

EXECUTIVE SUMMARY

Introduction

The Municipality of Basey was founded and created by virtue of the Royal Spanish proclamation. It is composed of fifty-one (51) barangays and presently classified as a 1st class municipality.

An audit was conducted on the accounts and operations of the Municipality for CY 2023 in accordance with International Public Sector Standards on Auditing with emphasis on the audit thrusts for the Local Government Sector on the audit of Financial Statements of the following accounts - Cash & Cash Equivalents, Property, Plant and Equipment, Due to NGAs/LGUs/GOCCs, Taxes Withheld and Remitted, Mandatory Deductions and Other Significant and Material accounts identified in the Materiality Thresholds.

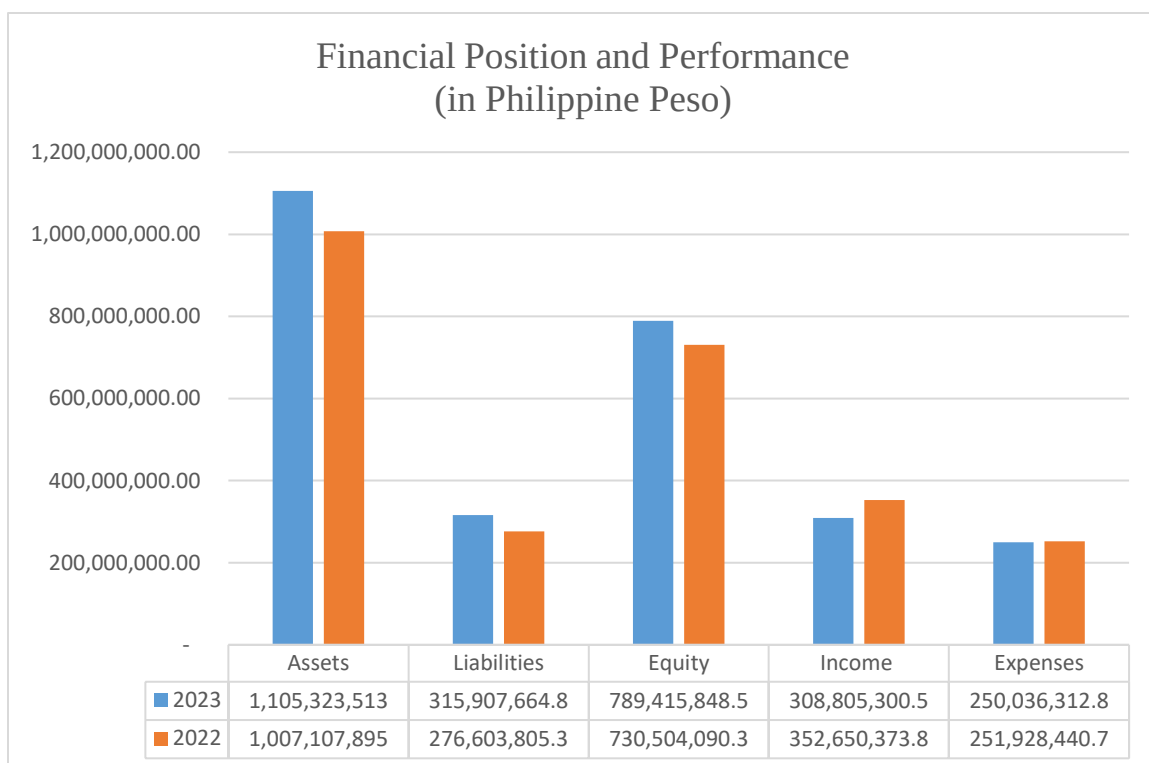
To determine the extent of implementation of the programs and projects, compliance with the budget/allocation, procurement regulations, terms and conditions, we likewise conducted a performance and compliance audit on the following:

1. Fund Transfers from National Government Agencies (NGAs) - Local Government Support Fund- Support to Barangay Development Program of the National Force to End Local Armed Conflict (NTF-ELCAC);
2. Other Fund Transfers from NGAs;
3. Utilization of 20% Development Fund; and
4. Utilization of Local Disaster Risk Reduction Management Fund

