.
- 11.10. Additionally, we noted that there were 19 Accountable Form (AF) No. 56 (Real Property Taxes) that were found to have erasures on the amounts paid. It was further noted that the amount in words were not written. The erasures on the amounts paid on the AF No. 56 raises concerns about the accuracy and integrity of the information written therein. Also, the absence of the amount in words further burdens the verification process as we cannot determine if the amount erased was less or more than the amount written.
- 11.11. This could indicate that collection could have been misappropriated; the mere fact that the AFs were not cancelled had it been an honest mistake, and were instead being tampered, could imply that the collections were not fully remitted or accurately reported.

11.12. The falsifications discussed above are punishable under Article 171 of the Revised Penal Code (RPC) of the Philippines, to wit:

11.13. Article 171 of the RPC:

Falsification by public officer, employee or notary or ecclesiastic minister. - The penalty of prision mayor and a fine not to exceed P5,000 pesos shall be imposed upon any public officer, employee, or notary who, taking advantage of his official position, shall falsify a document by committing any of the following acts: xxx

5. Altering true dates;

6. Making any alteration or intercalation in a genuine document which changes its meaning; x x x

11.14. The elements of falsification of documents under Article 171 of the RPC are as follows:

1. that the offender is a public officer or employee and he/ she takes advantage of his/her official position;
2. that he committed any of the acts of falsification enumerated in Article 171 of the RPC; and
3. that the falsification was committed in a public, official or commercial document.

11.15. **We have recommended the Municipal Mayor to spearhead the following:**

- **For the Management to create an independent team to conduct investigation on the AFs with noted irregularities, with dates in the duplicate copies written manually, and erasures made especially on the amounts paid;**
- **For the independent team to authenticate the dates of payments, the paid amounts, and other details specified on the AFs. If feasible, they should request certified true copies of the original AFs from the payees. In cases where the original AFs are unavailable, the team should consider having the payees sign affidavits attesting to the accuracy or discrepancies found in the duplicate AFs that have been reported;**

- **For the identified erring collector/s to explain in writing the confirmed falsifications made in the AFs under his/her accountability;**
- **After the investigation, for the management to impose penalties, disciplinary actions, or file appropriate charges/ cases against the erring collector/s; and**
- **Lastly, for the Municipal Treasurer to devise internal control to ensure that all copies of each receipt shall be exact copies or carbon reproductions in all respects of the original. To do so, require cancellation of the AFs – the original, duplicate and triplicate copies, should there be any errors/ mistakes written, and have it verified and countersigned by the MT.**

11.16. Management commented that it has tasked the Treasurer's Office to ensure that discrepancies or tampering with collection receipts are completely eradicated. To achieve this goal, Management issued a memorandum to the Municipal Treasurer, instructing her to bolster internal controls in the preparation of official receipts. This involves ensuring consistency in details and amounts across the original copy and all duplicates.

11.17. Moreover, it was commented that the department centralize the collection process and implement a computerized collection system this year 2024 to prevent any potential tampering in the official receipts.

11.18. Additionally, one of Management's upcoming initiatives is to establish a one-stop shop in the market, equipped with a computerized collection system, to minimize errors in the official receipt-writing process. This will be implemented once the construction of the new market building is completed.

*Incurrence of Delay in Remittance of Daily Collections to the Liquidating Officer*

**12. Collecting Officers incur delay in reporting and remitting their collections to the Liquidating Officer which ranges from zero to 58 days, or a total average of 7.59 days. This is not in conformity with Section 29 of the Manual on New Government Accounting System, Vol. I. This deficiency also connotes that existing control and monitoring over the collections are not being complied with by these collecting officers and tolerated by those tasked to impose their compliance. Thus, exposing the government funds to misuse or misappropriation.**

12.1. In our analysis of Reports of Collections and Deposits (RCD), together with the corresponding accountable forms issued, we noted that the date of the remittances of some Collecting Officers to the Liquidating Officer do not



correspond to the date of issuance of the accountable forms under their custody. The number of days of delay ranges from zero to 58 days.

- 12.2. Meanwhile, the deputized Collecting Officers for Community Tax Certificate (CTC) of Barangays remit their collections from 3 to 21 days.
- 12.3. Section 29 of the Manual of New Government Accounting System, Vol. I for LGUs provides:
- 12.4. Reporting for collections and Deposits-

[A]t the close of each business day, these collectors/tellers shall accomplish the Report of Collections and Deposits (RCD) in four copies. The original and two copies, together with the duplicates of the official receipts issued, shall be submitted to the treasurer/cashier to whom the cash collected shall be turned over. The fourth copy of the RCD shall be retained by the collector/teller concerned. Barangay Treasurers deputized to collect taxes imposed by provinces, cities and municipalities shall follow the same procedures in turning over their collections to the treasurer/cashier concerned.

In the case of collectors assigned to the field, where travel time from their places of assignment to the Treasurer's Office is more than one day, turnover of collections shall be made at least once a week or as soon as the collections reach P5,000.00.

- 12.5. This infraction construe that the RCD is not accomplished at close of each business day by each collecting officers so as to give justification for the non-remittance of the collections to the Liquidating Officer. Since remittance of collections was not done daily, the money collected is being exposed to risks associated with it such as loss and misuse.
- 12.6. The collecting officers perform delicate functions as they are authorized to receive and collect money arising from taxes, revenues, receipts of any kind. As custodians of public funds, they are required to perform with integrity and adherence to the rules and regulations, such as the aforecited provision. Unjustified failure of the officers concerned to perform their duties with utmost diligence shall make them liable for any loss or misuse of the fund under their custody.

12.7. We have recommended the Municipal Mayor to direct the Municipal Treasurer to require the following:

- A written explanation from the collecting officers for the noted delays in the remittance and the retention of collections within unreasonable period;
- All collecting officers to remit their collections and accomplish their Report of Collections and Deposits (RCD) at close of each business day pursuant to Section 29 of the Manual of New Government Accounting System, Vol. 1 and see to it that no accumulation of cash from collections and mingling of funds shall be made by any collector to avoid loss, misapplication and/or unauthorized use; and
- As for the deputized barangay collectors, to instruct them to remit their collections at least once a week or as soon as the collections reach P5,000.00, whichever comes first.

*Collections were not Deposited Intact and Daily*

13. Collections were not deposited intact and daily or on the next banking day to the authorized government depository bank contrary to Section 69 of PD No. 1445 and Section 32 of the Manual on New Government Accounting System Volume I resulting in undeposited collections amounting to ₱100,185.01 as of the cash examination date, December 7, 2023. This deficiency exposes the collections to risks inherent to cash.

13.1. The Audit Team has made analysis on the number of days of delay between the date of collection, remittance and deposits, and noted that the collections were not being remitted and deposited promptly, with an average of 11.79 days between the date of collection and deposit, and ranges from 1 to 61 days. This observation was further confirmed in the review of cashbook and subsidiary ledgers showing undeposited balances at the end of the day.

13.2. As of the cut-off date of Cash Examination, December 7, 2023, the Audit Team noted that the cash collections counted amounting to ₱303,179.96 was not deposited intact. Computation is shown as follows:

<i>Particulars</i>	<i>Amount</i> <i>(₱)</i>
Total amount as per Cash Count (74A)	303,179.96
Deposit Slips as of December 7, 2023	60,000.00 10,021.47

	28,577.75	
	47,321.00	
	3,930.60	
	18,325.40	
	3,235.90	
	3,235.90	
	18,325.46	
	10,021.47	
Total amount as per deposit slip		202,994.95
<b>Undeposited Balance, Dec. 7, 2023</b>		<b>100,185.01</b>

13.3. Section 69 of PD No. 1445 states that:

(1) Public officers authorized to receive and collect moneys arising from taxes, revenues, or receipts of any kind shall remit or deposit intact the full amounts so received and collected by them to the treasury of the agency concerned and credited to the particular accounts to which the said moneys belong. The amount of the collections ultimately payable to other agencies of the government shall thereafter be remitted to the respective treasuries of these agencies, under regulations which the Commission and the Department (Ministry) of Finance shall prescribe.

(4) The respective treasuries of these agencies shall in turn deposit with the proper government depository the full amount of the collections not later than the following banking day.

13.4. Also, Section 32 of the Manual on New Government Accounting System Volume I state that [T]he Treasurer/Cashier shall deposit intact all his collections as well as all collections turned over to him by the collectors/tellers with the authorized depository bank daily or not later than the next banking day. He shall record all deposits made in the cashbook and prepare the RCD.

13.5. It also noteworthy that the AGDB of the Municipality is only around 12.1 kilometers or 22 minutes far from the municipal hall, hence there was no reason not to deposit the collections daily or on the next banking day.

13.6. **We have recommended the Municipal Mayor to direct the Municipal Treasurer the following:**

- **To ensure that all collections are deposited intact and daily, or on the next banking day pursuant to the provisions of Section 69 of PD No. 1445 and Section 32 of Manual on New Government Accounting System for LGUs, Volume I;**
- **To instruct the Liquidating Officer to check the actual amounts of collections remitted by each collecting officer, and to regularly update the cashbooks on the amount of collections and deposits made for the day; and**
- **should there be any cash overage incurred, demand written explanation from the Accountable Officer concerned. If no satisfactory explanation was provided, issue OR for the amount of overage in favor of the government. In case of cash shortage, demand immediately the payment of the amount of shortage.**

13.7. Management commented that it has issued a memorandum to the Treasurer's Office, directing compliance with specific protocols outlined in Section 29 of the Manual on NGAS for LGUs. This directive mandates the deposit of all collections intact either on the same day or the following banking day. Additionally, collecting officers have been instructed to provide regular daily reports. Furthermore, the liquidating officer has been directed to thoroughly verify the actual amount of collections remitted by comparing the total amount collected in the Official Receipt to the actual amount remitted.

13.8. Moreover, the Municipal Treasurer is mandated to request written explanations from collecting officers in cases of shortages or overages in the collection. The department is strictly instructed to ensure the integrity of government collections, emphasizing its importance.

13.9. To support the Treasurer's Office in meeting the requirement for daily deposits, Management has prioritized the use of Municipal vehicles for the MTO's use.

*Recurring Reconciling Items of Bank Reconciliation – Stale Checks*

**14. Verification of the Bank Reconciliation Statement (BRS) showed a total of ₱2,940,800.37 representing outstanding checks as at December 31, 2023. Of this amount, a total of ₱71,217.65 or 18 checks issued from May 7, 2021 to March 22, 2023 were considered as stale checks indicating the presence of errors that require adjustments and corrective measures due to the failure to review and enhance the**

**existing internal controls with regard to the issuance of checks raising doubts whether these are issued in payment of legitimate/valid obligations.**

14.1. Section 59 of the Manual on NGAS for LGUs states that checks issued become stale if these have been outstanding for over six (6) months from the date of issue or as prescribed by the depository bank. This also requires that at least one month before a check becomes stale, the Treasurer shall send a written notice to the payee of the existence of the check. This is so provided in order that the necessary correction/adjustment in the books can be effected.

14.2. The aforementioned regulation further provides:

A spoiled or stale check shall be marked cancelled on its face and reported as follows:

1. For spoiled checks which are immediately cancelled and for which the Report of Checks Issued (RCI) has not yet been prepared, the cancelled check shall be attached to the RCI and reported chronologically with the other checks issued and the word "Cancelled" shall be indicated on the report.
2. For stale checks which have been unclaimed and thus, the original DV and supporting documents are still with the Treasurer, the cancelled check shall be presented in the RCI after the last check issued for the period indicated in the report. The original DV and supporting documents shall be returned to the Accountant who shall prepare a JEV to record the transaction as Accounts Payable.
3. For checks which became spoiled or stale in the hands of the payee and which require replacement, a new check may be issued upon submission of the spoiled or stale check to the Treasurer. A certified copy of the DV shall be requested from the Auditor for presentation to the Administrator/Local Chief Executive who shall countersign the check. The cancelled check shall be reported and attached to the RCI prepared at the period of cancellation. The replacement check shall also be reported chronologically in the RCI.

