



**Republic of the Philippines
COMMISSION ON AUDIT
Regional Office No. VIII
Candahug, Palo, Leyte**

ANNUAL AUDIT REPORT

ON THE

**MUNICIPALITY OF BASEY
Province of Samar**

For the Year Ended December 31, 2023



REPUBLIC OF THE PHILIPPINES
COMMISSION ON AUDIT
REGIONAL OFFICE NO. VIII
PROVINCE OF SAMAR
PROVINCIAL SATELLITE AUDITING OFFICE
Catbalogan City, Samar



March 25, 2024

Hon. LUZ CHU-PONFERRADA

Mayor
Municipality Basye
Province of Samar

Madam:

Pursuant to Section 2, Article IX-D of the Constitution of the Republic of the Philippines and Section 43(2) of Presidential Decree No. 1445, otherwise known as the "Government Auditing Code of the Philippines," and in line with this Commission's efforts toward informing management on how fiscal responsibility had been discharged, we are pleased to transmit the report of our Auditors on the audit of the accounts and operations of the Municipality of Basye (the Municipality), Province of Samar for the year ended December 31, 2023.

The audit was conducted to ascertain the propriety of financial transactions and compliance of the agency to prescribed laws, rules and regulations. It was also made to ascertain the accuracy of financial records and reports, as well as the fairness of the presentation of the financial statements.

The Auditor rendered a qualified opinion on the fairness of the presentation of the financial statements due to the audit exceptions noted as indicated in the Independent Auditor's Report.

We request that the audit observations and recommendations contained in Part II and those which remain unimplemented as shown in Part III of the attached report be appropriately acted upon and we will appreciate being informed of the actions taken thereon by submitting the duly accomplished Agency Action Plan and Status of Implementation (AAPSI) form, within sixty days upon receipt hereof.

We acknowledge the cooperation and support extended to our Audit Team during the audit.

Very truly yours,

FOR THE COMMISSION ON AUDIT

By:



ATTY. JOSELITA M. POTICANO

Attorney V

OIC – Supervising Auditor

Copy furnished:

The Regional Director, BLGF Region VIII, Tacloban City

The Regional Director, COA Regional Office No. VIII, Candahug, Palo, Leyte



REPUBLIC OF THE PHILIPPINES
COMMISSION ON AUDIT
REGIONAL OFFICE NO. VIII
PROVINCE OF SAMAR
PROVINCIAL SATELLITE AUDITING OFFICE
Catbalogan City, Samar

March 25, 2024

The Honorable Presiding Officer
and Members of the Sangguniang Bayan
Municipality of Basey
Province of Samar



Ladies and Gentlemen:

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Very truly yours,

FOR THE COMMISSION ON AUDIT

By:

A handwritten signature in black ink, appearing to read "Jose M. Poticano", written in a cursive style.

ATTY. JOSELITA M. POTICANO

Attorney V

OIC – Supervising Auditor

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.

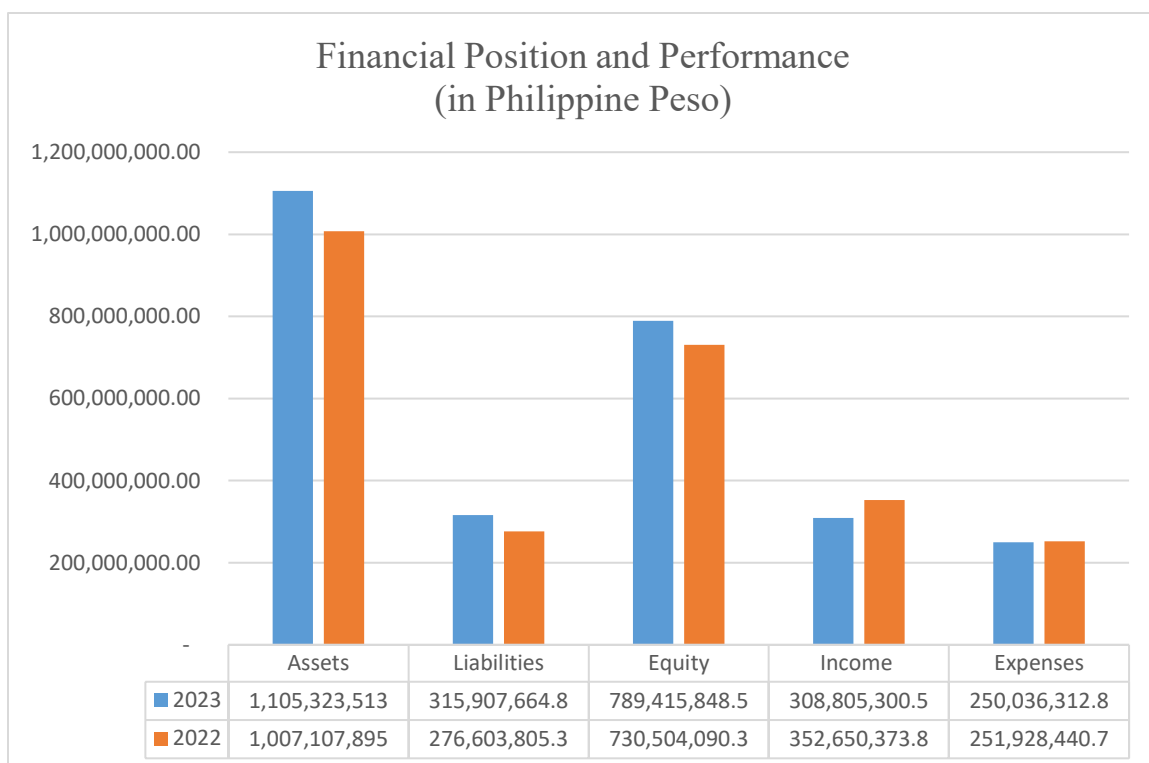
To determine the extent of implementation of the programs and projects, compliance with the budget/allocation, procurement regulations, terms and conditions, we likewise conducted a performance and compliance audit on the following:

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

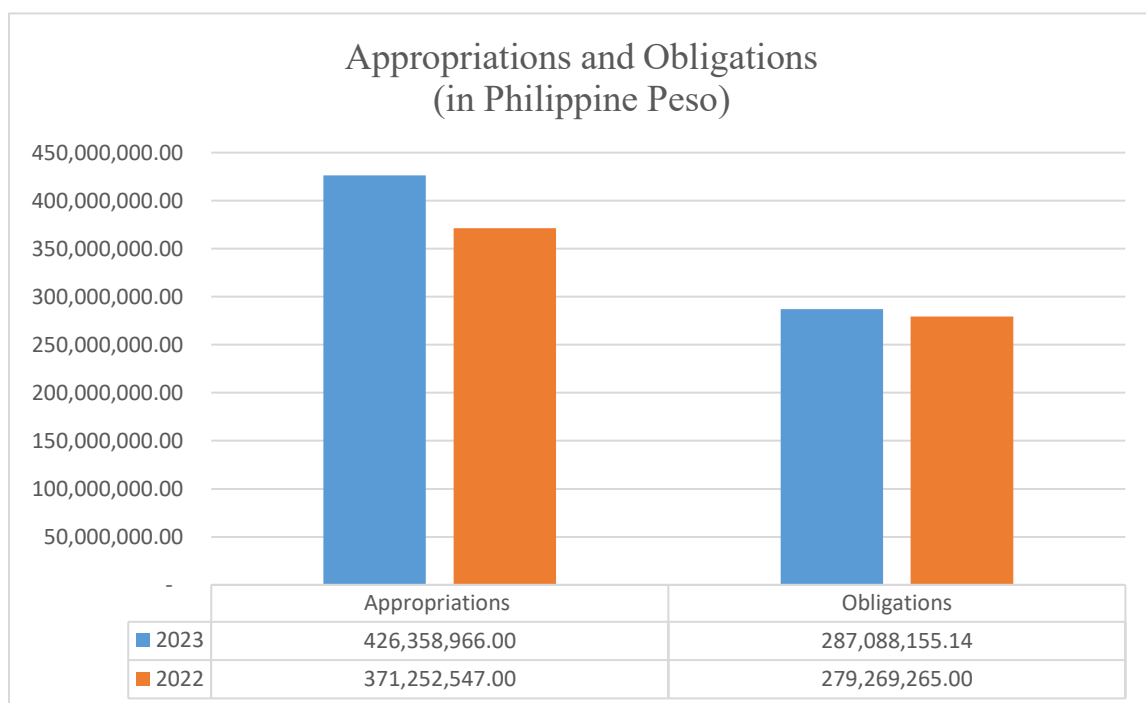
The audit included examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements; assessing the appropriateness of accounting principles used and the reasonableness of accounting estimates made by management; verification, reconciliation and analysis of financial 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