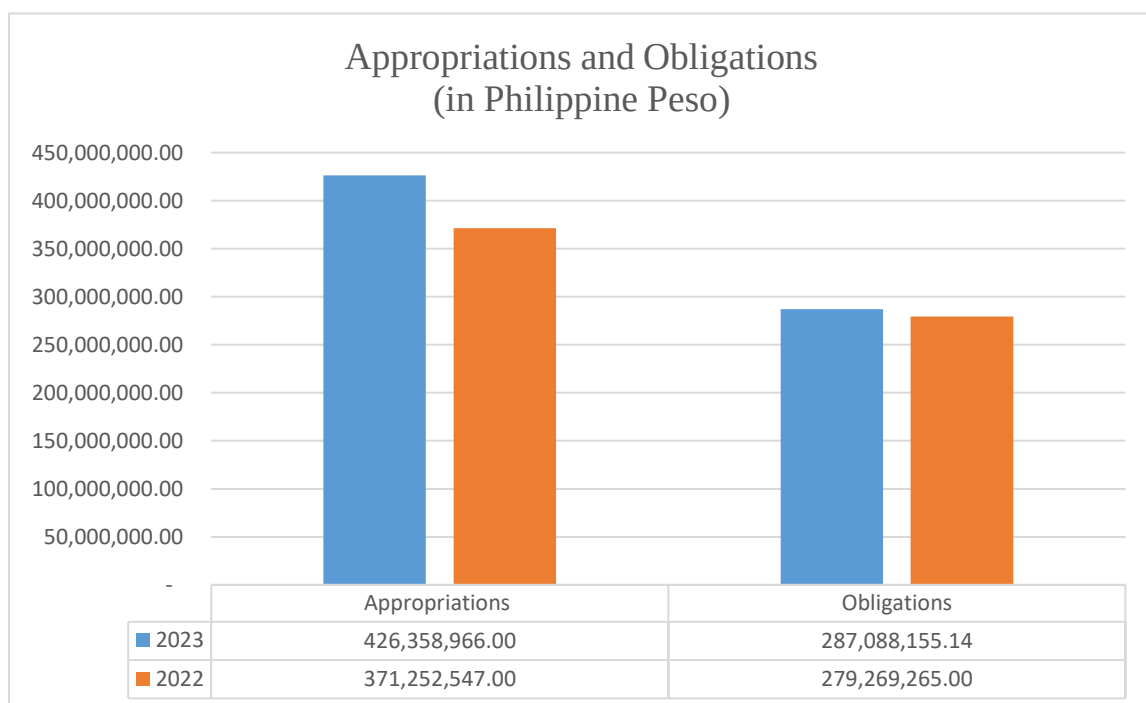
The audit included examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements; assessing the appropriateness of accounting principles used and the reasonableness of accounting estimates made by management; verification, reconciliation and analysis of financial accounts; as well as evaluating the overall presentation of the financial statements. It also involved ocular inspection of infrastructure projects undertaken; interview with officials/employees concerned; and other audit procedures and techniques considered necessary under the circumstances.

Financial Highlights

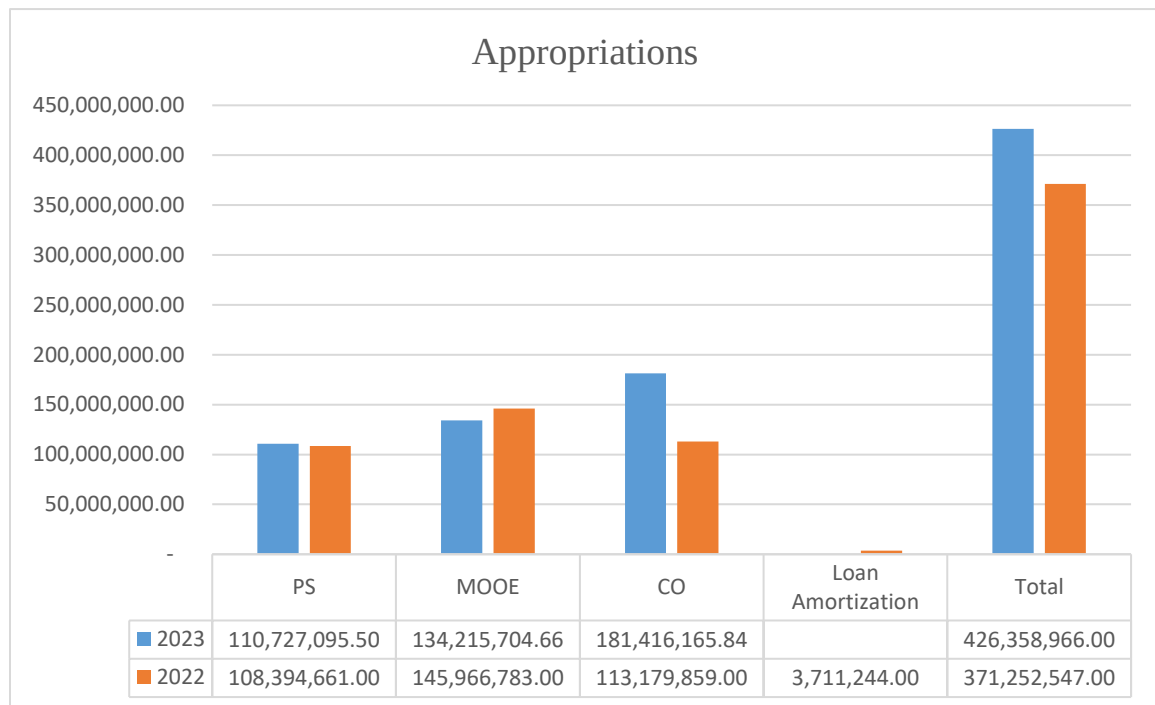
Comparative analysis of the Municipality's total assets, liabilities, equity, income and expenses for CY 2023 and the immediately preceding year showed an increase of the Assets, Liabilities, and Equity, and a decrease in Income and Expense, as seen in the graphical presentation. The increase in the Asset and Equity account is due to the increase in the procurement of capital outlays.