- 14.3. During our review and verification of reconciling items presented in the Municipality's Bank Reconciliation Statement (BRS), we noted that there were 94 outstanding checks at year-end. Among these, 18 checks had been outstanding for over six (6) months, or ranging from 108 to 788 days as stale.
- 14.4. While these outstanding checks will not affect the reliability and accuracy of the Cash in Bank Account-LCCA as presented in the Financial Statements in a given period, this would however raise doubts whether these are issued in payment of legitimate/valid obligations because one could not give any logical reason for a payee not to encash these checks as payment for claims, purchases or their services rendered.
- 14.5. Another potential risk linked to long-outstanding stale checks is the possibility that replacements of checks may have already been issued, yet the Treasury office has not canceled them, or the cancellation, had it been made by the Treasury, was not communicated to the Accounting office for necessary adjustments.
- 14.6. Bank reconciliation is the process of bringing into agreement the bank balance appearing in the accounting records and bank statements. This serves as an internal control mechanism designed to promptly identify potential errors made either by the agency or the bank, necessitating adjustments or corrections in the Municipality's or the bank's records.
- 14.7. The consistent appearance of recurring reconciling items in the Municipality's BRS may serve as a significant indicator of potential errors that require adjustments and corrective measures especially that these stale checks were 104 to 788 days elapsed. Addressing these recurring reconciling items enhances the reliability of the Accounting and Treasury's records, and also reinforces the effectiveness of internal control mechanisms in place.
- 14.8. **We have recommended and Management agreed to instruct :**
- a. The Municipal Treasurer (MT) to send written confirmations to the payees holding the stale checks to ascertain whether or not these checks have been replaced. If replacements haven't been issued, demand the stale check for cancellation and proceed with issuing the replacement check. Following this, the MT should relay the results to the Municipal Accountant (MA);**
  - b. Upon receiving the results of confirmation from the MT, the MA should effect immediately the necessary adjustments in the**

**books of accounts to present fairly the balance of the Cash in Bank – LCCA account in the financial statements.**

**Below is the suggested pro-forma adjusting entry:**

**For Check cancellation:**

<b>Cash in Bank-LCCA</b>	<b>xx</b>	
<b>Accounts Payable</b>		<b>xx</b>

**For Replacement:**

<b>Accounts Payable</b>	<b>xx</b>	
<b>Cash in Bank-LCCA</b>		<b>xx</b>

*Excessive Payment of Registration Fees*

**15. Registration fees for trainings/ seminars organized by Non-Government/Non-Profit Organizations were paid more than the allowed daily rate of ₱2,000.00 contrary to Section 3.2 of the National Budget Circular No. 563 dated April 22, 2016, resulting in excess payment of ₱352,890.00.**

15.1. The Department of Budget and Management (DBM) issued a National Budget Circular (NBC) No. 563, dated April 22, 2016 relative to the cost of participation of government officials and employees in conventions, seminars, conferences, symposia, and other similar gatherings sponsored by Non-Government Organizations or Private Institutions.

15.2. Section 3.2 of the NBC No. 563 provides that,

[t]he registration or participation fee in convention, seminar, etc. shall not exceed by ₱2,000.00 per day for each participant. Any amount in excess of the prescribe rate shall be at the expense of the participant.

15.3. Some of the trainings/ seminars attended by municipal officials were conducted by Non-Government/Non-Profit Organizations. These Training Providers being a Non-Government Organization/ Non-Profit Organization will make any trainings/seminars rendered to government institutions subject to NBC No. 563.

15.4. Upon review of the attached Invitations in the Disbursement Vouchers, it was revealed that the registration fees covered meals, snacks, and lodging for ten (10) attended trainings/seminars, whereas the remaining six (6) trainings/seminars did not include lodging.

- 15.5. As for the ten (10) trainings/ seminars however, the amount of the registration fee in the invitation does not specifically identify the portion attributable to meals and lodging, thus Executive No. 77 will apply to physically disaggregate the actual registration fee from meals and lodging.
- 15.6. Section 5 (b to c) of the Executive No. 77 – Prescribing Rules and Regulations and Rates of Expenses and Allowances for Official Local and Foreign Travels of Government Personnel sets a maximum Daily Travel Expenses (DTE) for local travels beyond 50-kilometer radius from the permanent official station.

(b) Daily Travel Expenses (DTE)

- 15.7. The maximum allowable DTE of government personnel, regardless of rank and position, shall be at the following rates:

	Cluster	Maximum DTE allowed per Day
Cluster I	Region I	1,500.00
	Region II	
	Region III	
	Region IV	
	Region V	
	Region VIII	
	Region IX	
	Region XII	
	Region XIII	
	ARMM	
Cluster II	CAR	1,800.00
	Region VI	
	Region VII	
	Region X	
	Region XI	
Cluster III	NCR	2,200.00
	Region IV-A	
	Region IV-B	

(c) Apportioned Travel Expenses.

- 15.8. The allowable DTE for travel beyond 50-km radius from permanent official station shall be based on the following apportionment:



Particulars	Percentage	To Cover
Day of arrival at point of destination (regardless of time) and succeeding day/s thereof on official business	100%	Hotel/Lodging (50%), meals (30%), and incidental expenses (20%)
Day of departure for permanent official station (regardless of time) if other than date of arrival	50%	Meals (30%), and incidental expenses (20%)

- 15.9. Applying the above-cited EO, the Municipality has paid registration fee in excess of the allowable amount. To determine the amount in excess for the ten (10) identified trainings/ seminars, the Audit Team computed for the Total Registration Fee Paid minus the meals and lodging, pursuant to the threshold set forth by the EO.
- 15.10. The Total Registration Fee paid by the officials without the amount attributable for meals and lodging amounted to ₱552,820.00. The amount paid in excess with the ₱2,000.00 per day per participant totaled ₱246,820.00.
- 15.11. On the other hand, the excess in payment incurred for the six (6) trainings/ seminars of which the Registration Fee did not include the lodging / hotel accommodation was computed resulting in a total of ₱171,150.00.
- 15.12. The Municipality incurred ₱246,820.00 for the ten (10) seminars while ₱106,070.00 for the six (6) seminars for a total of ₱352,890.00 over the prescribed maximum training/seminar fee as provided for in the same provision, the amount in excess of the prescribe rate (₱2,000.00 per individual) shall be at the expense of the participant.
- 15.13. Applying prudence in choosing seminars, conferences, or trainings to attend, Management must carefully assess the value of the event in carrying out the participants' responsibility to their constituents. The excess payment could have been used for other social services.
- 15.14. **We have recommended the Municipal Mayor to enjoin the Municipal officials to refrain from paying registration fee more than the allowable limit provided in the NBC No. 563 for seminars/conference/trainings conducted by NGOs or Private Institutions. Excess from allowable limit shall be at the expense of the participants.**
- 15.15. The Management commented that it has issued a memorandum to all offices, instructing all officials and employees to refrain from paying

registration fees that exceed the allowable amount as stated in NBC No. 563 for seminars/training conducted by NGOs and Private Institutions. It was recommended that officers and employees inform their respective Leagues to adjust or adhere to the rules on the maximum allowable amount of registration per day. Additionally, they are advised to avoid attending private institutions that exceed the maximum allowable registration fees. If attendance at a seminar or training conducted by such institutions is deemed necessary, any amount exceeding the allowed registration fee will be shouldered by the attending officials/employees.

*RA No. 9184 - Projects with Incomplete Documentation*

**16. The auditorial contract review of nine (9) procurements through public bidding with a total contract price of ₱12,093,351.98 revealed that these procurements were accomplished and paid sans complete documentary requirements contrary to Section 4 (6) of PD No. 1445. This deficiency cast doubt on the validity, propriety, and legality of the disbursements and their compliance with the 2016 Revised Implementing Rules and Regulations (IRR) of Republic Act (RA) No. 9184.**

- 16.1. Section 4, paragraph 6 of PD No. 1445 mandates that all claims against government funds shall be supported with complete documentation.
- 16.2. Also, in the conduct of public bidding for infrastructure projects, Section 37.2 of the 2016 Revised IRR of RA No. 9184 requires the following documents that forms part of the contract.

37.2. Contract Signing

xxx

37.2.3. The following documents shall form part of the contract:

- a) Contract Agreement;
- b) Bidding Documents;
- c) Winning bidder's bid, including the Eligibility requirements, Technical and Financial Proposals, and all other documents/statements submitted;
- d) Performance Security;
- e) Notice of Award of Contract; and
- f) Other contract documents that may be required by existing laws and/or the Procuring Entity concerned in the Bidding Documents, such as the construction schedule and S-curve, manpower schedule, construction methods, equipment utilization schedule, construction safety and health program approved by the Department of Labor and Employment, and

PERT/CPM or other acceptable tools of project scheduling for infrastructure projects.

16.3. In the post-audit of the Municipality's transactions, seven infrastructure projects with a total contract price of ₱5,919,515.98 were subjected to the auditorial contract review.

16.4. Results of the contract review for the said projects showed the following common deficiencies and unsubmitted/ lacking documentary requirements:

1. The Invitation to Bid as posted in the PhilGEPS was under "Pending" Status; the Document Request List has zero (0) request;

Pending - means the bid notice has been posted already but still awaiting the daily batch processing that the system does to all posted bid notices. This cannot be deleted but can be changed to "In Preparation" status by clicking the "Return to Draft" button if the user wants to effect changes after posting. Therefore, in this stage, it is not assured that the Invitation to Bid was actively being viewed by prospective bidders and thus invitation to participate to bid not actually conducted.

2. The Minutes of Submission, Receipt, and Opening of Bids was not submitted, instead an Attendance Sheet was attached. Therefore, we cannot determine whether this stage of procurement were done accordingly; and
3. There was no evidence that the three (3) Invitations in writing for each stage of procurement were duly received by the representatives of COA, recognized private group, and NGOs;
4. Also, we noted that the Approved Budget for the Contract (ABC) did not enumerate the direct and indirect costs of the project, hence we cannot compare the items listed in the Detailed Quantity and Cost estimates and Program of works. Nevertheless, the total cost estimates did not exceed the total budget.
5. Lastly, the following documents were not attached, viz:

- a. Procurement Planning Requirements:
  - Project Procurement Management Plan (PPMP);
  - Annual Procurement Plan (Indicative and Final);
- b. Preparatory Requirements:
  - Technical Specifications;

- c. Bidding Documents:
  - Instruction to Bidders (ITB);
  - Bid Data Sheet (BDS);
  - Specifications;
  - Bidding Forms;
- d. On issuance of Bid Documents:
  - Photocopies of Accountable Form No. 51/ Official Receipts from the Treasury Office on the sale of Bid Documents to prospective bidders;
- e. Financial Documents (2<sup>nd</sup> Envelope):
  - Financial Bid Form;
- f. Post-Qualification:
  - Notice of Post-Qualification to the Lowest Calculated and Responsive Bidder;
- g. Contract preparation and signing, other supporting documents of the contract:
  - Construction Schedule and S-Curve;
  - Manpower Schedule;
  - Construction Methods;
  - Equipment Utilization Schedule;
  - Construction Safety and Health Programs approved by DOLE;
  - PERT/ CPM or other acceptable tools of project scheduling for infrastructure projects; and
- h. Notice to Proceed:
  - Posting of Notice to Proceed to PhilGEPS and conspicuous place.

16.5. On the other hand, there were procurements of goods and services thru public bidding where we observed that the Invitation to Bid as posted in the PhilGEPS was under “Pending” Status; the Document Request List has zero (0) request; also there was no evidence that the three (3) Invitations in writing for each stage of procurement were duly received by the representatives of COA, recognized private group, and NGOs.

	<b>Procurement Title</b>	<b>Contractor/ Supplier</b>	<b>Fund Source</b>	<b>Approved Budget (₱)</b>	<b>Contract Price (₱)</b>
1	Procurement of Medicines for Use At RHU I & II	Eyre Pharma Enterprises	GOP	1,195,000.00	1,193,836.00

	<b>Procurement Title</b>	<b>Contractor/ Supplier</b>	<b>Fund Source</b>	<b>Approved Budget (₱)</b>	<b>Contract Price (₱)</b>
2	Installation of ON-Grid Solar Power Source for LGU Building	Pantoc Hardware and Construction (Arch. Manny M. Pabalate)	20% DF	5,000,000.00	4,980,000.00
<b>Total</b>				<b>6,195,000.00</b>	<b>6,173,836.00</b>

16.6. Likewise, the following documentary requirements were lacking:

- a. Procurement Planning Requirements:
  - Project Procurement Management Plan (PPMP);
  - Annual Procurement Plan (Indicative and Final);
- b. Bidding Documents:
  - Bid Data Sheet (BDS);
- c. Advertisement:
  - No Certification from the Head of BAC Secretariat on the posting of advertisement at conspicuous place;
- d. On issuance of Bid Documents:
  - Photocopies of Accountable Form No. 51/ Official Receipts from the Treasury Office on the sale of Bid Documents to prospective bidders;
- e. Financial Documents (2nd Envelope):
  - Financial Bid Form;
- f. Notice to Proceed:
  - Posting of Notice to Proceed to PhilGEPS and conspicuous place.