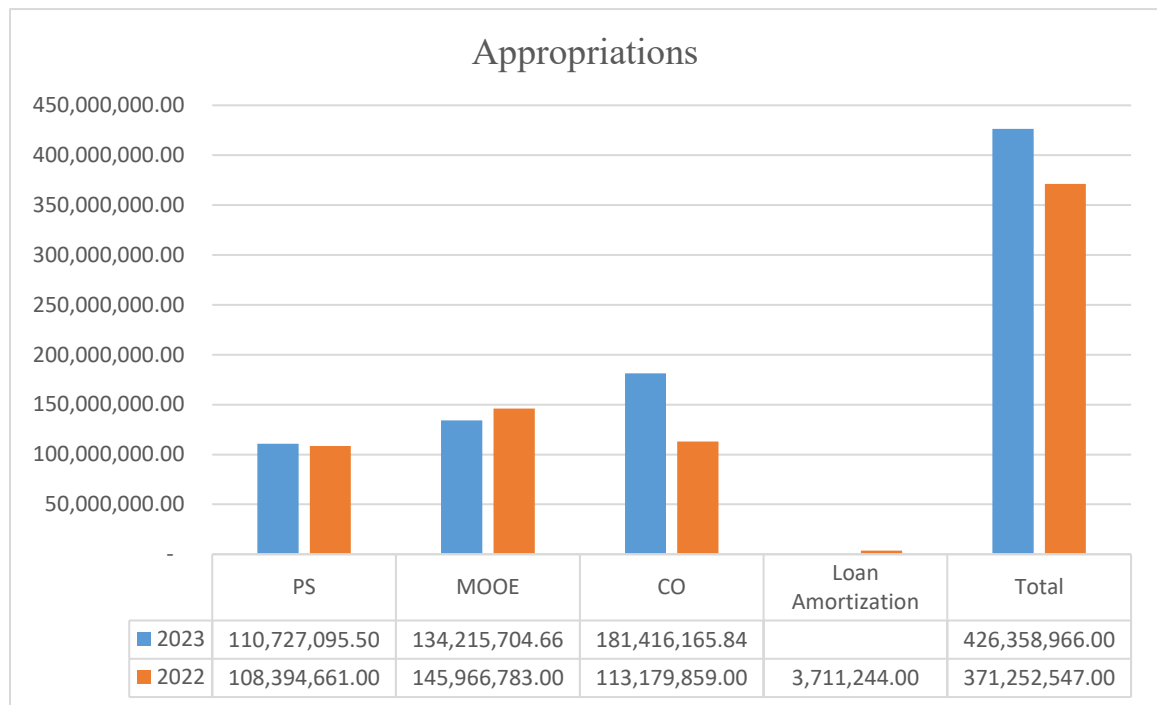
Comparative analysis of the Municipality's total assets, liabilities, equity, income and expenses for CY 2023 and the immediately preceding year showed an increase of the Assets, Liabilities, and Equity, and a decrease in Income and Expense, as seen in the graphical presentation. The increase in the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



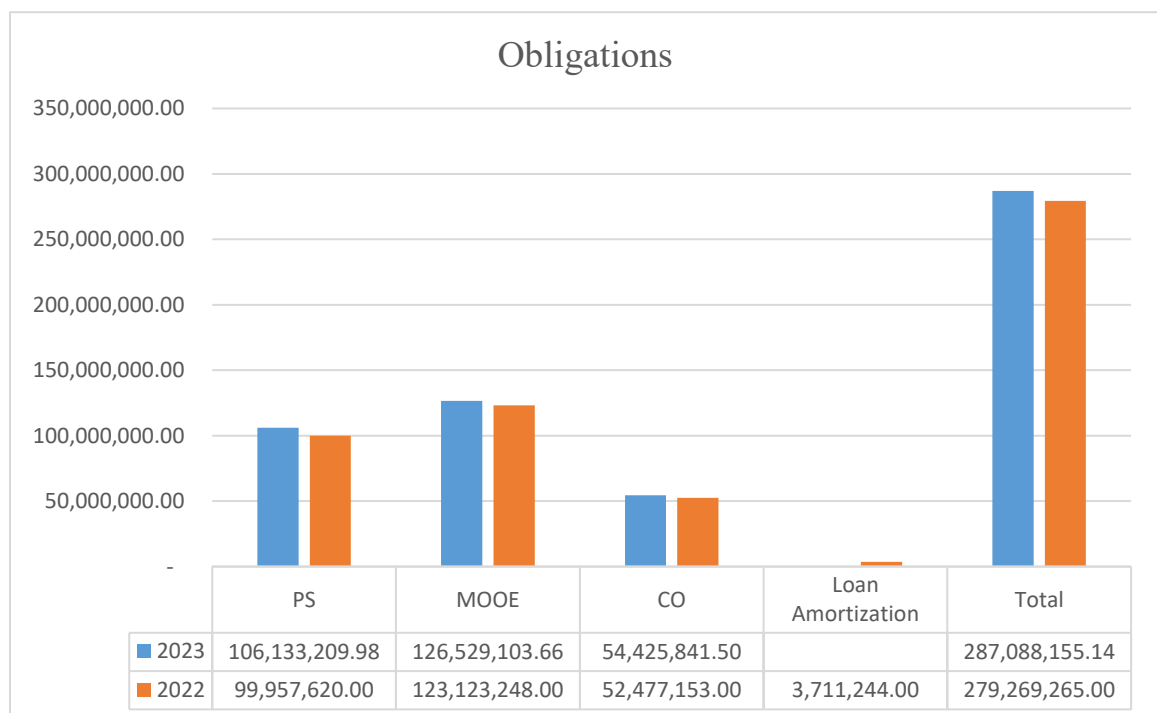
The following graph also illustrates the changes in appropriation and obligations during the year which shows an increase in CY 2023 appropriations and increase of obligations in comparison to CY 2022 data.



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/Improvement Widening at Brgy. Tingib, B.S.
37	Road Construction/Improvement Widening at Brgy. Bulao, B.S.
38	Improvement/Upgrading of Tinaogan-Amandaychan Road at Basey, Samar
39	Improvement/Upgrading of Binungtuan-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.

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PART I

AUDITED FINANCIAL STATEMENTS



REPUBLIC OF THE PHILIPPINES
COMMISSION ON AUDIT
REGIONAL OFFICE NO. VIII
PROVINCE OF SAMAR
PROVINCIAL SATELLITE AUDITING OFFICE
Catbalogan City, Samar

INDEPENDENT AUDITOR'S REPORT

Hon. LUZ CHU-PONFERRADA

Mayor

Municipality of Basey

Province of Samar

Qualified Opinion

We have audited the accompanying financial statements of the Municipality of Basey, Province of Samar which comprise the Statement of Financial Position as of December 31, 2023 and the Statement of Financial Performance, Statement of Changes in Net Asset/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 and other explanatory information.

In our opinion, except for the effects of the matters described in the *Bases for Qualified Opinion* paragraph, the accompanying financial statements present fairly, in all material respects, the financial position of the Municipality of Basey, Samar, as at December 31, 2023, and its financial performance, its cash flows and its comparison of budget and actual amounts for the year then ended in accordance with International Public Sector Accounting Standards (IPSASs).

Bases for Qualified Opinion

As discussed in Part II of this Report, the existence, completeness, accuracy and valuation, and presentation and disclosure of the balances of the accounts affected were not established due to:

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, thus resulting in its understatement amounting to ₱532,437.81 owing to the unadjusted recording of cancelled checks;
2. Deficiencies were observed in the accounting of 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 of some PPEs;
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;

4. Eighteen (18) completed projects totaling ₱53,943,142.70 were not reclassified from Construction in Progress (CIP) Account to the appropriate asset account, 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.

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

Key Audit Matters

Except for the matters described in the *Bases 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 these financial statements in accordance with IPSASs, and for such internal control as management determines is necessary to enable the preparation of the financial statements that are free from material misstatement, whether due to fraud or error.

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

Auditor's Responsibilities for the Audit of Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free of material misstatements, 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 ISSAIs will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements

COMMISSION ON AUDIT

By:


VANESSA ANN CRISTIN C. GABUTIN

State Auditor II

OIC-Audit Team Leader

March 25, 2024

LGS E – Samar Province

Provincial Satellite Auditing Office

Catbalogan City, Province of Samar



Republic of the Philippines
Province of Samar
Municipality of Basey
BASEY, SAMAR



Statement of Management Responsibility For Financial Statements

The management of the Municipality of Basey is responsible for all information and representations contained in the accompanying Statement of Financial Position as of DECEMBER 31, 2023 and the related Statement of Financial Performance, Statement of Cash Flows, Statement of Comparison of Budget and Actual Amounts, Statement of Changes in Net Assets/Equity and the Notes to Financial Statements for the period then ended. The financial statements have been prepared in conformity with the Philippine Public Sector Accounting Standards and generally accepted state accounting principles, and reflect amounts that are based on the best estimates and informed judgment of management with an appropriate consideration to materiality.