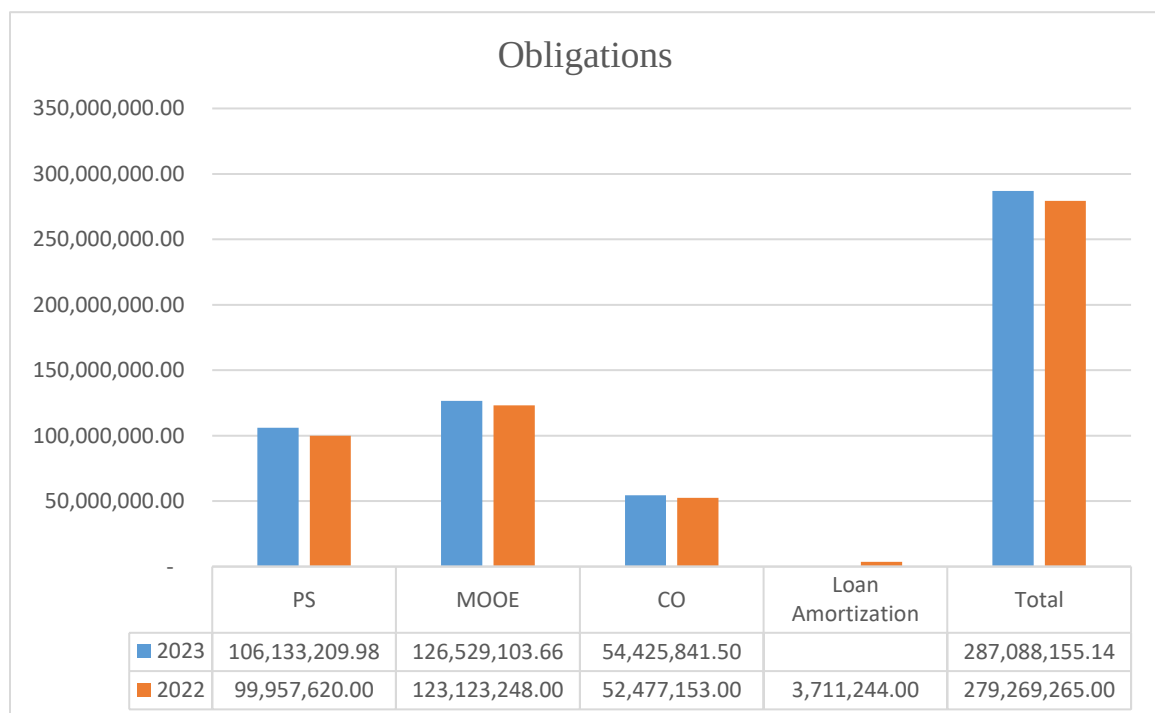
The following graph also illustrates the changes in appropriation and obligations during the year which shows an increase in CY 2023 appropriations and increase of obligations in comparison to CY 2023 data.



While the succeeding graphical presentations details the changes in the appropriations and obligations according to the classes of expenditures for CY 2023 and 2022.



The unexpended capital outlays of Programs, Projects and Activities (PPA's) for CY 2023 will form part of the continuing appropriations in CY 2024.



SIGNIFICANT ACCOMPLISHMENTS

The significant PPAs accomplished by the Municipality in CY 2023 were reported and certified complete and on-going by the Management, as follows:

No.	PROJECT NAME
1	Construction of Rice Processing I at Brgy. Can -abay
	20% Development Funds
	CIVIL WORKS FOR THE BARANGAY WIDE DEVELOPMENT PROJECTS (BATCH 11) OF 2022, BASEY, SAMAR
2	Improvement of Balud Multi-Purpose Hall at Brgy. Balud, Basey, Samar
3	Construction of Evacuation Center (Phase 1) at Brgy. Magallanes, B.S
4	Improvement of Covered Court at Brgy. Can-abay (Canopy), Basey, Samar
5	Improvement of Covered Court at Brgy. Lawaan, Basey, Samar
6	Improvement of Sugca Multi-Purpose Hall, Brgy. Sugca, B.S
	CIVIL WORKS FOR THE BARANGAY WIDE DEVELOPMENT PROJECTS (BATCH 13) OF 2022, BASEY, SAMAR
7	Improvement of Day Care Center at Brgy. Salvacion, B.S
8	Improvement of DRRM Operation Center
9	Improvement of Municipal Social Welfare Development Office (MSWDO), LGU-Basey, Samar
10	Improvement of Municipal Health Office
11	Improvement of Municipal Agriculture Office (MAO), LGU-Basey, Samar
	CIVIL WORKS FOR THE BARANGAY WIDE DEVELOPMENT PROJECTS (BATCH 14) OF 2022, BASEY, SAMAR
12	Installation of Streetlights (Continuation) at Basey, Samar
13	Construction of Evacuation Center (Phase 1) at Brgy. Sugpunon, B.S
14	Drainage Canal Declogging at Poblacion, B.S
15	Construction of Erosion Protection/Sea Wall at Brgy. Basiao, B.S
16	Improvement of Basey Memorial Park at So. Bangon, Brgy. Canmanila, B.S.
	CIVIL WORKS FOR THE BARANGAY WIDE DEVELOPMENT PROJECTS (BATCH 15) OF 2022, BASEY, SAMAR
17	Improvement of Sanitary Landfill/ Basey Ecological Park at So. Gamba, Brgy. Roxas. B.S.
18	Proposed Main Lateral and Looping of Pipelines 4" ø from So. Manlolobag, Brgy. Pelit to So. Bangon, Brgy. San Fernando, B.s.
19	Improvement of Balantak Fall , Brgy. Guirang, B.S
20	Improvement of New Bus Terminal/ Construction of One (1) Sotrey Carenderia (2) units at Brgy. Palaypay, B.S.
	CIVIL WORKS FOR THE BARANGAY WIDE DEVELOPMENT PROJECTS (BATCH 01) OF 2023, BASEY, SAMAR
21	Concreting / Improvement of Villa Aurora to Dolongan FMR , Basey, Samar (Supplemental Budget 2022)
22	Concreting / Improvement of Villa Aurora to Dolongan FMR , Basey, Samar (20% of 2023)