16.7. Further stated in Section 37.2.2. that the Procuring Entity shall enter into contract with the winning bidder within the same ten (10) day period provided that all the documentary requirements are complied with. The deficiencies noted entail difficulties in determining the validity and propriety of the transactions of the Municipality as well as the eligibility of the relevant contractors/ suppliers.

16.8. **We have recommended the Municipal Mayor to direct the BAC Secretariat to:**

- 1. Ensure completeness of documentary requirements in each stage/ phase of procurement, particularly public bidding, to**

**ascertain the eligibility of the contractors/ suppliers; provide the widest possible dissemination of advertisement hence assuring transparency of the procurement process; and assuring validity, propriety and legality of the disbursements pursuant to the 2016 Revised IRR of RA No. 9184.**

**2. Explain why the Invitation to Bid as posted in the PhilGEPS was under “Pending” Status instead of “Active”.**

- 16.9. **We have further recommended that the Municipal Accountant to strictly review the completeness of the supporting documents before certifying and effecting payment for these transactions.**
- 16.10. Management commented that it will abide with the recommendations. The BAC secretariat will ensure that all PhilGEPS postings have an Active status before printing this publication. Additionally, Management has mandated the BAC to create a checklist of requirements before proceeding to other departments to ensure completeness.
- 16.11. **The Management is advised to submit the lacking documentary requirements of the projects mentioned in this audit observation as these shall validate the propriety and adherence of the procurement to the provisions of Revised IRR of RA No. 9184.**

*Purchase Requests were not properly filled-out*

**17. Purchase Requests (PRs) were not properly filled out with details salient to procurement and invalid items were included in its preparation deviating from the provisions of Section 116 of Manual on NGAS for LGUs, Volume I for LGUs, hence making the estimated total cost on the PR incomparable to that of Request for Price Quotations of prospective suppliers and Purchase Orders.**

- 17.1. The Purchase Request shall be used to request for the purchase of inventory/item not available on stock and it shall be the basis of preparing the Purchase Order (PO). It shall also serve as the basis whether the prospective supplier's quotations in the Request for Price Quotations (RFQs) were responsive to the quality, quantity, specifications, estimated unit costs and total costs of the items being requested for purchase.
- 17.2. However, in our post-audit of transactions entered into by the Municipality, we observed that the unit cost per item in the PR was not specified. There were also some PRs that do not enumerate the specific kind of items to be purchased but were instead written in generic terms.
- 17.3. Also, there were invalid items included in the PR, which includes the payment of honoraria of speakers/ guests, and accommodations. The

honoraria should have been disbursed through payroll, while the accommodations, although still requiring RFQs, should have been paid via contracts. Samples of PRs are attached herewith in *Exhibit "A"*.

- 17.4. Section 116 of Manual on NGAS for LGUs states the procedures to be followed and requirements needed for the requisition of goods/ supplies:

Sec. 116. Requisition Procedures. – (a) Requirement of Requisition - Any order for supplies shall be filled by the provincial general services officer, the city general services officer, or the municipal treasurer, as the case maybe, for any office or department of the LGU concerned only upon written requisition.

(b) Forms to be used - Requisitions shall be accomplished using the following forms:

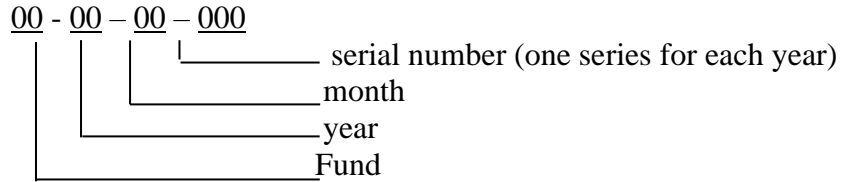
- (1) Requisition Issue Slip (RIS) - for supplies carried in stock; and
- (2) Purchase Request (PR) - for supplies not carried in stock.

(c) Preparation of Requisition - At the beginning of the year, the Office of the General Services Officer (GSO) or the Municipal Treasurer, as the case maybe, shall prepare a PR for supplies and materials needed for the quarter based on the approved Annual Procurement Program. Subsequent requisition from stock shall be made by the head of office or department needing the supplies. A Supplies Availability Inquiry (SAI) shall be used to inquire as to availability of supplies needed from the Office of the Chief Accountant. If supplies are available, the RIS shall be prepared and submitted to the GSO/Local Treasurer for the issuance of supplies. If the supplies needed are not available from stock, a PR shall be prepared. xxx

- 17.5. Volume II of the same Manual provided for the instructions in accomplishing the PR, and cited important details to be indicated therein:

A. This form shall be accomplished as follows:

- 1. **LGU** – name of the province/city/municipality
- 2. **Department/Section** – name of the requesting office/section.
- 3. **PR No./Date** – number assigned to the PR by the designated personnel in the Supply and Property Division and the date the PR is prepared. It shall be numbered as follows:



4. ***SAI No./Date*** – number and date of the Supplies Availability Inquiry (SAI) attached to the PR.
  5. ***ALOBS No./Date*** – ALOBS number and date attached to the PR.
  6. ***Quantity*** – quantity of goods requested to be purchased.
  7. ***Unit of Issue*** – unit of measurement of goods requested (i.e. roll, box, etc.).
  8. ***Item Description*** – brief description of the supplies/goods ordered.
  9. ***Stock No.*** – stock number based on the SAI.
  10. ***Estimated Unit Cost*** – the estimated cost per unit of the goods being requested.
  11. ***Estimated Cost*** – estimated total cost of the goods being requested.
  12. ***Purpose*** – a brief explanation of the purpose why the goods are being requested.
  13. ***Requested by*** – name and signature of the person requesting the purchase of the items.
  14. ***Cash Availability*** – name and signature of the Local Treasurer certifying that cash is available for the purchase of the items.
  15. ***Approved by*** – name and signature of the person approving the purchase of the items.
- B. This form shall be prepared in case of requisitions based on the Annual Procurement Program of LGUs and when the goods/supplies are not carried in stock based on the Supplies Availability Inquiry (SAI) received from the Accounting Division.
- 17.6. The non-specification of estimated unit cost per item and the inclusion of the estimated cost of invalid items makes the estimated total cost of the PR vague and incomparable to the details of RFQs and POs.

**We have recommended and Management agreed on the following:**

- **For all requisitioning officials to enumerate the specific type of items, without mentioning brand names, needed in the purchase and provide for estimated unit cost of each item; also, avoid including invalid items which are not subject to purchase in the PR such as honoraria and accommodations to make the costs comparable with those on RFQs and POs;**
- **For the Municipal Treasurer to ensure compliance in the details of PR, particularly on the estimated unit costs and total costs,**



before affixing signature in the “Cash Availability” box in the PR; and

- For the Municipal Accountant to strictly review the completeness of the details on PR, as compared with the RFQs and POs, before certifying and effecting payment for these transactions.

*Payments of Checks with Unsubmitted Disbursement Vouchers and Supporting Documents*

**18. Disbursement Vouchers (DVs) and supporting documents remained unsubmitted for the One Hundred Twenty-Seven (127) issued checks with a total amount of ₱13,177,332.88 hence rendering the legitimacy of payments doubtful as the absence thereof construe that these were drawn despite the absence of complete supporting documents and approval of the proper officials contrary to Sections 39 and 40 of Manual on NGAS for LGUs, Volume I and Paragraphs 5 and 6, Section 4 of Presidential Decree No. 1445.**

- 18.1. The Summary of Checks Issued compared with the actual Disbursement Vouchers (DVs) submitted to the Audit Team revealed that there were 127 checks issued, however, the DVs and their supporting documents were still not submitted for audit. The Check date, Check number, payee and the amount were the only details that the Audit Team could determine, thus precluding us from determining whether the government funds were legally spent and in a regular manner. Presented in the table below are the number of checks issued and their corresponding amounts without DVs.

Month	No. of Checks Issued	Amount (₱)
January	6	969,497.30
February	2	24,419.73
March	6	744,720.17
April	5	759,230.35
May	2	2,110,266.58
June	5	1,968,953.06
July	17	459,995.65
August	14	3,621,974.46
September	23	1,652,295.53
October	19	207,334.24
November	4	59,583.80
December	24	599,062.01
<b>Total</b>	<b>127</b>	<b>13,177,332.88</b>

- 18.2. The absence of disbursement vouchers is a *prima facie* indication that the checks were drawn despite the absence of complete supporting documents and approval of the Agency Head and other officials in violation of **Section 4 of PD No. 1445**:

xxx

(5) Disbursements or disposition of government funds or property shall invariably bear the approval of the proper officials.

(6) Claims against government funds shall be supported with complete documentation.

- 18.3. Also, **Sections 39 and 40 of the Manual on NGAS for LGUs, Volume I** state that

Sec. 39. Approval of Disbursements. – Approval of disbursements by the Local Chief Executive (LCE) himself shall be required whenever local funds are disbursed, except for regularly recurring administrative expenses such as: payrolls for regular or permanent employees, expenses for light, water, telephone and telegraph services, remittances to government creditor agencies such as GSIS, BIR, PHILHEALTH, LBP, DBP, NPO, PS of the DBM and others, where the authority to approve may be delegated. xxx

Sec. 40. Payments by Check. – Checks shall be drawn only on duly approved disbursement vouchers. xxx

- 18.4. In addition, the official involved in the daily recording of transactions in the books of accounts shall turn over the receipts and the disbursement records with all paid vouchers and documents evidencing the transaction to the Auditor within ten (10) days from date of receipt of said documents, pursuant to Section 6.05 of COA Circular No. 95-006.
- 18.5. The non-submission of DVs and their supporting documents preclude the Audit Team to conduct timely review of financial transactions, thereby depriving Management of timely communicated audit findings. Addressing and rectifying noted deficiencies in transactions resulting from the audit could have been facilitated by Management at the earliest opportunity.

- 18.6. Unjustified failure on the part of the official or employee concerned to submit the documents and reports mentioned herein shall be considered a ground for the automatic suspension of payment of this salary until he shall have complied with the aforesaid requirements, without prejudice to any disciplinary action that may be instituted against him (Sec. 122, PD 1445).
- 18.7. **We have recommended the Municipal Mayor to direct the following:**
- **For the Municipal Accountant and Municipal Treasurer, as well as all accountable officers concerned, to strictly comply with the timely preparation and submission of Disbursement Vouchers and all other documents salient to the transactions;**
  - **Also, for the Management to determine the location of the 127 unsubmitted DVs and/or the officials in possession of those documents, and demand immediate submission, otherwise Notice of Suspension may be issued for each of the unsubmitted DVs; and**
  - **For the Municipal Treasurer not to issue payment to transactions that are not supported by DVs and supporting documents, and those not bearing the required approval of the proper officials in order to ensure the validity and propriety of the transactions, to avoid disallowance in audit.**
- 18.8. The Management commented that it will comply with the recommendation of the COA to submit all Disbursement Vouchers on time. A Liaison Officer will be designated to prevent misplacement of vouchers or having vouchers intended for payment in the possession of individuals other than the Municipal Treasurer or Liaison Officer.
- 18.9. **As of this writing, there are still 13 unsubmitted DVs with a total amount of ₱856,138.81. Immediate submission of the DVs and supporting documents for the checks issued is advised; otherwise, Notice of Suspension shall be issued.**

*Audit of Gender and Development (GAD) Fund*

- 19. Five programs, projects, and activities (PPAs) with a total amount of ₱8,334,347.39 were mainstreamed as PPAs under GAD Fund. These however, do not address any gender-related issues and concerns contrary to PCW-DILG-DBM-NEDA JMC Circular No. 2013-01 and 2016-01, and Section 36 of RA No. 9710 which requires that GAD programs address gender issues and concerns and shall be designed and implemented based on the mandate of government agencies and local government units.**

19.1. Section 36, Chapter VI of RA No. 9710 - Gender Mainstreaming as a Strategy for Implementing the Magna Carta of Women:

- (a) Planning, budgeting, monitoring and evaluation for GAD. GAD programs addressing gender issues and concerns shall be designed and implemented based on the mandate of government agencies and local government units, Republic Act No. 7192, gender equality agenda of the government and other GAD-related legislation, policies, and commitments. The development of GAD programs shall proceed from the conduct of a gender audit of the agency or the local government unit and a gender analysis of its policies, programs, services and the situation of its clientele; the generation and review of sex-disaggregated data; and consultation with gender/women's rights advocates and agency/women clientele. The cost of implementing GAD programs shall be the agency's or the local government unit's GAD budget which shall be at least five percent (5%) of the agency's or the local government unit's total budget appropriations.