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


IVAN KIM T. TALBO, CPA
Municipal Accountant

Date signed


HON. LUZ CHU PONFERRADA
Municipal Mayor

Date signed



Republic of the Philippines
MUNICIPALITY OF BASEY
Province of Samar
COMBINED STATEMENT OF FINANCIAL POSITION
 As of December 31, 2023
(With Comparative Figures for CY 2022)

	NOTE	2023	2022
ASSETS			
<i>CURRENT ASSETS</i>			
Cash	4	222,979,149.84	325,210,046.48
Investments	5	1,600.00	1,600.00
Receivables	6	117,914,374.66	80,711,596.17
Inventories	7	11,742,442.39	11,546,442.39
Prepayments and Deferred Charges	8	9,409,531.37	6,182,685.63
Total Current Assets		362,047,098.26	423,652,370.67
<i>NON-CURRENT ASSETS</i>			
Investments		-	-
Receivables		-	-
Investment Property		-	-
Property, Plant and Equipment	9	739,859,351.64	580,038,461.55
Biological Assets	10	3,417,063.50	3,417,063.50
Intangible Assets		-	-
Total Non-Current Assets		743,276,415.14	583,455,525.05
TOTAL ASSETS		1,105,323,513.40	1,007,107,895.72
LIABILITIES			
<i>CURRENT LIABILITIES</i>			
	11		
Financial Liabilities		19,010,630.08	19,010,630.08
Inter-Agency Payables		204,370,102.36	204,370,102.36
Intra-Agency Payables		2,503,602.07	2,503,602.07
Trust Liabilities		14,728,736.32	14,728,736.32
Total Current Liabilities		240,613,070.83	240,613,070.83
<i>NON-CURRENT LIABILITIES</i>			
	12		
Financial Liabilities		-	-
Deferred Credits/Unearned Income		56,602,851.01	34,325,627.69
Provisions		-	-
Other Payables		2,057,226.06	1,665,106.84
Total Non-Current Liabilities		58,660,077.07	35,990,734.53
TOTAL LIABILITIES		315,907,664.83	276,603,805.36
EQUITY		789,415,848.57	730,504,090.36
TOTAL LIABILITIES AND EQUITY		1,105,323,513.40	1,007,107,895.72



Republic of the Philippines
MUNICIPALITY OF BASEY
Province of Samar

COMBINED STATEMENT OF FINANCIAL PERFORMANCE

For the Year Ended December 31, 2023

(With Comparative Figures for CY 2022)

		2023	2022
REVENUE			
Tax Revenue	13	3,440,115.01	3,360,572.52
Share from Internal Revenue Collections		288,966,942.00	338,106,297.00
Service and Business Income	14	6,424,367.60	7,429,725.40
Shares, Grants and Donations	16	223,734.54	292,186.41
TOTAL REVENUE		299,055,159.15	349,188,781.33
CURRENT OPERATING EXPENSES			
Personnel Services	17	108,623,423.59	99,840,099.49
Maintenance and Other Operating Expenses	18-23	134,222,953.26	119,483,115.05
Financial Expenses	24	-	474,126.50
Non-Cash Expenses	25	7,189,935.95	32,131,099.73
TOTAL CURRENT OPERATING EXPENSES		250,036,312.80	251,928,440.77
SURPLUS (DEFICIT) FROM OPERATIONS		49,018,846.35	97,260,340.56
Add: Transfers, Assistance and Subsidy From	15	9,750,141.43	3,461,592.54
Deduct: Transfers, Assistance and Subsidy To			
SURPLUS (DEFICIT) FOR THE PERIOD		58,768,987.78	100,721,933.10



Republic of the Philippines
MUNICIPALITY OF BASEY
Province of Samar

COMBINED STATEMENT OF CASH FLOWS

For the Year Ended December 31, 2023

(With Comparative Figures for CY 2022)

	2023	2022
Cash Flows from Operating Activities		
Cash Inflows		
Collection from taxpayers	5,026,437.57	4,829,748.66
Share from Internal Revenue Allotment	288,966,942.00	338,106,297.00
Receipts from business/service income	6,540,433.94	6,574,950.78
Interest Income	121,845.95	111,910.83
Dividend Income	-	-
Grants	41,464,350.66	106,442,682.80
Other Receipts	15,956,013.48	89,806,517.41
Total Cash Inflows	358,076,023.60	545,872,107.48
Cash Outflows		
Payment of expenses	40,057,705.64	16,580,522.01
Payments to suppliers and creditors	71,741,267.19	60,322,179.12
Payments to employees	109,479,867.19	99,983,553.12
Interest Expense	-	474,126.50
Other Expenses	100,059,461.22	182,856,062.88
Total Cash Outflows	321,338,301.24	360,216,443.63
Net Cash Flows from Operating Activities	36,737,722.36	185,655,663.85
Cash Flows from Investing Activities		
Cash Inflows		
Proceeds from Sale of Investment Property	-	-
Proceeds from Sale/Disposal of Property, Plant and Equipment	-	-
Proceeds from Sale of Non-Current Investments	-	-
Collection of Principal on loans to other entities	-	-
Total Cash Inflows	-	-
Cash Outflows		
Purchase/Construction of Investment Property	-	-
Purchase/Construction of Property, Plant and Equipment	138,968,619.00	63,361,537.91
Investment	-	-
Purchase of Bearer Biological Assets	-	-
Purchase of Intangible Assets	-	-
Grant of Loans	-	-
Total Cash Outflows	138,968,619.00	63,361,537.91



Republic of the Philippines
MUNICIPALITY OF BASEY
Province of Samar

COMBINED STATEMENT OF CASH FLOWS

For the Year Ended December 31, 2023

(With Comparative Figures for CY 2022)

	2023	2022
Cash Flows from Financing Activities		
Cash Inflows		
Proceeds from Issuance of Bonds	-	-
Proceeds from Loans	-	-
Total Cash Inflows	-	-
Cash Outflows		
Payment of Long-Term Liabilities	-	-
Retirement/Redemption of debt securities	-	-
Payment of loan amortization	-	3,569,456.00
Total Cash Outflows	-	3,569,456.80
Net Cash Flows from Financing Activities	-	(3,569,456.80)
Total Cash Provided by Operating, Investing and Financing Activities	(102,230,896.64)	118,724,669.14
Add: Cash at the Beginning of the Year	325,210,046.48	206,485,377.34
Cash Balance at the End of the Year	222,979,149.84	325,210,046.48



Republic of the Philippines
MUNICIPALITY OF BASEY
Province of Samar

COMBINED STATEMENT OF CHANGES IN NET ASSETS/EQUITY

For the Year Ended December 31, 2023

(With Comparative Figures for CY 2022)

	2023	2022
Balance at January 1	730,504,090.36	643,909,472.29
Add (Deduct):		
Change in Accounting Policy	-	-
Prior Period Errors	142,770.43	(14,127,315.03)
Restated Balance	730,646,860.79	629,782,157.26
Add (Deduct) Changes in net assets/equity during the year		
Adjustment of net revenue recognized directly in net assets/equity	-	-
Surplus (Deficit) for the period	58,768,987.78	100,721,933.10
Total changes during the year	58,768,987.78	100,721,933.10
Balance at December 31	789,415,848.57	730,504,090.36



Republic of the Philippines
 Province of Samar
Municipality of Basey
Statement of Comparison of Budget and Actual Amounts
 For the Year Ended December 31, 2023

Particulars	Budgeted Amount		Difference Original and Final Budget	Actual Amounts	Difference Final Budget and Actual
	Original	Final			
Revenue					
1. Local Sources					
1. Tax Revenue					
a. Tax Revenue- Property	500,000.00	500,000.00	0.00	1,092,706.14	592,706.14
b. Tax Revenue – Goods and Services	2,350,000.00	2,350,000.00	0.00	1,887,818.30	(462,181.70)
c. Other Local Taxes	530,000.00	530,000.00		459,590.57	(70,409.43)
Total Tax Revenue	3,380,000.00	3,380,000.00	0.00	3,440,115.01	60,115.01
2. Non-Tax Revenue					
a. Service Income	2,320,000.00	2,320,000.00	0.00	5,490,298.94	3,170,298.94
b. Business Income	2,550,000.00	2,550,000.00	0.00	934,068.66	(1,615,931.34)
c. Other Income and Receipts			0.00	9,973,875.97	9,973,875.97
Total Non-Tax Revenue	4,870,000.00	4,870,000.00	0.00	16,398,243.57	11,528,243.57
Total Revenue from Local Sources					
B. External Sources					
1. Share from the National Tax Allocation (NTA)	289,182,649.00	289,182,649.00	0.00	288,966,942.00	(215,707.00)
2. Other Receipts					
a. Grants and Donations					
Total Revenue from External Sources	289,182,649.00	289,182,649.00	0.00	288,966,942.00	(215,707.00)
Total Revenues and Receipts	297,432,649.00	297,432,649.00	0.00	308,805,300.58	11,372,651.58
Expenditures					
General Public Services					
Personnel Services	64,460,937.83	64,041,006.36	419,931.47	62,434,711.56	1,606,294.80
Maintenance and Other Operating Expenses	81,682,171.46	98,948,743.78	(17,266,572.32)	96,809,056.84	2,139,686.94
Capital Outlay	7,597,660.00	122,497,660.00	(114,900,000.00)	8,784,611.66	113,713,048.34
Education					
Personnel Services	0.00	0.00	0.00	0.00	0.00
Maintenance and Other Operating Expenses	0.00	0.00	0.00	0.00	0.00
Capital Outlay	0.00	0.00	0.00	0.00	0.00