	CIVIL WORKS FOR THE BARANGAY WIDE DEVELOPMENT PROJECTS (BATCH 02) OF 2023, BASEY, SAMAR
23	Improvement/ Maintenance of New San Agustin-Cogon FMR, Basey, Samar (Supplemental Budget 2022)
24	Improvement/ Maintenance of New San Agustin-Cogon FMR, Basey, Samar (20% of 2023)
25	Improvement/ Maintenance of Bulao and So. Rono, Brgy. Old San Agustin, FMR, Basey, Samar
	CIVIL WORKS FOR THE BARANGAY WIDE DEVELOPMENT PROJECTS (BATCH 03) OF 2023, BASEY, SAMAR
26	Construction of Civic Center at So. Burabod, Brgy. Mabini, Basey, Samar
27	Construction of Civi Center at Brgy. Inuntan, Basey, Samar
28	Construction of Civic Center at Brgy. Cancaiyas, B.S
29	Construction of Civic Center at Brgy. Guintiguian, B.S
30	Construction/Improvement of Covered Court at Brgy. Anglit, B.S
31	Construction of Civic Center at So. Sta. Cruz, Brgy. May-it, B.S.
32	Construction of Covered Court, Brgy. Stage at Brgy. Mercado, Basey, Samar
	CIVIL WORKS FOR THE BARANGAY WIDE DEVELOPMENT PROJECTS (BATCH 04) OF 2023, BASEY, SAMAR
33	Infres Road /Maintenance of FMR 2023 at Brgy. Loog and Pelit, B.S.
34	Road Construction/Improvement Widening (Canbatsan) Brgy. Bacubac Section
35	Road Construction/Improvement Widening (Canbatsan) Brgy. Canmanila Section
	CIVIL WORKS FOR THE BARANGAY WIDE DEVELOPMENT PROJECTS (BATCH 05) OF 2023, BASEY, SAMAR
36	Road Construction/Impovement Widening at Brgy. Tingib, B.S.
37	Road Construction/Impovement Widening at Brgy. Bulao, B.S.
38	Improvement/Upgrading of Tinaogan-Amandayehan Road at Basey, Samar
39	Improvement/Upgrading of Binungtuang-Sugpunon Road at Basey, Samar
	CIVIL WORKS FOR THE BARANGAY WIDE DEVELOPMENT PROJECTS (BATCH 06) OF 2023, BASEY, SAMAR
40	Concreting of Brgy. Road @ So. Lubang, Brgy. Sawa, Basey. Samar (STA. 604.00m to STA. 866.00m.)
41	Concreting of Brgy. Road @ So. Lubang, Brgy. Sawa, Basey. Samar (STA. 000.00m to STA. 604.00m.)
42	Construction/ Concreting of Access Road to Livestock Breeding Center (Half Lane) at So. Calbang, Brgy. Tinaogan, Basey, Samar
	CIVIL WORKS FOR THE BARANGAY WIDE DEVELOPMENT PROJECTS (BATCH 07) OF 2023, BASEY, SAMAR
43	Construction of Evacuation Center -Phase 2, Brgy. Anglit, B.S.
44	Construction of Evacuation Center -Phase 2, Brgy. Del Pilar, B.S.
45	Construction/ Improvement of Covered Court at Brgy. San Antonio, B.S
46	Construction of Evacuation Center -Phase 2, Brgy. Magallanes, B.S.
47	Construction/ Improvement of Civic Center (Covered Court) at Brgy. Villa Aurora, B.S