19.2. Gender and Development (GAD) as defined in Section 4 (h) of RA No. 9710 refers to the development perspective and process that are participatory and empowering, equitable, sustainable, free from violence, respectful of human rights, supportive of self-determination and actualization of human potentials.

19.3. On the other hand, "Gender Mainstreaming" refers to the strategy for making women's as well as men's concerns and experiences an integral dimension of the design, implementation, monitoring, and evaluation of policies and programs in all political, economic, and societal spheres so that women and men benefit equally and inequality is not perpetuated. It is the process of assessing the implications for women and men of any planned action, including legislation, policies, or programs in all areas and at all levels.

19.4. Relative thereto, Item C, Paragraph 4 of the PCW-DILG-DBM-NEDA JMC Circular No. 2013-01 provides for the general guidelines in the preparation of GAD Plan and Budget, viz:

In identifying GAD PPAs, LGUs shall at all times give priority to those that will address emerging and/or continuing issues and concerns on:

- a) Provision of basic services and facilities to protect and fulfill women's human rights, including their right to protection from all forms of violence;
- b) Women's economic empowerment, including women's participation in economic governance;
- c) Participation in local governance and decision-making; and
- d) Other provisions of the MCW.

19.5. Section 7. .0 Section 4.1.C.8 of the PCW-DILG-DBM-NEDA JMC Circular No. 2016-01 states that:

C.8 Preparation and Submission of LGU GAD Accomplishment Report

3) In case the LGU attributes a portion or the whole of the budget of its major program/project to the GAD budget, it shall subject the same program/project (using its accomplishment report for the year) to the HGDG test using the PIMME or FIMME checklist to determine the actual expenditures that may be attributed to the GAD budget.

- 19.6. According to the GAD Focal Person of the Municipality, they did not conduct gender analysis for 2023; instead, they based their PPAs to the suggested programs of DSWD, PNP, and other groups or women's organizations duly recognized by the Municipality. They also have GAD database and sex-disaggregated data, but these were not yet updated for 2023.
- 19.7. They also had certification from the DILG on the review and approval of their GAD Plan and Budget that at least 5% of the LGU's total annual budget was allocated to GAD PPAs addressing gender issues, and all PPAs are responsive to LGUs identified Gender Issues/ GAD Mandate.
- 19.8. During the assessment of the GAD Accomplishment Report, the Audit Team identified several PPAs that had been mainstreamed into GAD which totaled to ₱14,576,254.31. Of this amount, seven (7) PPAs amounting to ₱11,206,590.39 were attributed programs. However, our examination of the GAD Objectives and Expected Outcomes/Results revealed that five (5) of these PPAs do not address gender-related issues and concerns.

- 19.9. Although the aforementioned PPAs were incorporated into the LGU's DILG-endorsed adjusted GAD Plan, they failed to tackle gender-related matters. Likewise, while the PPAs suggested by agencies such as DSWD, PNP and other recognized women's organizations may aid in identifying constituents' concerns, management must still review and evaluate whether such PPAs effectively address gender-related issues and concerns.
- 19.10. This infraction could have been avoided, had the GAD database which serves as basis for the gender-responsive planning, programming and policy formulation been updated to cater the current gender-related needs of the constituents, especially women. The GAD database serves as gender statistics and GAD-related information are crucial for evidence-based planning and policy-making. It aids in the gender analysis of the LGU situation by surfacing gender gaps and/or differences among women and men in terms of their access to basic services and facilities, control of resources and enjoyment of rights, privileges, benefits and rewards.
- 19.11. **We have recommended and Management agreed that the GAD Focal Person prioritize the updating of the existing GAD Database which will aid in the identification of gender issues and full implementation of the PPAs in the GAD Plan and Budget; and to carefully evaluate the suggested and/or attributed PPAs to ensure that these effectively address gender-related issues and concerns.**

*Utilization of 20% Development Fund*

**20. Seven (7) projects and activities amounting to ₱469,187.42 charged against 20% Development Fund were found to be ineligible contrary to Section 287 of RA No. 7160 and Item 3.2.5 of DBM-DOF-DILG Joint Memorandum Circular (JMC) No. 1 dated November 4, 2020, thus, the intended benefits that should have been extended to the constituents had the amount been used for development purpose were not attained.**

- 20.1. Item 3.2.2 of DBM-DOF-DILG Joint Memorandum Circular No. 1 states that the development projects that may be included under the 20% DF shall be those that are necessary, appropriate, or incidental to the efficient and effective local governance, and those which are essential to the promotion of the general welfare of the people.

- 20.2. Section 287 of RA No. 7160 states that:

Local Development Projects. - Each local government unit shall appropriate in its annual budget no less than twenty percent (20%) of its annual internal revenue allotment for development projects. Copies of the development plans of local

government units shall be furnished the Department of Interior and Local Government.

- 20.3. In addition to this, Item 3.2.5 of the JMC No. 1 of DBM, DOF and DILG enumerated the following expenditure items not allowed to be charged against the 20% DF, viz:
- 3.2.5.1 Personnel Services expenditures, such as salaries, wages, overtime pay, and other personnel benefits;
  - 3.2.5.2 Administrative expenses, such as supplies, meals, representation, communication, water and electricity, petroleum products, and the like;
  - 3.2.5.3 Traveling expenses, whether domestic or foreign;
  - 3.2.5.4 Registration fees and other expenses related to the conduct of and participation to trainings, seminars, conferences or conventions;
  - 3.2.5.5 Purchase, maintenance or repair of administrative office furniture, fixtures, equipment or appliances; and
  - 3.2.5.6 Purchase, maintenance or repair of motor vehicles used for administrative purposes.
- 20.4. In our examination of the Report on Utilization of the 20% Development Fund, accessible on the full disclosure policy portal of DILG, we observed that nine (9) projects or activities charged against the fund do not qualify under item 3 of the JMC, specifically under items 3.2.5.3 and 3.2.5.5; and thus did not contribute to the promotion of development for the general welfare.
- 20.5. While it may be argued that some of the above projects/ activities may indirectly facilitate the promotion of development and general welfare, it was specifically identified in the JMC that these expenditure items shall not be allowed to be charged against the fund.
- 20.6. The inclusion of unrelated projects and activities deprived the constituents of the benefits that could have been derived from the 20% Development Fund had it been utilized solely for its purpose.
- 20.7. **We have recommended the Municipal Mayor to instruct the Local Finance Committee to inhibit the inclusion of projects, programs, and activities that do not promote socio-economic and environmental development and other expenditure items specifically not allowed**

**under Item 3.2.5 of the JMC No. 1 of DBM, DOF and DILG as these do not directly support the mandate for which the fund should be appropriated and utilized.**

- 20.8. Management commented that it has issued a memorandum to ensure that all concerned personnel and departments adhere to the guidelines outlined in JMC No. 1 of DBM, DOF & DILG dated November 4, 2020. The projects listed in this particular AOM were deemed to be in accordance with applicable guidelines.
- 20.9. **As mentioned in the audit observation, the projects mentioned were specifically identified in the JMC, particularly Item 3.2.5.5 of the JMC, that these expenditure items shall not be allowed to be charged against the fund. These projects/ activities partake an administrative expense in nature, and do not directly promote socio-economic or environmental development.**

*Conduct of Capacity Building Outside Geographical Area*

**21. Hotel and accommodation for the conduct of Personal Development and Capacity Building: Enhancing Employability and Quality of Life held at Ion Hotel by Potiel Resort, Legarda Road, Baguio City, from May 18-20, 2023 with a total contract price of ₱1,119,283.24 was considered extravagant according to item 3, Annex E of COA Circular No. 2012-003. Also, such program held outside the territorial jurisdiction of the LGU undermines the prudent use of scarce financial resources contrary to DILG Memorandum Circular No. 2011-59.**

- 21.1. In our post-audit of transactions by the Municipality, we noted that the conduct of their Capacity Building Program for CY 2023 was held outside the territorial jurisdiction, with an approved budget of ₱1,350,000.00 for 150 attendees, for three (3) days.
- 21.2. Program proposal defined the rationale of the program, i.e. [d]eveloping the employees' capabilities and potentials is beneficial to the workplace, whether in the private or public sector. These help in assessing the life values and goals of the employees and gearing them for success not only in their personal lives but in their professional careers. When full attention is given to personal development and capacity building it helps in achieving a truly outstanding service.
- 21.3. Likewise, Objectives, Schedule of Activities, Training Methodology, Training Management, List of Participants, Sources of Funds, Monitoring and Evaluation, Budget Certification, as well as Letter seeking approval to DILG were attached. The Certificate of Review and Endorsement by DILG only addressed their adherence to the GAD Plan and Budget, as well as



GAD PPAs. The capacity program covered gender sensitivity topics, which were integrated as part of the GAD activity.

- 21.4. Price Quotations were sent out to three different hotels, two of which are from Baguio City, and one from Tagaytay. The quotation includes hotel accommodation, meals and snacks and venue for 150 attendees for three days, listed as follows:

<b>No.</b>	<b>Name of Hotel</b>	<b>Total Price Quotation (₱)</b>
1	Ion Hotel by Potiel Resort Management Inc., Legarda Rd., Baguio City	1,119,283.24
2	Azalea Hotels & Residences, Baguio City	1,133,760.00
3	Escala, Tagaytay	1,205,700.00

- 21.5. From the above quotations, the Bids and Awards Committee (BAC) issued BAC Resolution No. 23, S-2023, Recommending Award of Contract to Ion Hotel by Potiel Resort Management Inc., as the lowest calculated and responsive quotation.
- 21.6. However, we noted that the composition of training management, two facilitators, and secretariat were all officials/ personnel of the Municipality. While the two Resource Speakers/ facilitators were out-sourced from Ludus Human Resource Sourcing and Development of Baguio City.
- 21.7. Additionally, we observed that while the documents for the technical eligibility of the Ion Hotel were submitted for evaluation, the eligibility of the resource speakers was not attached. Consequently, their expertise to conduct the program was not assessed.
- 21.8. Since this program was organized by the Municipality itself, this construe that the Capacity Building Program could have been conducted within the territorial jurisdiction of the Municipality, or venues nearby that could provide similar amenities.
- 21.9. The conduct of out-of-town meetings, programs, and other similar activities which can be made within the office premises is an example of “extravagant” expenditure of government funds per item 3, Annex E of COA Circular No. 2012-003, defined as follows:

[s]ignifies those incurred without restraint, judiciousness and economy. Extravagant expenditures exceed the bounds of propriety. These expenditures are immoderate,

prodigal, lavish, luxurious, grossly excessive, and injudicious.

- 21.10. Further, DILG Memorandum Circular No. 2011-59 dated April 25, 2011 was issued because it has been observed that some local government officials and employees undertake trainings, seminars, workshops or similar activities in places outside of their official stations or territorial jurisdictions funded out of public funds. The third paragraph thereof reads:

Furthermore, they should take full cognizance of their responsibility and accountability relative to the prudent use of scarce financial resources, strict compliance with existing budgeting, accounting and auditing rules and regulations xxx on the prevention of the incurrence of irregular, unnecessary, excessive or extravagant expenditures or uses of government funds and property.