Particulars	Budgeted Amount		Difference Original and Final Budget	Actual Amounts	Difference Final Budget and Actual
	Original	Final			
Health, Nutrition and Population Control					
Personnel Services	13,941,153.93	12,369,011.01	1,572,142.92	12,181,061.37	187,949.64
Maintenance and Other Operating Expenses	7,070,000.00	6,740,242.30	329,757.70	6,521,885.05	218,357.25
Capital Outlay	280,000.00	280,000.00	-	163,396.00	116,604.00
Labor and Employment					
Personnel Services	0.00	0.00	0.00	0.00	0.00
Maintenance and Other Operating Expenses	0.00	0.00	0.00	0.00	0.00
Capital Outlay	0.00	0.00	0.00	0.00	0.00
Housing and Community Development					
Personnel Services	0.00	0.00	0.00	0.00	0.00
Maintenance and Other Operating Expenses	0.00	0.00	0.00	0.00	0.00
Capital Outlay	0.00	0.00	0.00	0.00	0.00
Social Services and Social Welfare					
Personnel Services	13,829,737.78	14,224,977.93	(395,240.15)	12,591,574.48	1,633,403.45
Maintenance and Other Operating Expenses	6,395,000.00	6,202,000.00	193,000.00	5,857,182.97	344,817.03
Capital Outlay	480,000.00	480,000.00	-	363,170.00	116,830.00
Economic Services					
Personnel Services	19,209,599.26	19,292,100.20	(82,500.94)	18,192,842.57	1,099,257.63
Maintenance and Other Operating Expenses	5,696,900.00	5,526,900.00	170,000.00	5,046,110.82	480,789.18
Capital Outlay	1,005,000.00	1,005,000.00	-	517,136.83	487,863.17
Other Purposes:					
Financial Expenses	0.00	0.00	0.00	0.00	0.00
Amortization	0.00	0.00	0.00	0.00	0.00
LDRRMF					
Maintenance and Other Operating Expenses	14,871,632.45	14,871,632.45	0.00	10,609,781.98	4,261,850.47
Capital Outlay	0.00	0.00	0.00	0.00	0.00
20% Development Fund					
Maintenance and Other Operating Expenses	1,000,000.00	1,000,000.00	0.00	1,000,000.00	0.00
Capital Outlay	56,836,529.80	56,836,529.80	0.00	44,302,683.01	12,533,846.79
Share from National Wealth					
Maintenance and Other Operating Expenses	0.00	0.00	0.00	0.00	0.00
Capital Outlay	0.00	0.00	0.00	0.00	0.00

Particulars	Budgeted Amount		Difference Original and Final Budget	Actual Amounts	Difference Final Budget and Actual
	Original	Final			
Allocation for Senior Citizens and PWD					
Personnel Services	900,000.00	800,000.00	100,000.00	733,020.00	66,980.00
Maintenance and Other Operating Expenses	1,757,350.45	824,186.13	933,164.32	685,086.00	139,100.13
Capital Outlay	316,976.04	316,976.04	-	294,844.00	22,132.04
Others					
Personnel Services	0.00	0.00	0.00	0.00	0.00
Maintenance and Other Operating Expenses	102,000.00	102,000.00	0.00	0.00	102,000.00
Capital Outlay	0.00	0.00	0.00	0.00	0.00
Continuing Appropriations (Capital Outlay)					
General Public Services	0.00	0.00	0.00	0.00	0.00
Education	0.00	0.00	0.00	0.00	0.00
Health, Nutrition and Population Control	0.00	0.00	0.00	0.00	0.00
Labor and Employment	0.00	0.00	0.00	0.00	0.00
Housing and Community Development	0.00	0.00	0.00	0.00	0.00
Social Services and Social Welfare	0.00	0.00	0.00	0.00	0.00
Economic Services	0.00	0.00	0.00	0.00	0.00
LDRRMF	0.00	0.00	0.00	0.00	0.00
20% Development Fund	0.00	0.00	0.00	0.00	0.00
Total Appropriations	297,432,649.00	426,358,966.00	(128,926,317.00)	287,088,155.14	139,270,810.86
Surplus (Deficit) for the period	0.00	0.00	0.00	21,717,145.44	



Republic of the Philippines
Municipality of Basey
Province of Samar

NOTES TO COMBINED FINANCIAL STATEMENTS

Note I – Profile

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 1st class municipality.

The Municipality serves primarily as general-purpose government for the delivery of basic regular and direct services and effective governance of the constituents within its territorial jurisdiction.

Note 2 – The combined financial statements of the LGU have been prepared in accordance with and in compliance with the Philippine Public Sector Accounting Standards (PPSAS). The combined financial statements are presented in pesos, which is the functional and reporting currency of the Republic of the Philippines. The accounting policies of the PPSAS has been applied starting in the year 2015.

Note 3 – Summary of significant accounting policies

3.1 Basis of accounting

The combined financial statements are prepared on an accrual basis in accordance with the Philippine Public Sector Accounting Standards (PPSAS).

3.2 Revenue recognition

Revenue from non-exchange transactions

Taxes, fees and fines

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 revenue from rendering of services by reference to the stage of completion when the outcome of the transaction can be estimated reliably. The stage of completion is measured by reference to labor hours incurred to date as a percentage of total estimated labor hours.

Where the contract outcome cannot be measured reliably, revenue is recognized only to the extent the expenses incurred.

Interest income

Interest income is accrued using the effective yield method. 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 of each period.

3.3 Property, Plant and Equipment

All property, plant and equipment are stated at cost less accumulated depreciation and impairment losses. Cost includes expenditure that is directly attributable to the acquisition of 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 useful life of the asset.

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

The assets' residual values and useful lives are reviewed, and adjusted prospectively, if appropriate, at the end of each reporting period. An asset's carrying amount is written down immediately to its recoverable amount, or recoverable service amount, if the asset's carrying amount is greater than its estimated recoverable amount or recoverable service amount. The LGU derecognizes items of property, plant and equipment and/or any significant part of an asset upon disposal or when no future economic benefits or service potential is expected from its continuing use. Any gain or loss arising on derecognition of the asset (calculated as the difference between the net disposal proceeds and the carrying amount of the asset) is included in the surplus or deficit when the asset is derecognized.

3.4 Impairment of non-financial assets

Impairment of cash-generating assets

At each reporting date, the LGU assesses whether there is an indication that an asset may be impaired. If any indication exists, or when annual impairment testing for an asset is required, the LGU estimates the asset's recoverable amount. An asset's recoverable amount is the higher of an asset's or cash-generating unit's fair value less costs to sell and its value in use and is determined for an individual asset, unless the asset does not generate cash inflows that are largely independent of those from other assets or groups of assets.

Where the carrying amount of an asset or the cash-generating unit (CGU) exceeds its recoverable amount, the asset is considered impaired and is written down to its recoverable amount. In assessing value in use, the estimated future cash flows are discounted to their present value using a discount rate that reflects current market assessments of the time value of money and the risks specific to the asset. In determining fair value less costs to sell, recent market transactions are taken into account, if available. If no such transactions can be identified, an appropriate valuation model is used.

Impairment losses of continuing operations, including impairment on inventories, are recognized in the statement of financial performance in those expense categories consistent with the nature of the impaired asset.

For assets, an assessment is made at each reporting date as to whether there is any indication that previously recognized impairment losses may no longer exist or may have decreased. If such indication exists, the LGU estimates the asset's or cash-generating unit's recoverable amount. A previously recognized

impairment loss is reversed only if there has been a change in the assumptions used to determine the asset's recoverable amount since the last impairment loss was recognized. The reversal is limited so that the carrying amount of the asset does not exceed its recoverable amount, nor exceed the carrying amount that would have been determined, net of depreciation, had no impairment loss been recognized for the asset in prior years. Such reversal is recognized in surplus or deficit.

Impairment of non-cash-generating assets

The LGU assesses at each reporting date whether there is an indication that a non-cash-generating asset may be impaired. If any indication exists, or when annual impairment testing for an asset is required, the LGU estimates the asset's recoverable service amount. An asset's recoverable service amount is the higher of the non-cash generating asset's fair value less costs to sell and its value in use.

Where the carrying amount of an asset exceeds its recoverable service amount, the asset is considered impaired and is written down to its recoverable service amount.

In assessing value in use, the LGU has adopted the depreciation replacement cost approach. Under this approach, the present value of the remaining service potential of an asset is determined as the depreciated replacement cost of the asset. The depreciated replacement cost is measured as the reproduction or replacement cost of the asset, whichever is lower, less accumulated depreciation calculated on the basis of such cost, to reflect the already consumed or expired service potential of the asset. In determining fair value less costs to sell, the price of the assets in a binding agreement in an arm's length transaction, adjusted for incremental costs that would be directly attributed to the disposal of the asset is used. If there is no binding agreement, but the asset is traded on an active market, fair value less cost to sell is the asset's market price less cost of disposal. If there is no binding sale agreement or active market for an asset, the LGU determines fair value less cost to sell based on the best available information.