	CIVIL WORKS FOR THE BARANGAY WIDE DEVELOPMENT PROJECTS (BATCH 08) OF 2023, BASEY, SAMAR
48	Improvement of Municipal Gymnasium
49	Road Construction/ Improvement Widening with Components at Brgy. San Antonio, B.S
50	Improvement/ Maintenance of Loog Brgy. Road, B.S
	CIVIL WORKS FOR THE BARANGAY WIDE DEVELOPMENT PROJECTS (BATCH 09) OF 2023, BASEY, SAMAR
51	Improvement of Brgy. Wharf at Brgy. Baybay. B.S
52	Installation of Streetlights (Continuation) at Basey, Samar
	CIVIL WORKS FOR THE BARANGAY WIDE DEVELOPMENT PROJECTS (BATCH 10) OF 2023, BASEY, SAMAR
53	Rehabilitation / Improvement of Municipal Drainage system at Poblacion, Basey, Samar
54	Construction of Motorpool (Phase 1)
55	Improvement of Brgy. Multi-Purpose Hall at Brgy. Binungtuan, Basey, Samar
56	Construction/ Improvement of Multi-Purpose Hall at Brgy. Balante, Basey, Samar
57	Improvement of Brgy. Multi-Purpose Hall at Brgy. Serum, Basey, Samar
58	Construction of Health Center at Brgy. Guirang (Proper), Basey, Samar
	CIVIL WORKS FOR THE BARANGAY WIDE DEVELOPMENT PROJECTS (BATCH 11) OF 2023, BASEY, SAMAR
59	Improvement of Public Market & New Bus Terminal
60	Site Development / Construction of Slaughter House at Brgy. Sawa, Basey, Samar
61	Road Construction (Re-blocking) at Brgy. Mongabong, B.S
62	Improvement/ Road Concreting (continuation) of Sanitary Landfill at So. Gamba, Brgy. Roxas, Basey, Samar
	CIVIL WORKS FOR THE BARANGAY WIDE DEVELOPMENT PROJECTS (BATCH 12) OF 2023, BASEY, SAMAR
63	Improvement/ Maintenance of River Landing/Wharf at Different Brgy. & Other Public Structure at Brgy. Amandayehan, B.S
64	Improvement of Day Care Center at Brgy.Old San Agustin, Basey, Samar
65	Improvement of Day Care Center at Brgy.New San Agustin, Basey, Samar
66	Improvement of Brgy. Hall, Brgy. Palaypay, Basey, Samar
67	Improvement Multi-Purpose Hall at Brgy. Sugca, Basey, Samar
68	Extension of Brgy. Wharf at Brgy. San Antonio, Basey, Samar
	CIVIL WORKS FOR THE BARANGAY WIDE DEVELOPMENT PROJECTS (BATCH 13) OF 2023, BASEY, SAMAR
69	Construction of Canmanila to San Antonio Coastal Road (Baybayon ha Canbatsan), B.S
70	Construction / Improvement of Brgy. Sawa-Brgy. Buenavista FMR , Basey,Samar
71	Concreting/Improvement o/Widening of Villa Aurora to Dolongan FMR, B.S

	CIVIL WORKS FOR THE BARANGAY WIDE DEVELOPMENT PROJECTS (BATCH 14) OF 2023, BASEY, SAMAR
72	Improvement of Balantak Falls
73	Development/ Improvement of public Cemetery (Phase 1)
74	Construction of Waiting shed at Brgy. Buscada, B.S
75	IMPROVEMENT OF COVERED COURT
	CIVIL WORKS FOR THE BARANGAY WIDE DEVELOPMENT PROJECTS (BATCH 15) OF 2023, BASEY, SAMAR
76	Construction of Dryer Shed
77	Concrete Fencing of Balay Silangan at So. Bangon, Brgy. Canmanila, Basey, Samar
	CIVIL WORKS FOR THE BARANGAY WIDE DEVELOPMENT PROJECTS (BATCH 16) OF 2023, BASEY, SAMAR
78	Construction of Evacuation Center (Phase3) at Brgy. Anglit, Basey, Samar
79	Construction of Evacuation Center (Phase3) at Brgy. Del Pilar, Basey, Samar
80	Construction of Evacuation Center (Phase3) at Brgy. Magallanes, Basey, Samar
81	Construction of Evacuation Center (Phase3- Ground Floor) at So. Bangon, Brgy. Canmanila, B.S, Brgy. Magallanes, Basey, Samar
	FY 2022 SBDP Project under LGSF Project
82	Construction of Health Station
83	Rural Electrification Project
84	Upgrading of FMR at Brgy. Guintigui-an, Basey, Samar
85	Solar Electrification Project at Brgy. Old San Agustin, Basey, Samar (So. Manilaay-Proper-So. Rono)
86	Construction of School Building at So. Rono, Brgy. Old San Agustin, Basey, Samar
87	Construction of Health Center at Brgy. Pelit, Basey, Samar
88	Construction of Day Care Center at Brgy. Pelit, Basey, Samar
89	Solar Electrification Project at Brgy. San Fernando, Basey, Samar
90	Rehabilitation/Improvement of Health Station at Brgy. San Fernando, B.S
91	Construction of School Building (Day Care Center) at So. Wespal, Brgy. Guirang, B.S.
92	Construction of School Building (Day Care Center) at So. Bagong Silang, Brgy. Guirang, B.S.
93	Solar Electrification Project at Brgy. Sawa, Basey, Samar
94	Construction of School Building at Brgy. Sawa, Basey, Samar
95	Construction of Level II Potable Water Supply System at Villa Aurora, Basey, Samar
96	Construction of Health Center at Brgy. Villa Aurora, Basey, Samar
97	Upgrading of Farm to Market Road at Brgy. May-it, Basey, Samar
98	Construction of Farm to Market Road at Brgy. Mabini, Basey, Samar
99	Construction of Farm to Market Road at Brgy. Loog, Basey, Samar
100	Concreting of Farm to Market Road at Brgy. Inuntan, Basey, Samar
101	Construction of School Building at So. Guinpondo-an, Brgy. Cogon, Basey, Samar