- 21.11. While one could argue that only ₱3,000.00 per day was initially allocated for each of the 150 participants or ₱9,000.00 per pax for three days, considerable savings could have been realized if the program took place within the municipal jurisdiction or at nearby venues offering comparable amenities at a lower cost.
- 21.12. The amount disbursed could have been allocated to a more meaningful program or activity that could benefit the constituents of the Municipality. The extravagant use of public funds undermined the mandate that all resources of the government shall be managed, expended or utilized in accordance with law and regulations, and safeguarded against loss or wastage through illegal or improper disposition, with a view to ensuring efficiency, economy and effectiveness in the operations of government.
- 21.13. **We have recommended the Municipal Mayor to enjoin the Training Management Team and the Local Finance Committee to observe prudence in spending government funds and strictly comply with the provisions of DILG Memorandum Circular No. 2011-59 dated April 25, 2011 so as not to incur extravagant expenditures as cited in COA Circular No. 2012-003.**
- 21.14. Management commented that based on their inquiry with nearby municipalities, LGU Asingan has the lowest disbursements for Personal Development and Capacity Building initiatives. They further asserted that although consideration was made for the conduct of the capability building in nearby towns, it was found that it is more expensive and unable to

accommodate the number of participants from the Municipality. Consequently, Management decided to hold the capability building in Baguio City to introduce a change of scenery from the usual surroundings. This choice allows participants to focus entirely on the program, eliminating distractions from returning home, and providing them with an opportunity to experience a new environment that can enhance their emotional, spiritual, and social well-being. Moreover, this initiative fosters camaraderie and strengthens the bond between LGU Asingan and the City of Baguio.

- 21.15. **While it may be argued that the Municipality has relatively lower expense as compared with other municipalities with regard to this kind of expense, austerity measures shall still be observed by the Municipality.**

### **C. REVENUE AUDIT**

- 22. Tax collection policies, tax campaign, strict imposition of penalties, and available civil remedies under Municipal Revenue Code and RA No. 7160 should have been strengthened and applied by the Municipality in order to address a) the market stall delinquencies amounting to ₱632,984.00 from various stall occupants accruing from year 1999 to 2023; and b) the Real Property Tax delinquencies totaling to ₱62,714,027.80 as of yearend. Additional funds could have been collected to finance social and economic services for the general welfare of the constituents.**

#### *A) Market Stall Delinquencies*

- 22.1. The Municipal Ordinance No. 5, S-2017 also known as the Revised Revenue Code of the Municipality of Asingan was enacted to govern the levy, assessment, and collection of taxes, fees, charges and other impositions within the territorial jurisdiction of the Municipality. This includes taxes on business, community tax, permit and regulatory fees, service fees, municipal charges, and economic enterprises – markets, as well as penalties and civil remedies available to the Municipality in case of delinquencies.
- 22.2. Section 7A.07, Article A on Market Fees, Chapter VII, Municipal Charges – Economic Enterprises, of the Revised Revenue Code provides that:

Section 7A.07. Surcharge for late or non-payment of fees and discount for advance payments. The lessee of a stall, who fails to pay the monthly rental fee within the prescribed period, shall pay a surcharge of ten percent (10%) of the total rental due. Failure

to pay the rental fee for three (3) consecutive months shall cause the automatic cancellation or revocation of the contract of lease of the stall and the stall shall be declared vacant and subject for adjudication.

X X X

- 22.3. For the year ended December 31, 2023, the total market stall delinquencies including the penalties amounted to ₱632,984.00 from twelve (12) stall occupants.
- 22.4. The stall occupants failed to pay rental fees for more than three (3) consecutive months contrary to Section 7A.07 of the Revised Revenue Code. In addition to the surcharges, failure to comply with this may result in the automatic cancellation or termination of the lease contract. However, this stipulation was not adhered to, leading to the persistent issue of market stall delinquency.
- 22.5. Had the Municipality applied the remedies under Section 7A.07 as regards the revocation of lease contract, they could have offered the market stalls to other market vendors who are prepared to adhere to the terms and stipulations of lease contract. This would have increased the likelihood of receiving consistent market rental payments.
- 22.6. In view of the foregoing, the Management should consider applying the civil remedies as provided under the Section 8B, Article B, Chapter VIII of the Revised Revenue Code, viz:

Section 8B.01. Local Government's Lien. Local taxes, fees, charges and other revenues herein provide constitute a lien, superior to all liens, charges or encumbrances in favor of any person, enforceable by appropriate administrative or judicial action, not only upon any property or rights therein which may be subject to lien but upon also property used in business, occupation, practice of profession or calling, or exercise of privilege with respect to which the lien is imposed. The lien may only be extinguished upon full payment of the delinquent local taxes, fees, and charges including related surcharges and interest.

Section 8B.02. Civil Remedies. The civil remedies for the collection of local taxes, fees, or charges, and related surcharges and interest resulting from delinquency shall be:

- (a) By administrative action through distraint of goods, chattels or effects, and other personal

property of whatever character, including stocks and other securities, debts, credits, bank accounts, and interest in and rights to personal property, and to levy upon real property and interest in or rights to real property; and

(b) By judicial action.

Either or all of these remedies may be pursued concurrently or simultaneously at the discretion of the Municipal Treasurer.

*B) Real Property Tax delinquencies*

- 22.7. Section 246 of RA No. 7160 also known as the Local Government Code of 1991 provides that the real property tax for any year shall accrue on the first 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.
- 22.8. It was further stated in Section 247 of the same RA that 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.
- 22.9. The Certified List of All Real Property Tax Delinquencies as of December 31, 2023 showed a total of ₱62,714,027.80. Details of this report showed that of the twenty one (21) Barangays, the Barangays of Domanpot, Carosucan Norte, Macalong, Bantog, and Toboy had the highest amount of RPT delinquencies amounting to ₱6,941,498.33, ₱6,855,361.90, ₱5,172,272.30, ₱4,087,723.63, and ₱3,872,511.41 respectively.
- 22.10. The review of the subsidiary ledger on the collections for RPT and SET, as compared with the total RPT/ SET Receivables for the year showed that the Collection Efficiency Rate is only at 25.67% while the Delinquency Rate is at 74.33%.
- 22.11. Section 254 of the Local Government Code states that:

*Notice of Delinquency in the Payment of the Real Property Tax. –*

(a) When the real property tax or any other tax imposed under this Title becomes delinquent, the provincial, city or municipal treasurer shall immediately cause a notice of the delinquency to be posted at the main entrance of the provincial capitol,

or city or municipal hall and in a publicly accessible and conspicuous place in each Barangay of the local government unit concerned. The notice of delinquency shall also be published once a week for two (2) consecutive weeks, in a newspaper of general circulation in the province, city, or municipality.

(b) Such notice shall specify the date upon which the tax became delinquent and shall state that personal property may be distrained to effect payment. It shall likewise state that at any time before the distraint of personal property, payment of the tax with surcharges, interests and penalties may be made in accordance with the next following Section, and unless the tax, surcharges and penalties are paid before the expiration of the year for which the tax is due except when the notice of assessment or special levy is contested administratively or judicially pursuant to the provisions of Chapter 3, Title II, Book II of this Code, the delinquent real property will be sold at public auction, and the title to the property will be vested in the purchaser, subject, however, to the right of the delinquent owner of the property or any person having legal interest therein to redeem the property within one (1) year from the date of sale.

- 22.12. Section 258 of the same Local Government Code provides for available remedies that the Municipality may employ, i.e. [after] the expiration of the time required to pay the basic real property tax or any other tax levied under this Title, real property subject to such tax may be levied upon through the issuance of a warrant on or before, or simultaneously with, the institution of the civil action for the collection of the delinquent tax. The provincial or city treasurer, or a treasurer of a municipality within the Metropolitan Manila Area, as the case may be, when issuing a warrant of levy shall prepare a duly authenticated certificate showing the name of the delinquent owner of the property or person having legal interest therein, the description of the property, the amount of the tax due and the interest thereon. The warrant shall operate with the force of a legal execution throughout the province, city or a municipality within the Metropolitan Manila Area. The warrant shall be mailed to or served upon the delinquent owner of the real property or person having legal interest therein, or in case he is out of the country or cannot be located, to the administrator or occupant of the property. x x x

- 22.13. The deficiencies discussed above indicate that the Municipality needs to intensify its tax campaigns, tax collection policies, and strictly apply penalties and remedies available to the Revised Revenue Code and the Local Government Code in order to increase its collection efficiency rate.
- 22.14. The significant amounts of delinquencies could have contributed substantially to the Municipality's coffers, aiding its efforts to enhance social and economic services for the overall well-being of the constituents.
- 22.15. **We have recommended the Municipal Mayor to instruct the following:**
- **For the Market Supervisor to initiate effective measures to collect monthly rentals from market stall occupants and strictly impose penalties for late or non-payment thereof. Also, to revisit the contract of lease with all the occupants, and suggest amendments to the Management on terms and conditions that may facilitate better collection of market stall rentals;**
  - **For the Municipal Treasurer to issue Demand Letters to delinquent stall occupants to formally remind them of their duties with the Municipality and institute the civil remedies as provided under the Revised Revenue Code; if futile, revoke the existing lease contract with them and offer the stalls to other vendors.**
  - **For the Treasury Office to improve tax collections thru intensifying tax campaigns and formulating strategies, such as involving Barangay officials, especially those barangays with highest amount of RPT delinquencies, for wider dissemination;**
  - **For the Municipal Treasurer to issue Notices of Delinquency to all delinquent taxpayers, and post the same at the Municipal Hall, and conspicuous places in each barangay; and**
  - **To avail remedies in collecting delinquent RPTs provided under RA No. 7160, which includes sale or auction of the property or a usable portion thereof as may be necessary to satisfy the tax delinquency and expenses of sale.**
- 22.16. Management commented that the Market Supervisor will comply with the COA recommendation by reviewing the contracts and implementing measures to collect the monthly rentals of the stalls. The Municipal Treasurer will send demand letters to the market stall occupants.
- 22.17. Management also commented that it will upgrade and revise the Revenue Code and Market Code, incorporating a due process in case of non-payment

or overdue rental payments by the stall occupants. Sanctions will be specifically outlined to ensure due process for the agency to safeguard its rights. As the old market will soon be demolished, former occupants with delinquencies are prohibited from obtaining new stalls in the new market building. All delinquent payments must be settled before granting rights to have stalls in the public market of Asingan.

### **23. Compliance with LDRRMF – Transfer of unutilized balance and subsequent reversion after five years to the General Fund.**

- 23.1. For CY 2023 current appropriation, the Municipality had total funds available for LDRRM Fund amounting to ₱10,364,165.75; of this amount, ₱3,109,249.73 has been allocated to the 30% Quick-Response Fund (QRF), while ₱7,254,916.02 has been allocated for the 70% Mitigation Fund. Continuing appropriations accruing to the LDRRMF totaled ₱1,077,514.54, while the Trust Liabilities –Disaster Risk Reduction and Management Fund (DRRMF) amounted to ₱6,301,634.21 as of December 31, 2023. Overall, the Total Funds Available for LDRRMF amounted to ₱17,743,314.50.

<b>Particulars</b>	<b>Available</b>	<b>Utilized</b>	<b>Balances</b>
<b>Current year Appropriation:</b>			
Quick Response Fund (QRF)	3,109,249.73	-	3,109,249.73
Mitigation Fund (MF)			
MOOE	2,225,385.24	1,049,500.50	1,175,884.74
Capital Outlay	5,029,530.78	3,703,676.57	1,325,854.21
<b>Total Current year</b>	<b>10,364,165.75</b>	<b>4,753,177.07</b>	<b>5,610,988.68</b>
Continuing Appropriation	1,077,514.54		1,077,514.54
Special Trust Fund			
CY 2022	5,134,893.66		5,134,893.66
CY 2021	1,048,248.80		1,048,248.80
CY 2020	118,491.75		118,491.75
<b>Total Special Trust Fund</b>	<b>7,379,148.75</b>	<b>-</b>	<b>7,379,148.75</b>
<b>Grand Total</b>	<b>17,743,314.50</b>	<b>4,753,177.07</b>	<b>12,990,137.43</b>

- 23.2. The unutilized balance amounting to ₱5,610,988.68 was appropriately transferred to the special trust fund as per Check No. 1822712 dated February 23, 2024 and was deposited on February 26, 2024. As of December 31, 2023, there were no funds in the STF that had been unutilized for more than five years and thus needed to be returned to the unallocated surplus of the General Fund.



## 24. Compliance with Tax Laws and Regulations

- 24.1. The Management had complied with the Bureau of Internal Revenue (BIR) Revenue Regulation No. 2-98 dated 17 May 1998 in relation to RA No. 8424 relative to the withholding on income subject to the expanded withholding tax and final withholding tax, withholding of income tax on compensation, withholding of creditable Value-Added Tax, and other percentage tax.
- 24.2. Year-end balance of Due to BIR of ₱1,056,033.10 is from the timing difference in the withholding of taxes for the month of December 2023, but duly remitted to the BIR on the following month, that is, January 2024.