For each asset, an assessment is made at each reporting date as to whether there is any indication that previously recognized impairment losses may no longer exist or may have decreased. If such indication exists, the LGU estimates the asset's recoverable service amount. A previously recognized impairment loss is reversed only if there has been a change in the assumptions used to determine the asset's recoverable service amount since the last impairment loss was recognized. The reversal is limited so that the carrying amount of the asset does not exceed its recoverable service amount, nor exceed the carrying amount that would have been determined, net of depreciation, had no

impairment loss been recognized for the asset in prior years. Such reversal is recognized in surplus or deficit.

3.5 Cash and cash equivalents

Cash and cash equivalents comprise cash on hand and cash at bank, deposits on call and highly liquid investments with an original maturity of three months or less, which are readily convertible to known amounts of cash and are 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, net of outstanding bank overdrafts.

3.6 Inventories

Inventory is measured at cost upon initial recognition. To the extent that inventory was received through non-exchange transactions (for no cost or for a nominal cost), the cost of the inventory is its fair value at the date of acquisition.

Costs incurred in bringing each product to its present location and condition are accounted for, as follows:

- a) Raw materials: purchase cost using the weighted average cost method;
- b) Finished goods and work in progress: cost of direct materials and labor and a proportion of manufacturing overheads based on the normal operating capacity, but excluding borrowing costs.

After initial recognition, inventory is measured at the lower of cost and net realizable value. However, to the extent that a class of inventory is distributed or deployed at no charge or for a nominal charge, that class of inventory is measured at the lower of cost and current replacement cost.

Net realizable value is the estimated selling price in the ordinary course of operations, less the estimated costs of completion and the estimated costs necessary to make the sale, exchange, or distribution. Inventories are recognized as an expense when deployed for utilization or consumption in the ordinary course of operations of the LGU.

3.7 Provisions

Provisions are recognized when the LGU has a present obligation (legal or constructive) as a result of a past event, it is probable that an outflow of resources embodying economic benefits or service potential will be required to settle the obligation and a reliable estimate can be made of the amount of the obligation.

Where the LGU expects some or all of a provision to be reimbursed, for example, under an insurance contract, the reimbursement is recognized as a separate asset only when the reimbursement is virtually certain.

The expense relating to any provision is presented in the statement of financial performance net of any reimbursement.

Rehabilitation liability

Rehabilitation costs are provided at the present value of expected costs to settle the obligation using estimated cash flows and are recognized as part of the cost of that particular asset. The cash flows are discounted at a current rate that reflects the risks specific to the rehabilitation liability. The unwinding of the discount is expensed as incurred and recognized in the statement of financial performance as a finance cost. The estimated future costs of decommissioning are reviewed annually and adjusted as appropriate. Changes in the estimated future costs or in the discount rate applied are added to or deducted from the cost of the asset.

Contingent liabilities

The LGU does not recognize a contingent liability, but discloses details of any contingencies in the notes to the financial statements, unless the possibility of an outflow of resources embodying economic benefits or service potential is remote.

Contingent assets

The LGU does not recognize a contingent asset, but discloses details of a possible asset whose existence is contingent on the occurrence or non-occurrence of one or more uncertain future events not wholly within the control of the LGU in the notes to the financial statements. Contingent assets are assessed continually to ensure that developments are appropriately reflected in the financial statements. If it has become virtually certain that an inflow of economic benefits or service potential will arise and the asset's value can be measured reliably, the asset and the related revenue are recognized in the financial statements of the period in which the change occurs.

3.8 Changes in accounting policies and estimates

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

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

3.9 Borrowing costs

Borrowing costs are capitalized against qualifying assets as part of property, plant and equipment. Such borrowing costs are capitalized over the period during which the asset is being acquired or constructed and borrowings have been incurred. Capitalization ceases when construction of the asset is complete. Further, borrowing costs are charged to the statement of financial performance.

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 Governor, Mayors, Vice-Governors and Vice-Mayors, Sanggunian Members, Committee Officials and Members, Accountants, Treasurers, Budget Officers, General Services and all Chiefs of Departments/Divisions.

3.11 Budget Information

The annual budget is prepared on the 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. Explanatory comments are provided in the notes to the annual financial statements; first the reasons for overall growth or decline in the budget are stated, followed by details of overspending or underspending on line items.

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.

Estimates and assumptions

The key assumptions concerning the future and other key sources of estimation uncertainty at the reporting date, that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year, are described below. The LGU based its assumptions and estimates on parameters available when the consolidated

financial statements were prepared. However, existing circumstances and assumptions about future developments may change due to market changes or circumstances arising beyond the control of the LGU. Such changes are reflected in the assumptions when they occur.

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

Note 4 – Cash and Cash Equivalents

Account	2023	2022
Cash – Local Treasury	219,734.60	22,926.95
Petty Cash	9,000.00	0.00
Cash in Bank – Local Currency Current Account	222,750,415.24	325,187,119.53
Total	222,979,149.84	325,210,046.48

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.

Note 5 – Investments

Account	2023	2022
<i>Financial Assets- Others</i>		
Guaranty Deposits	1,600.00	1,600.00
Total	1,600.00	1,600.00

Note 6 – Receivables

Account	2023	2022
<i>Loans & Receivable Accounts</i>		
Accounts Receivable	2,232,400.00	2,444,400.00
Real Property Tax Receivable	28,848,904.38	17,710,292.72
Special Education Tax Receivable	27,739,176.59	16,600,564.93
Loans Receivable – others	5,854,785.83	5,854,785.83
Subtotal	64,675,266.80	42,610,043.48
<i>Inter-Agency Receivables</i>		
Due from National Government Agencies	237,405.02	237,405.02
Due from Local Government Units	538,078.10	538,078.10
Subtotal	775,483.12	775,483.12
<i>Intra-Agency Receivables</i>		
Due from Other Funds	10,369,309.50	10,369,309.50
Subtotal	10,369,309.50	10,369,309.50
<i>Advances</i>		
Advances for Payroll	32,410,722.15	19,148,216.14
Advances to Special Disbursing Officer	2,028,047.07	2,028,047.07
Advances for Officers and Employees	5,824,989.52	3,949,940.36
Subtotal	40,263,758.74	25,126,203.57
<i>Other Receivables</i>		
Receivables – Disallowances/ Charges	78,158.43	78,158.43
Due from Officers and Employees	1,317,829.14	1,317,829.14
Other Receivables	434,568.93	434,568.93
Subtotal	1,830,556.50	1,830,556.50
Total	117,891,214.66	80,711,596.17

The Due from Officers and employees includes the undeposited collection of the previous Municipal Treasurer.

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

Note 7 – Inventories

Account	2023	2022
Office Supplies Inventory		
Food Supplies for Distribution	6,144,235.80	5,948,235.80
Welfare Goods for Distribution	648,223.00	648,223.00
Drugs and Medicines for Distribution	4,628,621.09	4,628,621.09
Accountable Forms, Plates and Stickers	18,380.00	18,380.00
Drugs and Medicines Inventory	68,252.50	68,252.50
Medical Dental and Laboratory Supplies Inventory	234,730.00	234,730.00
Total	11,742,442.39	11,546,442.39

Note 8 – Prepayments and Deferred Charges

Account	2023	2022
Advances to Contractors	8,919,637.68	4,709,947.12
Prepaid Registration	33,017.21	33,017.21
Prepaid Insurance	456,876.48	1,439,721.30
Total	9,409,531.37	6,182,685.63

Note 9 – Property, Plant and Equipment

Account	2023	2022
<i>Land and Land Improvements</i>		
Land	18,889,345.27	17,959,345.27
Other Land Improvements	2,383,652.60	1,908,164.30
Subtotal	21,272,997.87	19,867,509.57
<i>Infrastructure Assets</i>		
Road Networks	292,324,790.69	266,751,539.40
Flood Control Systems	12,170,154.63	11,327,770.25
Water Supply Systems	10,323,034.56	9,193,037.68
Power Supply Systems	5,909,669.60	5,981,944.88
Seaport Systems	11,572,626.10	7,067,810.67
Parks, Plazas and Monuments	17,052,711.45	16,079,432.40
Other Infrastructure Assets	1,929,262.39	562,091.96
Subtotal	351,282,249.42	316,963,627.24
<i>Buildings and Structures</i>		
Buildings	129,444,674.66	109,136,847.09
Markets	110,326.51	142,099.15
Slaughterhouses	48,971.15	48,971.15
Other Structures	45,514,298.17	37,992,014.68
Subtotal	175,118,270.49	147,319,932.07
<i>Machinery and Equipment</i>		
Machinery	(75,051.92)	(75,051.92)