102	Rural Electrification at So. Guinpondo-an and So. Cambabang, Brgy. Cogon, Basey, Samar
103	Opening and Concreting of Farm to Market Road at Brgy. Cancaiyas, Basey, Samar
104	Construction of Health Station at So. Olaog, Brgy. Burgos, Basey, Samar
105	Provision of Renewable Energy-Based Electrification at Brgy. Burgos, Basey, Samar
106	Construction of School Building (Day Care Center) at So. Rizal, Brgy. Bulao Proper, Basey, Samar
107	Construction of School Building (Day Care Center) at Brgy. Bulao Proper, Basey, Samar
108	Concreting of Farm to Market Road at Brgy. Balante, Basey, Samar

The LGU is also a recipient of various awards, citations and recognitions during the year 2023, to wit:

1. Top Performing Field Office in Region 8
2. Subay Bayani Special Awardee, DILG-Basey
3. DOH National Voluntary Blood Service Program Regional Awardee
4. Best Public Employment Service Office, PESO Basey
5. Secretary's Bayanihan Service Awardee
6. RCEF Excellence Award Large Scale Category 2023 Dry Season
7. Provincial Local Legislative Awards Winner
8. Rank 88- 2022 Cities and Municipalities Competitive Index Ranking in the Philippines
9. 2023 Seal of Good Housekeeping
10. 2022 Anti-Drug Abuse Council Performance Audit National Passer
11. 2022 Child-friendly Municipality

Independent Auditor's Report on the Financial Statements

The Auditor rendered a qualified opinion on the combined financial statements of the Municipality of Basey, Province of Samar for the year ended December 31, 2023 due to the exceptions as stated in the Independent Auditor's Report and as discussed in Part II of the report.

Summary of Significant Observations and Recommendations

The significant observations and the corresponding recommendations for the Calendar Year (CY) 2023 audit of the Municipality's accounts and operations are as follows:

1. **The accuracy of Cash in Bank, Local Currency Current Account balance of ₱222,979,149.84 cannot be ascertained due to non-preparation of monthly Bank Reconciliation Statements by the Municipal Accountant, contrary to Sections 74 and 111 of Presidential Decree (P.D.) No. 1445, and the**

Commission on Audit (COA) Circular No. 96-011 dated October 2, 1996, thus resulting in understatement amounting to ₱532,437.81 owing to the unadjusted recording of cancelled checks, thereby affecting the fair presentation of the financial statements.

We recommended, and management agreed that the Local Chief Executive require the Municipal Accountant to prepare adjusting entries to:

- a. revert back the entries for cancelled disbursements to the CIB-LCAA; and
- b. regularly prepare Monthly Bank Reconciliation Statements.

2. **Deficiencies were observed in the accounting for the reported balance of Property, Plant and Equipment (PPE) account totaling ₱622,563,261.85 (excluding the Construction In Progress Account) as at December 31, 2023 such as: (a) variance of ₱620,948,128.99 between the Report on the Physical Count of the Property, Plant and Equipment (RPCPPE) and the accounting records and (b) non-provision of depreciation for some PPE accounts, non-adherent to COA Circular No. 92-386 dated October 20, 1992, COA Circular No. 2004-003 dated October 4, 2004, International Public Sector Accounting Standard (IPSAS) 17 and other relevant rules and regulations, thus, casting doubt as to the existence, validity, and reliability of PPE balances appearing in the Financial Statements.**

We recommended, and management agreed that the Local Chief Executive:

- a. Require the Inventory Committee and Property Custodian to:
 - 1. Formulate plans and strategize the complete conduct of physical count of all its PPE, and prepare and submit the RPCPPE not later than January 31 of the ensuing year in compliance with Section 124 of the Manual on the NGAS for LGUs, Volume I;
 - 2. Reconcile their RPCPPE with the records of the Municipal Accountant;
 - 3. Ensure the report's usability by including all the required information in the RPCPPE, as illustrated in the MNGAS for LGUs, Volume II; and
- b. Require the Municipal Accountant to:
 - 1. Provide depreciation for depreciable PPEs with an aggregate carrying amount of ₱31,028,905.38 in accordance with Paragraphs 43 and 71 of IPSAS 17;
 - 2. Provide the correct residual value of depreciable PPEs, compute the monthly depreciation expense in accordance with the COA issued

accounting policies, and prepare the necessary adjusting entry to reflect the correct balance of each PPE.

- c. Create an Inventory Committee to complete the physical inventory in three (3) months or less, prepare and submit to the COA Audit Team the approved Physical Inventory Plan at least ten (10) calendar days before the scheduled date for the start of inventory-taking activities, and ensure full implementation of “One-time cleansing of PPE accounts” as provided under COA Circular No. 2020-006 dated January 31, 2020..

3. **Completed projects and various equipments recorded as Property, Plant and Equipment in the Trust Fund (TF) totaling ₱58,796,474.24 were not transferred to the General Fund (GF), and were not depreciated, contrary to International Public Sector Accounting Standards (PPSAS) Nos. 1 and 17, and Section 104, 1(i) of the Manual on New Government Accounting System (MNGAS) for Local Government Units (LGU), Volume I, hence resulted in the understatement of the PPE and Depreciation Expense Accounts in the GF and the overstatement of the PPE Account in the TF.**

We recommended, and management agreed that the Local Chief Executive require the Municipal Accountant to prepare adjusting entries to:

- a. effect the transfer of PPEs from Trust Fund to General Fund; and
- b. recognize the corresponding depreciation of the PPEs.