## 25. Compliance with GSIS/HDMF/PhilHealth laws, rules and regulation

- 25.1. The Municipality of Asingan had regularly remitted the amount withheld from the taxable transactions within the period allowed by law in CY 2023. 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, 2024.
- 25.2. As of December 31, 2023, the Due to GSIS/HDMF/PhilHealth reflected the following balances, which shall be remitted on the following month, viz:

Due to GSIS	539,371.84
Due to Pag-IBIG	262,458.97
Due to PhilHealth	5,753.68

## D. STATUS OF AUDIT SUSPENSIONS, DISALLOWANCES, AND CHARGES

- 26.1 The Municipality of Asingan has unsettled disallowances totaling to ₱1,708,768.63 as of December 31, 2023.

	Beginning Balance as of January 1, 2023 (₱)	January - December, 2023		Ending Balance as of Dec. 31, 2023 (₱)
		Issuance (₱)	Settlement (₱)	
Suspension	-	-	-	-
Disallowance	1,708,768.63	-	-	1,708,768.63
Charge	-	-	-	-
<b>Total</b>	<b>1,708,768.63</b>			<b>1,708,768.63</b>

- 26.2 Of the total disallowance, ₱1,414,206.70 have become final and executory through COA Order of Execution (COE) dated November 22, 2022, representing the cost of gasoline issued to motor vehicles with various officials as authorized passengers who are receiving Transportation Allowance (TA) contrary to the provisions of 2009 Rules and Regulations on the Settlement of Accounts (RRSA), hence, prevents the Municipal Government from utilizing such fund which could have been used to implement additional projects for the benefit of its constituents.
- 26.3 COA Circular No. 2009-006 dated September 15, 2009 prescribes the RRSA which shall cover all accounts audited pertaining to receipts and expenditures or uses of government funds.
- 26.4 Under the RRSA, the COE is a written instruction to withhold payment of salary and other money due to persons liable, for settlement of their liability. It is issued to enforce the settlement of an audit disallowance/charge, whenever the persons liable therefor refuse or fail to settle them after the decision has become final and executory.
- 26.5 Further, Sections 7.1.1 and 7.1.3 of the RRSA provide the responsibility of the head of the agencies as follows:
- 7.1.1 The head of the agency, who is primarily responsible for all government funds and property pertaining to his agency, shall ensure that : (a) the required financial and other reports and statements are submitted by the concerned agency officials in such form and within the period prescribed by the Commission; (b) **the settlement of disallowances and charges is made within the prescribed period**; (c) the requirements of transactions suspended in audit are complied with; and (d) appropriate actions are taken on the deficiencies noted as contained in the AOM. (*emphasis supplied*)
- 7.1.3 He shall enforce the COA Order of Execution (COE) by **requiring the withholding of salaries or other compensation due the person liable in satisfaction of the disallowance or charge.**
- 26.6 As of December 31, 2023, disallowances amounting to ₱1,420,552.02 were issued with corresponding Notice of Finality of Decision (NFD) and COE with various officials as the primary liable persons. These disallowances

pertain to the cost of gasoline issued to motor vehicles with such officials as authorized passengers receiving TA. These disallowances were outstanding for over a year from November 22, 2022 until the reporting date, December 31, 2023, without any movement in the balances.

- 26.7 It was noted that some of the officials opted to pay the disallowance on an installment basis. However, this does not coincide with the instructions given by the Commission wherein the Head of the Agency was instructed to withhold the payment of salaries or any amount due from the person/s liable, for the settlement of their liabilities pursuant to the NFD referred to.
- 26.8 Further, in cases where the liable persons are no longer in service, the Municipal Mayor shall cause the collection or settlement of the same directly from them.
- 26.9 In addition to the above, it was also provided that the payment of salaries or any money due from them in violation of this instruction will be disallowed in audit and the Head of the Agency shall be held liable therefore. The inability of Management to comply with the instructions stated in the COE and enforce collections prevents the Municipal Government from utilizing such collections which could have been used to implement additional projects for the benefit of its constituents.
- 26.10 We recommended that the Municipal Mayor direct the concerned officials to immediately settle the disallowed amounts.**
- **If no settlements were made by the concerned officials, we recommend that the Municipal Mayor, through the Municipal Treasurer, withhold the salaries of the concerned officials, as primary persons liable, until such settlement is made in compliance with the instructions provided in the COE issued.**

## STATUS OF IMPLEMENTATION OF PRIOR YEARS' AUDIT RECOMMENDATIONS

Of the 84 audit recommendations embodied in the CY 2022 Annual Audit Report, 46 or 54.76% were implemented and 38 or 45.24% were not implemented:

Observations and Recommendations	Reference (AAR)	Management's Actions	Result of Auditor's Validation
<p>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.</p> <p><b>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.</b></p>	AAR 2022	The Municipal Accountant already made the necessary adjustments.	<p><b>1. Fully Implemented</b></p> <p>Review of the SCBAA and the SFPer revealed that the MOOE had been reconciled.</p>
<p>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)</p>	AAR 2022		

Observations and Recommendations	Reference (AAR)	Management's Actions	Result of Auditor's Validation
<p>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.</p> <p><b>We recommended the Local Chief Executive to direct the following course of actions:</b></p> <p><b>To the Municipal Treasurer:</b></p> <p><b>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></p> <p><b>b) Compute for the RPT and SET Receivable based on the RPT Register/ Taxpayer's Index Card;</b></p> <p><b>c) Ensure that the amount of the delinquent taxes was incorporated in the established receivable amount to be submitted to the Municipal Accountant;</b></p>		<p>The Municipal Treasurer has reconciled its records with the Assessor's Office and Accounting Office during the year. RPTARs were updated and RPT/SET Receivables were supported by RPT Register/ Taxpayer's Index Card.</p>	<p><b>2. Fully Implemented</b> Copy of updated RPTARs were submitted to the COA office.</p> <p><b>3. Fully Implemented</b></p> <p><b>4. Fully implemented</b> Review of the RPT/SET Receivables accounts revealed that delinquent taxes were incorporated in the established amount of receivables.</p>



Observations and Recommendations	Reference (AAR)	Management's Actions	Result of Auditor's Validation
<p>b) The Municipal Accountant and Supply Officer to periodically reconcile for the correct balance of actual inventories on hand,</p> <p>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,</p> <p>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.</p>			<p><b>9. Not Implemented</b> Reiterated in Observation No. 10, page 58 of this report.</p> <p><b>10. Not Implemented</b> Reiterated in Observation No. 10, page 58 of this report.</p> <p><b>11. Not Implemented</b> Reiterated in Observation No. 10, page 58 of this report.</p>
<p>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.</p>	<p>AAR 2022</p>		

Observations and Recommendations	Reference (AAR)	Management's Actions	Result of Auditor's Validation
<p>We recommended that the Municipal Mayor:</p> <p>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.</p> <p>b. Request 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.</p> <p>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.</p>		<p>An Executive Order was issued to provide internal policies and procedures on donations. Also, the ₱3,000,000.00 donations were already recorded in the books of the agency.</p>	<p><b>12. Fully Implemented</b> A copy of the EO was submitted to the COA office.</p> <p><b>13. Fully Implemented</b> Copies of JEVs for donated items were submitted to the COA office.</p> <p><b>14. Fully Implemented</b></p>
<p>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,</p>	<p>AAR 2022</p>		



Observations and Recommendations	Reference (AAR)	Management's Actions	Result of Auditor's Validation
<p>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.</p> <p><b>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.</b></p>			<p><b>15. Fully Implemented</b></p>
<p>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.</p> <p><b>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</b></p>	<p>AAR 2022</p>	<p>The Accounting Department already made the necessary adjustments.</p>	<p><b>16. Fully Implemented</b> Review of the transactions revealed that construction/ installation of PPE were properly</p>

Observations and Recommendations	Reference (AAR)	Management's Actions	Result of Auditor's Validation
to proper Asset account, with a corresponding charge to Government Equity.			accounted for.
<p>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.</p> <p><b>We recommended the Local Chief Executive to direct the Municipal Accountant to:</b></p> <p>a) <b>Recognize advance payments made to contractors as "Advances to Contractors" instead of Construction in Progress;</b></p> <p>b) <b>Deduct from every progress payment recoupment for advance payments equivalent to 15% of such progress payment; and</b></p>	AAR 2022		<p><b>17. Not Implemented</b> Review of the the financial statements disclosed that no “Advances to Contractors” was recorded in CY 2023.</p> <p><b>18. Not Implemented</b> Pertinent deductions were not made upon the verification of the Audit Team.</p>

Observations and Recommendations	Reference (AAR)	Management's Actions	Result of Auditor's Validation
<p>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.</p>			<p><b>19. Not Implemented</b> Copies of written requests from contractors and any evidence to show that irrevocable standby letters of credit of equivalent value from a commercial bank, etc. were submitted by contractors before advance payments were made were not presented/ attached to DVs.</p>
<p>8. Collective Negotiation Agreement (CNA) Incentive totaling ₱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.</p> <p><b>We recommended that Local Chief Executive direct Municipal Accountant to utilize the Other Bonuses and Allowances account for CNA incentives given to municipal</b></p>	AAR 2022	<p>CNA Incentive was funded from the available balances of MOOE allotments, as allowed per Section 336 of RA No. 7160 which states that <i>"Funds shall be available exclusively for the specific purpose for which they have been appropriated. No ordinance shall be passed authorizing any</i></p>	<p><b>20. Fully Implemented</b></p>

Observations and Recommendations	Reference (AAR)	Management's Actions	Result of Auditor's Validation
<p>employees in accordance with Section 4.4.4 of DBM Budget Circular 2022-03 dated October 19, 2022.</p> <p>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.</p>		<p><i>transfer of appropriation from one item to another.</i></p> <p><i>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.”</i></p>	<p><b>21. Fully Implemented</b></p>
<p>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.</p> <p>We recommended the following:</p> <p>a. The Local Chief Executive requires the Municipal Accountant to make the appropriate adjusting</p>	<p>AAR 2022</p>	<p>Adjustments were already made. LGU Asingan did not incur</p>	<p><b>22. Fully Implemented</b></p> <p>Adjustments were made by</p>

Observations and Recommendations	Reference (AAR)	Management's Actions	Result of Auditor's Validation
<p>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.</p> <p>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.</p>		Intelligence Expense.	<p>the Accountant.</p> <p><b>23. Fully Implemented</b></p>
<p>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.</p> <p><b>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.</b></p> <p><b>We also recommended that the Municipal Accountant draw the adjusting entry to properly reflect the net effect of the</b></p>	AAR 2022	Adjustments was already made by the Municipal Accountant.	<p><b>24. Fully Implemented</b></p> <p><b>25. Fully Implemented</b></p>

Observations and Recommendations	Reference (AAR)	Management's Actions	Result of Auditor's Validation
<b>erroneous transactions recorded as Accounts Payable.</b>			
<p>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.</p> <p><b>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.</b></p>	AAR 2022	The Municipal Accountant has already made adjustments.	<b>26. Fully Implemented</b> No similar practice was noted in CY 2023.
<p>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.</p> <p><b>We recommended that the Municipal Mayor require the Municipal Accountant to provide the necessary</b></p>	AAR 2022	The Municipal Accountant provided the disclosures and	<b>27. Fully Implemented</b> Necessary disclosures and

Observations and Recommendations	Reference (AAR)	Management's Actions	Result of Auditor's Validation
information relative to the aforementioned accounts in their corresponding Notes to Financial Statements to comply with the disclosure requirements of IPSAS 1.		explanatory notes for the accounts in the Notes to Financial Statements.	explanatory notes have been provided in the Notes to Financial Statements.
<p>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.</p> <p><b>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.</b></p> <p><b>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</b></p>	AAR 2022	The Inventory report was already submitted to the COA.	<p><b>28. Fully Implemented</b> The Inventory Committee has presented the timelines for the inventory taking, however, it only included assets acquired from 2018 to 2022.</p> <p><b>29. Not Implemented</b> While the concerned focal persons were enjoined by the Mayor, the</p>