Account	2023	2022
Office Equipment	(1,577,414.98)	(1,897,892.31)
Information and Communication Technology Equipment	6,720,402.56	5,744,283.74
Agricultural and Forestry Equipment	13,926,113.69	11,752,113.69
Communication Equipment	(8,288.87)	(8,288.87)
Construction and Heavy Equipment	1,973,333.90	2,306,198.90
Disaster Response and Rescue Equipment	2,409,725.34	2,111,969.08
Medical Equipment	548,317.03	548,317.03
Technical and Scientific Equipment	(1,768.46)	(1,768.46)
Other Machinery and Equipment	466,570.85	72,970.85
Subtotal	24,381,939.14	20,552,851.73
<i>Transportation Equipment</i>		
Motor Vehicles	32,232,495.06	28,437,495.06
Watercrafts	448,071.42	448,071.42
Other Transportation Equipment	1,858,041.78	3,024,414.06
Subtotal	34,538,608.26	31,909,980.54
<i>Furniture, Fixture and Books</i>		
Furniture and Fixtures	4,920,805.70	4,836,914.92
Subtotal	4,920,805.70	4,836,914.92
<i>Construction in Progress</i>		
Construction in Progress – Infrastructure Assets	67,220,123.23	20,919,829.23
Construction in Progress- Buildings & Structures	50,075,966.56	6,577,029.88
Subtotal	117,296,089.79	27,496,859.11
<i>Other Property, Plant and Equipment</i>		
Other Property, Plant and Equipment	11,048,390.97	11,090,786.37
Subtotal	11,048,390.97	11,090,786.37
Total	739,859,351.64	580,038,461.55

Note 10 – Biological Assets

Account	2023	2022
Breeding Stocks	3,417,063.50	3,417,063.50
Total	3,417,063.50	3,417,063.50

Note 11 – Current Liabilities

Account	2023	2022
<i>Financial Liabilities</i>		
Accounts Payable	23,221,516.45	18,982,472.08
Due to Officers and Employees	1,357,408.32	
Loans Payable- Domestic (Current)		0.00

Account	2023	2022
Subtotal	24,578,924.77	18,982,472.08
<i>Inter-Agency Payables</i>		
Due to BIR	68,651.28	629,889.63
Due to GSIS	2,016,907.37	1,600,707.78
Due to PAG-IBIG	555,900.13	574,808.74
Due to Philhealth	(121,062.52)	49,014.55
Due to NGAs	193,671,885.74	191,228,160.03
Due to GOCCs	1,203,628.58	2,048,428.27
Due to LGUs	7,737,886.53	8,239,093.36
Subtotal	205,133,797.11	204,370,102.36
<i>Intra-Agency Payables</i>		
Due to other Funds	2,353,970.27	2,353,970.27
Due to Special Accounts	67,740.25	67,740.25
Due to Economic Enterprises	81,891.55	81,891.55
Subtotal	2,503,602.07	2,503,602.07
<i>Trust Liabilities</i>		
Trust Liabilities	3,505,179.76	2,365,258.55
Trust Liabilities– Disaster Risk Reduction Management Fund	17,137,436.06	9,839,862.75
Guaranty/Security Deposits Payable	4,388,647.99	2,523,615.02
Subtotal	25,031,263.81	14,728,736.32
Total	257,198,287.76	240,584,912.83

Note 12 – Non-Current Liabilities

Account	2023	2022
Loans Payable- Domestic (Non-current)		
Deferred Real Property Tax	28,863,674.43	34,325,627.69
Deferred Special Education Tax	27,739,176.58	
Other Payables	2,057,226.06	1,665,106.84
Total	58,660,077.07	35,990,734.53

Note 13 – Tax Revenue

Account	2023	2022
<i>Tax Revenue-Individual and Corporation</i>		
Community Tax	399,078.81	413,449.89
<i>Tax Revenue - Property</i>		
Real Property Tax Basic	403,164.06	373,373.91
Discount on RPT	(25,251.56)	(19,286.78)
Special Education tax	503,955.07	474,002.29
Discount on SEF	(31,564.45)	(24,371.00)
<i>Tax Revenue – Goods and Services</i>		

Business Tax	1,887,818.30	1,847,483.78
<i>Tax Revenue – Fines and Penalties</i>		
Fines and Penalties- Taxes on Individual and Corporation	17,206.85	10,712.60
Fines and Penalties-Property Taxes	242,403.02	278,737.32
Fines and Penalties- Other Taxes	43,304.91	6,470.50
Total Tax Revenue	3,440,115.01	3,360,572.51
<i>Share from National Taxes</i>		
Share from Internal Revenue Collections (IRA)	288,966,942.00	338,106,297.00
Total	292,407,057.01	341,466,869.51

Note 14 – Service and Business Income

Account	2023	2022
<i>Service Income</i>		
Permit Fees	1,084,381.30	901,241.70
Registration Fees	974,370.00	1,048,214.00
Registration Plates, Tags and stickers Fees	140,300.00	188,198.00
Clearance and Certification Fees	1,363,627.17	1,021,467.90
Inspection Fees	8,600.00	6,450.00
Processing Fees	32,281.34	531,300.23
Fishery Rental Fees	1,582,920.00	1,489,100.00
Fines and Penalties – Service Income	120,659.13	4,800.00
Other Service Income	183,160.00	154,025.75
<i>Business Income</i>		
Rent Income	114,962.00	102,894.70
Receipt from Market Operations		
Receipt from Slaughterhouse Operation	77,040.00	4,225.00
Sales Revenue		
Garbage Fees	170,173.50	131,510.00
Interest Income	114,933.66	109,087.88
Fines & Penalties- Business Income	809.50	21,870.25
Other Business Income	456,150.00	1,715,339.99
Total	6,424,367.60	7,429,725.40

Note 15 – Transfers, Assistance and Subsidy

Account	2023	2022
Subsidy from Other Funds	9,750,141.43	3,461,592.54
Transfer from General Fund as Project Equity Share		
Total	9,750,141.43	3,461,592.54

Note 16– Shares, Grants and Donations

Account	2023	2022
<i>Share</i>		
Share from PCSO	168,734.54	278,786.41
<i>Grants and Donations</i>		
Grants and Donations in Cash	40,000.00	0.00
Miscellaneous Income	15,000.00	13,400.00
Total	223,734.54	292,186.41

Note 17– Employee Cost

Account	2023	2022
<i>Personnel Services</i>		
Salaries and Wages-Regular	60,463,668.41	55,501,550.28
<i>Other Compensation</i>		
Personnel Economic Relief Allowance	3,804,298.59	3,536,908.94
Representation allowance (RA)	2,531,250.00	2,283,750.00
Transportation Allowance (TA)	2,531,250.00	2,283,750.00
Clothing /Uniform Allowance	966,000.00	108,000.00
Subsistence Allowance	401,249.90	408,750.00
Laundry Allowance	25,562.40	26,562.50
Productivity Incentive allowance	799,500.00	746,000.00
Honoraria	2,760,252.42	2,336,980.09
Hazard Pay	2,437,724.37	2,266,091.31
Overtime and Night Pay	696,089.73	609,434.04
Year-End Bonus	9,969,132.40	9,102,574.00
Cash Gift	788,000.00	739,250.20
Other Bonuses and Allowances	39,017.00	
<i>Personnel Benefit Contribution</i>		
Retirement and Life Insurance Premiums	6,963,377.18	6,260,017.23
PAG-IBIG Contributions	188,800.00	173,900.00
PHILHEALTH Contributions	1,119,713.31	876,085.96
Employees Compensation Insurance Premiums	188,400.00	173,700.00
<i>Other Personnel Benefit</i>		
Terminal Leave Benefits	1,622,800.04	3,259,449.96
Other Personnel Benefits	10,327,337.84	9,147,344.98
Total	108,623,423.59	99,840,099.49

Note 18 – Maintenance and Other Operating Expenses

Account	2023	2022
<i>Travelling Expenses</i>		
Traveling Expenses-Local	5,909,341.96	6,177,113.20

Account	2023	2022
<i>Training and Scholarship Expenses</i>		
Training Expenses	2,698,953.76	2,183,746.02
Scholarship Grants/Expenses	4,236,000.00	
<i>Supplies and Material Expenses</i>		
Office supplies Expenses	3,012,522.12	2,921,492.54
Accountable Forms Expenses	198,700.00	282,940.00
Food Supplies Expenses	4,322,718.60	4,303,993.50
Welfare Goods Expenses	1,944,195.00	
Drugs and Medicines Expenses	4,037,201.90	3,995,362.35
Medical, Dental and Laboratory Expenses	196,900.00	1,997,978.00
Fuel, Oil and Lubricants Expenses	5,397,803.68	8,555,092.84
Agricultural and Marine Supplies Expenses	1,870,858.00	575,634.00
Other Supplies and Materials Expenses	7,669,998.98	2,735,996.40
<i>Utility Expenses</i>		
Water Expenses	225,035.98	189,489.31
Electricity Expenses	3,716,382.59	4,580,337.63
<i>Communication Expenses</i>		
Postage and Courier Services	8,057.00	
Telephone Expenses	781,284.65	807,199.43
Internet Subscription Expenses	559,225.43	602,557.00
Total	46,785,179.65	39,908,932.22