4. **Eighteen (18) completed projects totaling ₱53,943,142.70 were not reclassified from Construction in Progress (CIP) Account to the appropriate asset accounts contrary to COA Circular No. 2015-009 dated December 1, 2015, Philippine Application Guidance (PAG) to International Public Sector Accounting Standards (IPSAS) 17, and IPSAS 1, thus overstating the CIP by ₱53,943,142.70 and understating the corresponding asset account and Depreciation Expense Account by ₱53,943,142.70 and ₱799,290.24, respectively, and affected the fair presentation of the Property, Plant and Equipment (PPE) Account in the financial statements.**

We recommended, and management agreed that the Local Chief Executive require the Municipal Accountant to prepare adjusting entries to:

- a. reclassify CIP to the proper asset account ; and
- b. recognize depreciation on those assets.

5. **Various deficiencies were observed in the implementation and utilization of the Local Government Support Fund - Support to Barangay Development**

Program (LGSF-SBDP) of the National Task Force to End Local Communist Armed Conflict (NTF-ELCAC) under the Fiscal Year (FY) 2022 General Appropriations Act (GAA), to wit: (1) location sites of the projects were privately owned; (2) twenty (20) projects were implemented but were not included in the 2022 Annual Investment Plan (AIP) and/or 2022-2025 Local Development Investment Plan (LDIP) of the Municipality; (3) undisbursed fund amounting to ₱11,618,096.44 as of December 31, 2023 and (4) ₱36,623.79 SBDP fund were paid as honoraria to project monitoring committee, all contrary to the provisions of Department of Budget and Management (DBM) Local Budget Circular (LBC) No. 144 and Section 301 of Presidential Decree (P.D.) No. 1096, thus may result to reversion of fund balance to the National Treasury and the purpose for which fund were transferred may not be achieved.

We recommended, and management agreed that the Local Chief Executive direct the:

- a. Municipal Engineer/Supply Officer/Municipal Treasurer to process the transfer of title of the properties for which the SBDP projects were built from the lot owners to the name of the Barangay or Municipality;
- b. Municipal Engineer to ensure that infrastructure projects have an approved building permits prior to commencement of construction.

Moving forward, we likewise recommended that the Local Chief Executive direct the Municipal Engineer and the Municipal Planning and Development Officer to strictly adhere to prioritize the implementation of the projects funded and awaiting to be funded in the AIP and LDIP.

We recommended and management agreed that the Local Chief Executive direct the:

- a. Municipal Accountant and Municipal Treasurer to remit the undisbursed balance of LGSF-SBDP amounting to ₱11,618,096.44 to National Treasury as required under item 4.8 of DBM LBC No.144;
- b. Require the Municipal Engineer to make justification on the delay of the delivery of the SBDP Projects; and
- c. Expedite the completion of these projects and submit proof of completion to the audit team.

We recommended and management agreed that the Local Chief Executive direct the Municipal Treasurer and Municipal Accountant to:

- a. stop the payment of SBDP Fund for Honoraria; and

- b. require the recipients of the honoraria to refund the amount received.

This is without prejudice to the issuance of Notices of Disallowance.

- 6. **Various deficiencies were noted in the planning, budgeting, submission of contracts for the implemented Projects, Programs, and Activities (PPAs) for review, and the implementation of PPAs charged to the 20% economic development fund, to wit: a) delayed and non- submission of thirty-seven (37) perfected contracts; b) continuing and current appropriations from 20% development fund amounting to ₱18,318,250.34 and ₱7,800,000.00, respectively, remained unimplemented as of year-end; c) utilization of various PPAs from the 20% development fund exceeded its appropriated amount totaling P1,388,245.36; and d) charging ₱446,777.95 of ineligible expenses as other costs to every project completed without proof of actual rendition of service, not adherent to the provisions of Commission on Audit (COA) Circular No. 2009-001 dated February 12, 2009, Section 3.2 of the Department of Budget and Management (DBM), Department of Finance (DOF) and Department of Interior and Local Government (DILG) Joint Memorandum Circular (JMC) No. 1 dated November 4, 2020, and other relevant laws, rules and regulations, thereby precluded the audit team from the timely review and evaluation of the contracts' validity, propriety, legality as well as the prompt communication of results thereof, manifesting that the 20% development fund was not properly managed and optimally utilized, thus depriving the constituents of the immediate benefits that could have been obtained had the projects been completed on time.**

We recommended and management agreed that the Local Chief Executive direct the:

- a. BAC Chairperson to submit the contract within five (5) working days from the time the contract is perfected;
- b. Municipal Engineer to:
 - 1. Immediately submit justification on the unimplemented and delayed projects;
 - 2. Monitor and reconcile with the Budget Office the actual accomplishment of every project.;
- c. BAC and the Municipal Engineer to expedite the procurement and implementation process to ensure timely realization of planned projects; and

- d. Municipal Budget Officer and Municipal Engineer to stop charging ineligible expenses to the 20% development fund.
- 7. **The 20% Development Fund amounting to ₱1,000,000.00 was distributed as livelihood assistance to fifty (50) associations without complete documentation, contrary to Presidential Decree (P.D.) No. 1445, Commission on Audit (COA) Circular No. 2007-001 dated October 25, 2007, and Section 4.0 of Department of Budget and Management DBM, Department of Finance (DOF), Department of Interior and Local Government (DILG) No. 1 dated November 4, 2020, thus casting doubts on the validity and regularity of the utilization of such funds.**

We recommended, and management agreed that the Local Chief Executive refrain from distributing financial assistance to associations without proper documentation provided for in COA Circular No. 2007-001.