Observations and Recommendations	Reference (AAR)	Management's Actions	Result of Auditor's Validation
Committee and provide the necessary information needed to hasten the inventory-taking process.			inventory taking was not fully accomplished.  Reiterated in Observation No. 9, page 56 of this report.
<p>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.</p> <p><b>We recommended that the Local Chief Executive:</b></p> <p><b>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></p> <p><b>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.</b></p>	AAR 2022	Recommendation s have been complied and the lacking documents were already submitted. The necessary adjustments were already taken up in the books.	<p><b>30. Fully Implemented</b> The lacking documents were submitted.</p> <p><b>31. Not Implemented</b> The Audit Team noted similar deficiency in the post-audit of transactions in CY 2023.</p> <p>Reiterated in Observation No.16, page 74</p>



Observations and Recommendations	Reference (AAR)	Management's Actions	Result of Auditor's Validation
<p>c. <b>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.</b></p>			<p>of this AAR.</p> <p><b>32. Fully Implemented</b> Copy of JEV for the adjusting journal entry was submitted by the Accountant.</p>
<p>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).</p> <p><b>We recommended that the Local Chief Executive:</b></p> <p>a. <b>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></p> <p>b. <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</b></p>	<p>AAR 2022</p>	<p>Documents were already submitted to the COA.</p>	<p><b>33. Fully Implemented</b> No similar deficiency was noted in the audit of 2023 transactions.</p> <p><b>34. Fully Implemented</b> Documents were already submitted.</p>

Observations and Recommendations	Reference (AAR)	Management's Actions	Result of Auditor's Validation
<b>proposal from the MSWDO.</b>			
<p>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.</p> <p><b>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.</b></p>	AAR 2022	The LCE directed the BAC to establish the CPES Implementing Unit to comply with the audit recommendation.	<p><b>35. Not Implemented</b></p> <p>While the LCE has issued a Memorandum to the BAC as regards this matter, the establishment of CPES is still on-going.</p>
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	AAR 2022		

Observations and Recommendations	Reference (AAR)	Management's Actions	Result of Auditor's Validation
<p>denied the sense of urgency required to expedite the Municipality's CoViD-19 response.</p> <p><b>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.</b></p>		<p>No actions taken yet by the Management.</p>	<p><b>36. Not Implemented</b> The BAC has yet to draft a framework agreement.</p>
<p>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.</p> <p><b>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</b></p>	<p>AAR 2022</p>		<p><b>37. Not Implemented</b> The LCE issued a Memorandum to the concerned officials,</p>

Observations and Recommendations	Reference (AAR)	Management's Actions	Result of Auditor's Validation
<p>implementation if the intended use of such projects was being attained; and</p> <p>(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.</p>			<p>however, no updates were made as regards the progress and conditions of the development projects.</p> <p><b>38. Not Implemented</b></p>
<p>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.</p> <p><b>We recommended that the Local Chief Executive:</b></p> <p>a. <b>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></p>	<p>AAR 2022</p>	<p>No actions taken yet by the Management.</p>	<p><b>39. Not Implemented</b></p> <p>The Municipality is yet to draft the policies concerning the granting, approval, and distribution of donations.</p>

Observations and Recommendations	Reference (AAR)	Management's Actions	Result of Auditor's Validation
<p>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.</p> <p>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.</p> <p>d. Requests the Sangguniang Bayan for approval of the donation through a SB resolution before the grant and distribution of the requested materials.</p> <p>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.</p> <p>f. Requires the Municipal Accountant to record the receipt of the inventories</p>			<p><b>40. Not Implemented</b> No result of evaluation by the MPDC was submitted for the granting of donations of construction materials.</p> <p><b>41. Fully Implemented</b> Certifications that the requested properties or items were not included in their budget or appropriation were submitted by barangays.</p> <p><b>42. Fully Implemented</b></p> <p><b>43. Not Implemented</b></p> <p><b>44. Not Implemented</b></p>

Observations and Recommendations	Reference (AAR)	Management's Actions	Result of Auditor's Validation
<p>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.</p>			
<p>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.</p> <p><b>We recommended that the Local Chief Executive:</b></p> <p><b>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></p> <p><b>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</b></p>	<p>AAR 2022</p>	<p>The new Municipal Agriculturist already formulated a project Proposal and was approved. She was directed by the Management to stop distributing agricultural supplies to Municipal officials and employees.</p>	<p><b>45. Fully Implemented</b> The Municipal Agriculturist has formulated a project proposal.</p> <p><b>46. Fully Implemented</b></p>

Observations and Recommendations	Reference (AAR)	Management's Actions	Result of Auditor's Validation
<p>seedlings.</p> <p>c. Assist the Municipal Agriculturist in formulating a monitoring team to evaluate the effectiveness of the projects implemented by the Municipal Agriculture Office.</p> <p>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.</p>		<p>The monitoring team was already created. The lacking documents were already submitted to the COA.</p>	<p><b>47. Fully Implemented</b></p> <p><b>48. Fully Implemented</b></p>
<p>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.</p> <p><b>We commended the Local Chief Executive and Management specially the Local Development Council for their compliance in appropriating and utilizing the 20% Development Fund</b></p>	<p>AAR 2022</p>	<p>The Management directed the Local Development Council to align the PPAs with the DBM, DOF and DILG Joint</p>	<p><b>49. Fully Implemented</b></p>

Observations and Recommendations	Reference (AAR)	Management's Actions	Result of Auditor's Validation
<p>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.</p>		<p>Memorandum Circular No. 1 dated November 4, 2020.</p>	
<p>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.</p> <p><b>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.</b></p>	<p>AAR 2022</p>	<p>The LCE issued an Executive Order on 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 during disruptive</p>	<p><b>50. Fully Implemented</b></p>



Observations and Recommendations	Reference (AAR)	Management's Actions	Result of Auditor's Validation
<p>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.</p>		events.	<p><b>51. Not Implemented</b> The MDRRMO has not yet submitted a PSCP.</p>
<p>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.</p> <p>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.</p> <p>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</p>	AAR 2022		<p><b>52. Not Implemented</b> The Municipality has no updates with regard to their coordination with the BFP and re-evaluation of their fire safety standards.</p> <p><b>53. Not Implemented</b></p>

Observations and Recommendations	Reference (AAR)	Management's Actions	Result of Auditor's Validation
well an emergency evacuation plan where anyone can likewise easily access.			
<p>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.</p> <p><b>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.</b></p>	AAR 2022		<p><b>54. Fully Implemented</b> No similar occurrence was noted in 2023.</p>
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.	AAR 2022		

Observations and Recommendations	Reference (AAR)	Management's Actions	Result of Auditor's Validation
<p>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.</p>		<p>The Management complied with the recommendations</p>	<p><b>55. Fully Implemented</b> No similar transaction was noted in 2023.</p>
<p>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.</p> <p><b>We recommended that the Local Chief Executive:</b></p> <p>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.</p> <p>b. Require the submission of project proposal or feasibility study for programs or projects with long term implementation</p>	<p>AAR 2022</p>	<p>No actions taken yet by the Management.</p>	<p><b>56. Not Implemented</b> Follow-up and formulation of a monitoring mechanism were not yet undertaken.</p> <p><b>57. Not Implemented</b> No progress was reported as</p>

Observations and Recommendations	Reference (AAR)	Management's Actions	Result of Auditor's Validation
to ensure that the desired outcomes will be achieved effectively and efficiently.			regards to the deficiency in CY 2023.
<p>27. 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><b>We recommended that the Municipal Mayor direct the Municipal Accountant to prepare adjusting journal entries to correct the understatement of PPE accounts. Henceforth, ensure that costs of major repairs/rehabilitation and construction of infrastructure assets should be capitalized or recognized as property, plant and equipment in accordance with IPSAS No. 17.</b></p>	AAR 2021	The Municipal Accountant made the adjustments.	<p><b>58. Fully Implemented</b></p> <p>Adjustments were made and no similar deficiency was noted in the 2023 transactions of the Municipality.</p>
28. 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	AAR 2021		

Observations and Recommendations	Reference (AAR)	Management's Actions	Result of Auditor's Validation
<p>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><b>We recommended that the Local Chief Executive require:</b></p> <p><b>a. The Municipal Accountant to strictly observe proper recognition of various assets, accounts payable and expenses by crediting this account only when the goods are delivered or services are rendered pursuant to NGAS for LGUs, Volume III, and to make the necessary adjusting journal entries to correct the balance of the affected accounts;</b></p> <p><b>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</b></p> <p><b>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.</b></p>		<p>The Municipal Accountant made the necessary adjustments.</p>	<p><b>59. Fully Implemented</b> No similar deficiency was noted in the 2023 transactions of the Municipality.</p> <p><b>60. Fully Implemented</b> Reports on PPAs were submitted to the Accounting Office.</p> <p><b>61. Not Implemented</b></p>

Observations and Recommendations	Reference (AAR)	Management's Actions	Result of Auditor's Validation
<p>29. 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><b>We recommended that the Local Chief Executive:</b></p> <p><b>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. Through the Inventory Committee, update the property records based on the results of physical inventory and reconcile them with the accounting records.</b></p> <p><b>After the inventory taking, instruct the Municipal Accountant to update the ledger cards for each item of the PPE</b></p>	AAR 2021	<p>The Inventory Committee has prepared the Report on the Physical Count of Inventory of PPE but only covered those acquired from 2018 to 2022.</p>	<p><b>62. Not Implemented</b> Reiterated in Observation No. 9, page 56 of this AAR.</p> <p><b>63. Not Implemented</b> Reiterated in Observation No. 9, page 56 of this AAR.</p>

Observations and Recommendations	Reference (AAR)	Management's Actions	Result of Auditor's Validation
<b>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.</b>			<b>64. Not Implemented</b> Reiterated in Observation No. 9, page 56 of this AAR.
<p>30. 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>We reiterate that the Local Chief Executive requires the:</p> <p><b>a. General Services Officer in coordination with the Municipal Engineer to prepare Report on Local Road Networks and Local Road Network Property Card.</b></p> <p><b>b. 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.</b></p>	AAR 2021		<p><b>65. Fully Implemented</b> Road Networks were accounted.</p> <p><b>66. Not Implemented</b> The RPCPPE did not include inventory of road networks.</p>
31. 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	AAR 2021		

Observations and Recommendations	Reference (AAR)	Management's Actions	Result of Auditor's Validation
<p>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><b>We recommended that the Local Chief Executive:</b></p> <p><b>a. Creates an Inventory Team with Appraisal and Disposal Committee which will:</b></p> <ol style="list-style-type: none"> <li><b>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;</b></li> <li><b>2. Conduct an appraisal of the unserviceable properties and waste materials and furnish the Audit Team with a copy of the appraisal report thereof;</b></li> <li><b>3. Facilitate the immediate disposal of the identified and verified unserviceable properties and waste materials to recoup any salvage value thereof.</b></li> <li><b>4. Dispose the unserviceable properties based on the most appropriate mode of disposal pursuant to the provisions of COA</b></li> </ol>		<p>The Management comply with the recommendation to create an Inventory Team. The LCE instruct the Committee to follow the appropriate mode of disposal pursuant to the COA Circular no. 89-296.</p>	<p><b>67. Fully Implemented</b></p>





Observations and Recommendations	Reference (AAR)	Management's Actions	Result of Auditor's Validation
<p>32. Donated Property, Plant and Equipment by a private entity to the Municipal Government of Asingan amounting to ₱860,000.00 was not covered by an authority from the Sangguniang Bayan and Acknowledgement Receipt for In-Kind Donations thus, casting doubt as to the validity and propriety of the donation.</p> <p><b>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.</b></p>	AAR 2021	Donated assets were already recorded in the books of the agency.	<b>72. Fully Implemented</b>
<p>33. 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</p>	AAR 2021		

Observations and Recommendations	Reference (AAR)	Management's Actions	Result of Auditor's Validation
<p>prove the propriety and completeness of the transactions.</p> <p><b>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></p> <p><b>(b) submit copies of pertinent inspection reports within the prescribed period to facilitate timely conduct of inspection and other related audit procedures.</b></p>		<p>The Management directed the General Services Officer to comply with the audit recommendations.</p>	<p><b>73. Not Implemented</b></p> <p><b>74. Not Implemented</b></p>
<p>34. Payments for repairs and maintenance of government vehicles totaling ₱ 968,609.50 were made without the Pre-repair Evaluation Report, Post-repair Inspection and Waste Material Reports which is contrary to the Section 9.1.3.4 of COA Circular No. 2012-001 dated June 14, 2012, thus, the adequacy and effectiveness of the internal control system of the agency in repair and maintenance of its government vehicles are deemed insufficient.</p> <p><b>We recommended that the Local Chief Executive:</b></p> <p><b>Instruct Supply Officer to conduct pre-repair evaluation and post-repair evaluation/inspection of all government vehicles subject to repairs.</b></p>	<p>AAR 2021</p>	<p>The Management directed the Officer in Charge of the vehicles to comply with the recommendation</p>	<p><b>75. Not Implemented</b> Pre-inspection Report was not prepared.</p>