Note 19 – Contracted Services

Account	2023	2022
<i>General Services</i>		
Environment/Sanitary Services	2,820,250.00	3,990,800.00
Janitorial Services		
Other General Services	27,418,468.81	20,629,550.00
Total	30,238,718.81	24,620,350.00

Note 20 - Repairs and Maintenance

Account	2023	2022
Repairs and Maintenance - Infrastructure Assets		47,965.00
Repairs and Maintenance - Buildings and Other Structures	1,499,272.28	2,769,639.70
Repairs and Maintenance - Machinery and Equipment	122,814.60	36,990.00
Repairs and Maintenance - Transportation Equipment	1,425,595.01	1,101,759.36

Account	2023	2022
Repairs and Maintenance- Other PPE		
Subsidy to Other Funds	30,000.00	3,511,592.54
Total	3,077,681.89	7,467,946.60

Note 21 – Transfers

Account	2023	2022
Transfers of Unspent Current Year DRRM Funds to the Trust Funds	17,047,714.74	
Transfers for Project Equity Share/ LGU Counterpart		5,912,130.63
Total	17,047,714.74	5,912,130.63

Note 22 – Taxes, Insurance Premiums and Other Fees

Account	2023	2022
Taxes, Duties and Licenses	31,339.24	29,527.17
Fidelity Bond Premiums	147,765.00	146,640.00
Insurance Expenses	2,155,956.98	482,772.72
Total	2,335,061.22	658,939.89

Note 23 – Other Maintenance and Operating Expenses

Account	2023	2022
Advertising Expenses	11,000.00	20,000.00
Printing and Publication Expenses		
Rent Expenses		
Membership Dues and Contributions to Organizations	36,000.00	138,200.00
Subscription Expenses		14,400.00
Donations	9,905,300.00	7,188,840.00
Other MOOE	24,786,296.95	33,525,217.70
Total	34,738,596.95	40,886,657.70

Note 24 – Financial Expenses

Account	2023	2022
Interest Expense		474,126.50
Total		474,126.50

Note 25 – Non-Cash Expenses

Account	2023	2022
Depreciation –Land Improvements	23,712.00	

Account	2023	2022
Depreciation- Infrastructure Assets	3,410,032.39	13,520,002.98
Depreciation -Buildings and other Structures	1,521,767.07	6,537,468.91
Depreciation -Machinery and Equipment	986,247.59	7,699,243.72
Depreciation -Transportation Equipment	1,166,372.28	3,127,534.53
Depreciation -Furniture& Fixtures	39,409.22	1,213,860.09
Depreciation-Other Property, Plant and Equipment	42,395.40	32,989.50
Total	7,189,935.95	32,131,099.73

Note 26 – LDRRMF (Local Disaster Risk Reduction Management Fund)

The LDRRMF represents the amount set aside by the LGU to support its disaster risk management activities pursuant to R.A. No. 10121 otherwise known as the "Philippines Disaster Risk Reduction and Management Act of 2010." The amount available and utilized during the year totaled P31,919,347.19 and P10,309,464.03, respectively broken down as follows.

Particulars	Amount		
	Available	Utilization	Balance
Current Year Appropriation			
Quick Response Fund (QRF)	4,461,489.74	2,769,055.00	1,692,434.74
Mitigation Fund (MF)	10,410,142.72	7,584,269.03	2,825,873.69
Special Trust Fund			
CY 2018	1,815,988.25	0.00	1,815,988.25
CY 2019	1,996,337.94	0.00	1,996,337.94
CY 2020	114,542.20	0.00	114,542.20
CY 2021	6,084,110.20	0.00	6,084,110.20
CY 2022	7,036,736.15	0.00	7,036,736.15
Grand Total	31,919,347.19	10,309,464.03	21,609,883.16

PART II

AUDIT OBSERVATIONS AND RECOMMENDATIONS

A. Financial and Compliance Audit

Non-preparation of Monthly Bank Reconciliation Statements

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 Section 74 and 111 of Presidential Decree (PD) No. 1445 and Commission on Audit (COA) Circular No. 96-001 dated October 2, 1996, thus resulting in its understatement amounting to ₱532,437.81 owing to the unadjusted erroneous recording of cancelled checks, thereby affecting the fair presentation of the financial statements.**

- 1.1 Sections 74 and 111 of PD No. 1445, provides:

Section 74. Monthly reports of depositories to agency head. At the close of each month, depositories shall report to the agency head, in such form as he may direct, the condition of the agency account standing on their books. The head of the agency shall see to it that a reconciliation is made between the balance shown in the reports and the balance found in the books of the agency.

Section 111. Keeping of accounts.

1. The accounts of an agency shall be kept in such detail as is necessary to meet the needs of the agency and at the same time be adequate to furnish the information needed by fiscal or control agencies of the government.
2. The highest standards of honesty, objectivity and consistency shall be observed in the keeping of accounts to safeguard against inaccurate or misleading information.

- 1.2 In addition, COA Circular No. 96-011 dated October 2, 1996 was likewise promulgated with the following relevant provisions:

3.0 GENERAL/POLICY GUIDELINES

X x x

- 3.2 The Local Accountant shall within ten (10) days from receipt of the Bank Statements, reconcile the same (BS)

with the General Ledgers (GL) and prepare the BRS in five (5) copies, x x x

3.3 The accountant shall draw journal vouchers to record all valid reconciling items that require adjustment and correction in the GL.

3.4 The duplicate and quadruplicate copies of the BRS including the paid checks, original copies of debit/credit memos, shall be submitted to the Auditor concerned for verification within ten (10) days for receipt after the end of each month.

1.3 The Cash in Bank - Local Currency, Current Account (CIB-LCCA) of the municipality has a balance of ₱222,750,415.24, as of year-end, details per fund as follows:

Table 1. CIB-LCCA Per Fund Balances

Fund	Amount
General	₱182,553,527.00
SEF	1,197,659.20
Trust	38,999,229.04
TOTAL	₱222,750,415.24

1.4 The municipality has 12 bank accounts composed of two (2) General Fund, one (1) SEF and nine (9) Trust Fund accounts, having a total year-end balance of P 227,794,295.91, details of bank accounts shown in Table 2.

Table 2. Bank Accounts and Balances

No.	Fund	Account Number	Account Name	Balance
1	GF	173-0000-1732101221	Basey General Fund	₱182,761,925.65
2	GF	173-0000-1732106517	Basey Housing	4,378,639.80
3	SEF	173-0000-1732102244	Basey Special Education Fund	1,422,456.83
4	TF	173-0000-1732114420	Basey Manpower Training Center (BMTC)	473,126.53
5	TF	1732107149	Basey Samar Health	44,654.81
6	TF	173-000-1732115753	Basey KALAHI CIDSS NCDDP	977,212.87
7	TF	173-000-1732107327	Basey LDRRMF	17,172,463.68

No.	Fund	Account Number	Account Name	Balance
8	TF	1732113831	Basey PHILHEALTH-HCI Charges	482,143.24
9	TF	173-0000-1732110883	Trust Fund Basey LGU	20,023,980.45
10	TF	1732107505	Basey RAY DILG FUND	31,569.12
11	TF	1732114153	Basey Inter Local Health Zone	26,122.93
12	TF	1732113718	Basey ARCP II PBGS	-
			Total	₱227,794,295.91

- 1.5 Comparison of the bank balance and the amount presented in the financial statements (FS) revealed a discrepancy of ₱5,043,880.67. The details of the discrepancy are shown below:

Table 3 *Difference of CIB-LCCA FS Balance and Bank Balance*

Fund	FS Balance	Bank Snapshot Balance	Difference
General	₱182,553,527.00	₱187,140,565.45	₱4,587,038.45
SEF	1,197,659.20	1,422,456.83	224,797.63
Trust	38,999,229.04	39,231,273.63	232,044.59
TOTAL	₱222,750,415.24	₱227,794,295.91	₱5,043,880.67

- 1.6 Perusal with the Check Disbursement Journal, revealed that 30 cancelled checks were not reverted to the CIB-LCCA as of year-end, causing its understatement of ₱532,437.81 and the overstatement of the corresponding affected expense, asset, and liability accounts, shown in Table 4, as follows:

Table 4. *Over/Understated Accounts Owing to the Failure to Adjust erroneous recording of Cancelled Checks **

Account Title	Misstatement	Amount
Cash in Bank	Understated	532,437.81
Accounts Payable	Overstated	329,621.96
Donations	Overstated	33,875.00
Office Supplies Expense	Overstated	102,692.69
Insurance Expense	Overstated	5,600.00
Prepaid Insurance	Overstated	1,828.91
Other General Expenses	Overstated	4,000.00
Other MOOE	Overstated	10,410.72
Membership Dues and Contributions to Organizations	Overstated	30,000.00
Advances for Payroll	Overstated	14,408.53