- 8. **Purchase of lot intended for Public Cemetery at Brgy. Guirang amounting to ₱650,000.00 charged to the 20% Development Fund was disbursed despite the absence of complete supporting documents contrary to Presidential Decree (P.D.) No. 1445, COA Circular 2012-001 dated June 14, 2012, and Section 4.0 of Department of Budget and Management (DBM), Department of Finance (DOF), Department of Interior and Local Government (DILG) Joint Memorandum Circular (JMC) No. 1 dated November 4, 2020, thereby title to the lot was not yet transferred to the Municipality, casting doubt on the regularity of the transaction.**

We recommended, and management agreed that the Local Chief Executive direct the:

- a. Municipal Accountant to exercise diligence in assuring that the 20% Development Fund are utilized in accordance with the provisions of the documentary requirements provided under COA Circular 2012-001 dated June 14, 2012; and
- b. Property Officer or the Municipal Treasurer to expedite the transfer of title of the lot intended for public cemetery to the name of the municipality
- 9. **Accounting and reporting guidelines on the receipt and utilization of CY 2023 LDRRMF totaling ₱31,956,847.19 were inadequately met, contrary to COA Circular Nos. 2012-002 dated September 12, 2012 and 2014-002 dated April 15, 2014, and other relevant laws and rules, thereby affecting the fair presentation of related accounts in the financial statement, undermining the capability of the Municipality to effectively and efficiently prevent losses and alleviate the impacts of disasters, and exposing its resources to risk of loss, wastage, mishandling and misappropriation.**

We recommended, and management agreed that the Local Chief Executive (LCE) direct the:

- a. the MDRRMO to:
 1. refrain from appropriating and charging Personal Services items in the LDRRM Fund; and
 2. utilize the LDRRMF in accordance with the approved LDRRMFIP;
 - b. the Municipal Accountant to:
 1. reconcile accounting records with that of the Municipal Budget Office;
 2. provide accurate data in the Report on the Sources and Utilization of DRRMF;
 3. stop charging ineligible expenses in the LDRRMF; and
 4. effect necessary journal entries and adjust the balance of Trust Liabilities-DRRM account at year-end.
 - c. the Municipal Budget Officer to:
 1. support any changes in the LDRRMFIP with augmentation, re-alignment, or supplemental budget, if any;
 2. prepare and maintain separate RAAOs for QRF, MOOE, and CO in relation thereof; and
 3. reconcile budget records with that of the Municipal Accountant; and
 - d. the Municipal Treasurer to cause the complete transfer of unexpended balances of CY 2023 LDRRMF to the Trust Fund account.
- 10. The Municipality failed to remit intact the full amount withheld as premiums and contributions and loan amortizations to GSIS, PhilHealth, Pag-Ibig and Development Bank of the Philippines - for CY 2023 and the prior year's balance of ₱4,272,959.34, contrary to Sec 69(1) of Presidential Decree No. 1445, Section 36 of Commission on Audit (COA) Circular No. 92-382 dated July 3, 1992, and the International Public Sector Accounting Standards (IPSAS) 1, thus showing a net over remittance of (₱617,585.78) for the year and unremitted balance of ₱3,655,373.56 as of year-end, hence, causing disadvantage to member-employees and affecting the accuracy and reliability of account balances presented in the Financial Statements.**

We recommended, and management agreed that the LCE oblige the Municipal Accountant and Municipal Treasurer to:

- a. reconcile the discrepancies totaling (₱617,585.78) between the amount withheld and the amount remitted for the current year.
 - b. reconcile the previous years' total outstanding balance of ₱4,272,959.34.
 - c. remit immediately the reconciled balance of Due to GSIS, PhilHealth, Pag-Ibig, and GOCC accounts as of December 31, 2023.
- 11. A total of ₱24,114.76 and ₱44,536.52 for CY 2023 and prior year, respectively, remain unremitted as at December 31, 2023, contrary to Section 69 of Presidential Decree (P.D.) No. 1445, and the Bureau of Internal Revenue(BIR) Revenue Regulations No. 2-98 dated April 17, 1998, thus depriving the government of additional income and the utilization thereof, and exposes the responsible persons to penalties/ surcharges for delayed remittance of the withheld amount.**

We recommended, and management agreed that the LCE require the Municipal Treasurer and all other concerned be directed to strictly adhere to the provisions of Section 69 of Presidential Decree No. 1445 and BIR Revenue Regulations No. 2-98 dated April 17, 1998, by remitting on time the fund due to BIR to avoid incurrence of interest, penalties and/or surcharges.

Summary of Audit Suspensions, Disallowances and Charges

The total audit suspensions, disallowances and charges found in the audit of various transactions of the Municipality of Basey, Samar as of December 31, 2023, was ₱14,726,562.97 based on the Notices of Suspensions, Disallowances and Charges issued by this Commission.

Status of Implementation of Prior Years' Unimplemented Audit Recommendations

Of the forty-eight (48) audit recommendations embodied in CY 2022 and prior years' Annual Audit Reports, sixteen (16) were implemented and thirty-two (32) were not acted upon by management.