Observations and Recommendations	Reference (AAR)	Management's Actions	Result of Auditor's Validation
<p><b>Require the Supply Officer to prepare a Certificate of Acceptance and secure warranty certificates and Waste Material Report to be approved by the LCE.</b></p>		<p>of the COA to prepare the pre and post inspection reports.</p>	<p><b>76. Fully Implemented</b></p>
<p>35. 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><b>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.</b></p>	<p>AAR 2021</p>	<p>The Management directed the Municipal Engineer to comply with the recommendation of the COA.</p>	<p><b>77. Not Implemented</b></p>
<p>36. 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</p>	<p>AAR 2021</p>		

Observations and Recommendations	Reference (AAR)	Management's Actions	Result of Auditor's Validation
<p>PAPs and two (2) were partially implemented as at year-end.</p> <p><b>We recommended that the GAD Focal Person continuously monitor the implementation of the GAD Program/Activity/Project to maximize the gender responsiveness of the Municipality.</b></p>			<p><b>78. Fully Implemented</b></p>
<p>37. 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><b>We recommended that the Local Chief Executive through Municipal Treasurer and Market Supervisor:</b></p> <p><b>a. 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.</b></p> <p><b>b. Instructs the officials and employees concerned on the market to submit a written explanation as to why market stalls had been assigned, subleased, or mortgaged by the original occupants were allowed for operation.</b></p>	<p>AAR 2021</p>	<p>After the State of Calamity dated July 22, 2023, the Management directed the Market Supervisor to update the records of stall rentals and encourage the Municipal Treasurer to write another demand letter to the stall holders with delinquent payments.</p>	<p><b>79. Not Implemented</b> Reiterated in Observation No.22, page 91 of this AAR.</p> <p><b>80. Not Implemented</b></p>

Observations and Recommendations	Reference (AAR)	Management's Actions	Result of Auditor's Validation
<p>38. 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> <p><b>We recommended that Management:</b></p> <p><b>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.</b></p> <p><b>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.</b></p>	<p>AAR 2021</p>	<p>The ₱140,010.50 was already recorded in the books of the agency.</p>	<p><b>81. Not Implemented</b> Reiterated in Observation No.22, page 91 of this AAR.</p> <p><b>82. Fully Implemented</b></p>

Observations and Recommendations	Reference (AAR)	Management's Actions	Result of Auditor's Validation
<p>39. 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><b>We recommended that Management:</b></p> <p><b>1. Instruct the OIC-BPLO to provide/accomplish the following:</b></p> <p><b>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.</b></p> <p><b>b. Regularly backup the database at least once a month to prevent any loss of important information regarding business tax assessments. Contracts with third party information system providers should be submitted to the Audit Team for review. Also, usernames should be provided on the information system and the Municipality should have a copy of the database on business tax assessments and not just the information system provider, as these are government properties and should be maintained by the LGU.</b></p>	AAR 2021	Management already complied with the recommendation of the COA	<p><b>83. Fully Implemented</b></p> <p><b>84. Fully Implemented</b></p>

**MUNICIPAL GOVERNMENT OF ASINGAN**  
**STATEMENT OF FINANCIAL POSITION - BY FUND**  
As at December 31, 2023  
(In Philippine Peso)

Particulars	Total	General Fund	Special Education Fund	Trust Fund
<b>ASSETS</b>				
<b>Current Assets</b>				
Cash and Cash Equivalents	106,063,190.59	75,370,635.42	11,101,668.12	19,590,887.05
Receivables	72,523,349.78	34,240,309.45	31,357,013.90	6,926,026.43
Inventories	745,912.00	721,523.00	24,389.00	-
Prepayments and Deferred Charges	-	-	-	-
<b>Total Current Assets</b>	<b>179,332,452.37</b>	<b>110,332,467.87</b>	<b>42,483,071.02</b>	<b>26,516,913.48</b>
<b>Non-Current Assets</b>				
Property, Plant and Equipment	401,582,256.51	396,180,365.16	5,401,891.35	-
<b>Total Non-Current Assets</b>	<b>401,582,256.51</b>	<b>396,180,365.16</b>	<b>5,401,891.35</b>	<b>-</b>
<b>Total Assets</b>	<b>580,914,708.88</b>	<b>506,512,833.03</b>	<b>47,884,962.37</b>	<b>26,516,913.48</b>
<b>LIABILITIES</b>				
<b>Current Liabilities</b>				
Financial Liabilities	6,714,913.86	6,418,641.65	31,380.91	264,891.30
Inter-Agency Payables	11,347,129.84	4,678,765.76	391,134.44	6,277,229.64
Intra-Agency Payables	6,454,322.45	6,116,926.43	199,758.82	137,637.20
Trust Liabilities	12,990,137.43	-	-	12,990,137.43
Deferred Credits/Unearned Income	62,714,057.80	31,357,043.90	31,357,013.90	-
Other Payables	9,642,309.39	2,789,951.48	5,340.00	6,847,017.91
<b>Total Current Liabilities</b>	<b>109,862,870.77</b>	<b>51,361,329.22</b>	<b>31,984,628.07</b>	<b>26,516,913.48</b>
<b>Non-Current Liabilities</b>				
Financial Liabilities	-	-	-	-
<b>Total Non-Current Liabilities</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>Total Liabilities</b>	<b>109,862,870.77</b>	<b>51,361,329.22</b>	<b>31,984,628.07</b>	<b>26,516,913.48</b>
<b>NET ASSETS/EQUITY</b>				
Government Equity	471,051,838.11	455,151,503.81	15,900,334.30	-
<b>Total Liabilities and Net Assets/Equity</b>	<b>580,914,708.88</b>	<b>506,512,833.03</b>	<b>47,884,962.37</b>	<b>26,516,913.48</b>



**MUNICIPAL GOVERNMENT OF ASINGAN**  
**STATEMENT OF FINANCIAL PERFORMANCE - BY FUND**  
For the year ended December 31, 2023  
(In Philippine Peso)

Particulars	Total	General Fund	Special Education Fund	Trust Fund
<b>Revenue</b>				
Tax Revenue	22,083,472.76	15,584,067.90	6,499,404.86	-
Share from Internal Revenue Collections	187,549,769.00	187,549,769.00	-	-
Service and Business Income	17,557,441.59	17,557,291.13	150.46	-
Shares, Grants and Donations	-	-	-	-
Other Income	-	-	-	-
<b>Total Revenue</b>	<b>227,190,683.35</b>	<b>220,691,128.03</b>	<b>6,499,555.32</b>	<b>-</b>
<b>Less: Current Operating Expenses</b>				
Personnel Services	83,143,628.73	83,143,628.73	-	-
Maintenance and Other Operating Expenses	81,013,704.89	77,281,885.85	3,731,819.04	-
Financial Expenses	-	-	-	-
Non-cash Expenses	32,183,698.13	31,507,448.15	676,249.98	-
<b>Total Current Operating Expenses</b>	<b>196,341,031.75</b>	<b>191,932,962.73</b>	<b>4,408,069.02</b>	<b>-</b>
<b>Surplus (Deficit) from Current Operation</b>	<b>30,849,651.60</b>	<b>28,758,165.30</b>	<b>2,091,486.30</b>	<b>-</b>
Add (Deduct):				
Transfers, Assistance and Subsidy From	200,000.00	200,000.00	-	-
Transfers, Assistance and Subsidy	(5,631,988.68)	(5,631,988.68)	-	-
	<b>(5,431,988.68)</b>	<b>(5,431,988.68)</b>	<b>-</b>	<b>-</b>
<b>Surplus(Deficit) for the period</b>	<b>25,417,662.92</b>	<b>23,326,176.62</b>	<b>2,091,486.30</b>	<b>-</b>

**MUNICIPAL GOVERNMENT OF ASINGAN**  
**STATEMENT OF CHANGES IN NET ASSETS/EQUITY - BY FUND**  
As at December 31, 2023

Particulars	Total	General Fund	Special Education Fund	Trust Fund
<b>Balance, January 1, 2023</b>	445,904,578.13	432,435,722.57	13,468,855.56	-
Add (Deduct)				
Prior Period Errors	(4,122,235.98)	(4,304,027.42)	181,791.44	
<b>Restated Balance</b>	<b>441,782,342.15</b>	<b>428,131,695.15</b>	<b>13,650,647.00</b>	<b>-</b>
<b>Add (Deduct) Changes in net assets/equity during the year</b>				
Adjustment of net revenue recognized directly in net assets/equity	3,851,833.04	3,693,632.04	158,201.00	
Surplus (Deficit) for the period	25,417,662.92	23,326,176.62	2,091,486.30	-
<b>Total recognized revenue and expenses for the period</b>	<b>29,269,495.96</b>	<b>27,019,808.66</b>	<b>2,249,687.30</b>	<b>-</b>
<b>Balance, December 31, 2023</b>	<b>471,051,838.11</b>	<b>455,151,503.81</b>	<b>15,900,334.30</b>	<b>-</b>

**MUNICIPAL GOVERNMENT OF ASINGAN**  
**STATEMENT OF CASH FLOWS - BY FUND**

For the year ended December 31, 2023

(In Philippine Peso)

Particulars	Total	General Fund	Special Education Fund	Trust Fund
<b>Cash Flows from Operating Activities</b>				
<b>Cash Inflows</b>				
Collection from taxpayers	21,692,515.80	16,200,911.79	5,491,604.01	-
Share from Internal Revenue Allotment	187,549,769.00	187,549,769.00	-	-
Receipts from business/service income	17,383,585.07	17,383,585.07	-	-
Interest Income	173,956.06	173,956.06	-	-
Other Receipts	37,329,476.96	8,271,144.34	5,415,496.28	23,642,836.34
<b>Total Cash Inflows</b>	<b>264,129,302.89</b>	<b>229,579,366.26</b>	<b>10,907,100.29</b>	<b>23,642,836.34</b>
<b>Cash Outflows</b>				
Payments to suppliers and creditors	138,934,019.92	118,929,560.41	10,201,743.72	9,802,715.79
Payments to employees	77,148,949.44	77,148,949.44	-	-
Other Expenses	7,787,182.40	7,787,182.40	-	-
<b>Total Cash Outflows</b>	<b>223,870,151.76</b>	<b>203,865,692.25</b>	<b>10,201,743.72</b>	<b>9,802,715.79</b>
<b>Net Cash Flows from Operating Activities</b>	<b>40,259,151.13</b>	<b>25,713,674.01</b>	<b>705,356.57</b>	<b>13,840,120.55</b>
<b>Cash Flows from Investing Activities</b>				
<b>Cash Inflows</b>	-	-	-	-
<b>Cash Outflows</b>				
Purchase/Construction of Property, Plant and	33,851,554.83	33,685,948.76	140,052.50	25,553.57
<b>Total Cash Outflows</b>	<b>33,851,554.83</b>	<b>33,685,948.76</b>	<b>140,052.50</b>	<b>25,553.57</b>
<b>Net Cash Flows from Investing Activities</b>	<b>(33,851,554.83)</b>	<b>(33,685,948.76)</b>	<b>(140,052.50)</b>	<b>(25,553.57)</b>
<b>Cash Flows from Financing Activities</b>				
<b>Cash Inflows</b>				
Proceeds from Loans	-	-	-	-
<b>Total Cash Inflows</b>	-	-	-	-
<b>Cash Outflows</b>				
Payment of loan amortization and interest	-	-	-	-
<b>Total Cash Outflows</b>	-	-	-	-
<b>Net Cash Flows from Financing Activities</b>		-	-	-
<b>Total Cash Provided by Operating, Investing and Financing Activities</b>	<b>6,407,596.30</b>	<b>(7,972,274.75)</b>	<b>565,304.07</b>	<b>13,814,566.98</b>
Add: Cash at the Beginning of the	99,655,594.29	83,342,910.17	10,536,364.05	5,776,320.07
<b>Cash Balance at the End of the Year</b>	<b>106,063,190.59</b>	<b>75,370,635.42</b>	<b>11,101,668.12</b>	<b>19,590,887.05</b>