**Details are found in Appendix E*

- 1.7 Scrutiny of the Check Disbursement Journals and General Journals revealed that there were neither entries for reissuance of the cancelled checks nor entries for adjustments to revert and correct the prior entries that debited CIB-LCAA and credited the corollary expense, asset and liability accounts, thus causing misstatement to the CIB-LCAA amounting to ₱532,437.81.
- 1.8 Recording errors are reconciling items in the Bank Reconciliation Statement. These shall be adjusted upon discovery. The BRS is a basic report that should be prepared regularly to ensure that all erroneous or unrecorded deposits and disbursements are rectified so that cash accounts are presented correctly.
- 1.9 Non-reconciliation of bank balance with the book balance of CIB-LCAA, raises doubt as to the accuracy of the presentation of CIB in the financial statements. Misstatements could have been detected had there been monthly BRS prepared by the accountant.
- 1.10 Cash being the most liquid asset has the highest exposure to losses, hence effective internal control system requires that there should be a check and balance between the authority, custody of funds, and record keeping. The deficiencies noted caused understatement of cash affecting the fair presentation of the Financial Statements.
- 1.11 **We recommended, and management agreed that the Local Chief Executive require the Municipal Accountant to prepare adjusting entries to:**
 - a. **Revert back to the CIB-LCCA the cancelled check disbursements and**
 - b. **Regularly prepare Monthly Bank Reconciliation Statements.**
- 1.12 During the exit conference, the Municipal Accountant commented that not all cancelled checks needed reversion to the Cash In Bank account. However, the COA Audit Team emphasized that cancelled checks without reissuances at year-end shall be reverted back to the CIB-LCCA in order to correct the account balance. Furthermore, the Municipal Accountant committed to prepare the CY 2023 monthly BRS for the Trust Fund and Special Education Fund bank accounts, while he will try his best to prepare the BRS for the General Fund bank accounts. The COA Audit Team reiterated the significance of the BRS to the correctness of the CIB-LCAA balance.

Property, Plant, and Equipment

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.

- 2.1 Section 156 of COA Circular No. 92-386 dated October 20, 1992, provides:

The local chief executive shall require an annual physical inventory of all supplies or property of the local government as of December 31 of each year, to be conducted by office or department by a committee of three (3) consisting of the representative of the local chief executive as chairman and the general services officer, municipal treasurer, as the case may be, and the supply accountable officer of the department or office concerned, as members. The inventory report shall be submitted to the local chief executive and copy furnished the provincial, city or municipal auditor concerned.”

- 2.2 Item 2.2 of the COA Circular No. 2004-003 dated October 4, 2004, provides:

- 2.2 The current and subsequent monthly depreciation expense shall be computed as follows:

X x x

Residual Value shall be ten percent (10%) of the cost

- 2.3 Moreover, COA Circular 2020-006 dated January 31, 2020 provides:

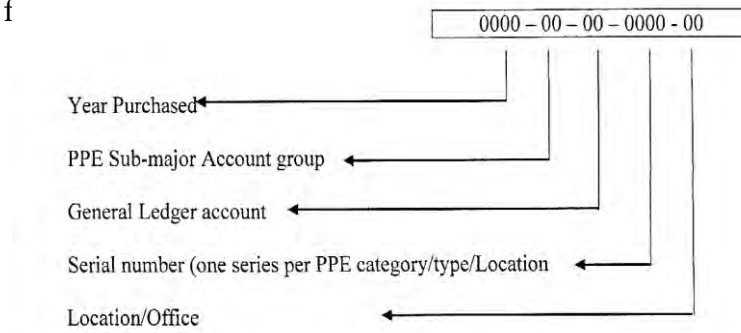
- 5.1 Each government agency shall conduct physical count of all its PPE, whether acquired through purchase or donation, including those constructed by administration and found at station.

- 5.2 The Head of the Agency shall create an Inventory Committee composed of adequate number of member to be able to complete the physical inventory in three months or less. The Inventory Committee shall have at least one member from Accounting and Property Division/Units of the agency.

X x x

- 5.6 Each government agency shall adopt a uniform property identification system for PPE where in a unique Property

Number shall be assigned for each PPE item, using the f



The codes for the PPE sub-major account group and General Ledger account correspond to those provided in the Revised Chart of Accounts prescribed under the Accounting Manuals of the respective Sector (National, Local and Corporate).

Additional digits may be used for serial number and location/office, as necessary.

5.7 For easy identification, the Property Number shall be prominently shown in the property sticker, in addition to the following vital information on the PPE item:

- a. Description of the property
- b. Model Number
- c. Serial Number
- d. Acquisition Date/ Cost
- e. Person Accountable
- f. Space for the validation/signature of the Inventory Committee

5.8 In coordination with Property Division/Unit, the Inventory Committee shall plan/ strategize on how to conduct and complete the physical inventory within the prescribed period. It shall prepare a Physical Inventory Plan (PIP) containing, at the least, the specific assignments/duties of the Committee members, the cut-of date and a schedule specifying the dates and locations of the inventory tacking activities from start up to the targeted completion of the physical inventory.

x x x

5.10 The PIP shall be approved by the Head of the Agency.

- 5.11 The Inventory Committee shall submit the approved PIP to the COA Audit Team, at least ten (10) calendar days before the scheduled start of inventory taking activities.
- 5.12 Property records shall be updated based on the results of the physical inventory and reconciled with accounting records to come up with reconciled balances of PPE accounts to be considered as the correct balance of the agency's PPE.
- 2.4 Furthermore, Section C.3, Chapter V of the Manual on Property Custodianship provides that "After the physical inventory taking, the Inventory Committee shall reconcile the results of the count with the property and accounting records. The inventory listing of supplies and materials shall be checked against the stock cards maintained by the Property and the supplies ledger cards maintained by the Accounting and finally against the control accounts. On the other hand, the inventory listing of the equipment shall be checked with the property card maintained by the Property as against the equipment ledger cards maintained by the Accounting and total therefore shall be compared with those in the general ledger."
- 2.5 IPSAS 17 on the PPE requires the systematic allocation of the depreciable amount of an asset over its useful life shall disclose among others, the useful lives or the depreciation rates used for each class of PPE, recognized in the financial statement, while Item 43, provides:
43. After recognition as an asset, an item of property, plant and equipment shall be carried at its cost less any accumulated depreciation and any accumulated impairment losses.
- 2.6 As of December 31, 2023, the combined net book value of Property Plant and Equipment (PPE) of the Municipality of Basey amounted to **₱622,563,261.85** as detailed in Table 5.

Table 5. *Detailed combined net book value of PPE as of December 31, 2023.*

PPE Account	Amount
Land	₱18,889,345.27
Land Improvements	2,383,652.60
Infrastructure Assets	351,282,249.42
Buildings and Other Structures	175,118,270.49
Machinery and Equipment	24,381,939.14
Transportation Equipment	34,607,499.92
Furniture, Fixtures and Books	4,851,914.04
Other Property, Plant and Equipment	11,048,390.97
Total	₱622,563,261.85

2.7 A review of the above-reported balances as at December 31, 2023, revealed the following deficiencies:

a. Variance of ₱620,948,128.99 between the RPCPPE and the accounting records

2.8 Physical inventory taking is essential in determining the accuracy and correctness of the PPE account recorded in the financial statements (FS). Its purpose is to validate the existence, whereabouts, conditions of the properties listed in the accounting records.

2.9 However, our comparison of RPCPPE of the Inventory Committee and the General Ledger of the Municipal Accountant revealed a substantial amount of variance totaling **₱620,948,128.99** as at December 31, 2023, The variance computation is shown in Table 6.

Table 6. PPE Balances vs. RPCPPE

Account	Amount		
	Per FS (a)	Per RPCPPE (b)	Variance (a-b)
Land	₱18,889,345.27	₱0.00	₱18,889,345.27
Other Land Improvements	2,383,652.60	0.00	2,383,652.60
Road Networks	292,324,790.69	0.00	292,324,790.69
Flood Control Systems	12,170,154.63	0.00	12,170,154.63
Water Supply Systems	10,323,034.56	0.00	10,323,034.56
Power Supply Systems	5,909,669.60	0.00	5,909,669.60
Seaport System	11,572,626.10	0.00	11,572,626.10
Parks, Plazas and Monuments	17,052,711.45	0.00	17,052,711.45
Other Infrastructure Assets	1,929,262.39	0.00	1,929,262.39
Buildings	129,444,674.66	0.00	129,444,674.66
Markets	110,326.51	0.00	110,326.51
Slaughterhouse	48,971.15	0.00	48,971.15
Other Structures	45,514,298.17	0.00	45,514,298.17
Machinery	-75,051.92	0.00	-75,051.92
Office Equipment	-1,577,414.98	261,495.00	-1,838,909.98
Information & Communication Equipment	6,720,402.56	1,222,120.00	5,498,282.56

Account	Amount		
	Per FS (a)	Per RPCPPE (b)	Variance (a-b)
Agricultural and Forestry Equipment	13,926,113.69	61,517.86	13,864,595.83
Communication Equipment	-8,288.87	0.00	-8,288.87
Construction & Heavy Equipment	1,973,333.90	0.00	1,973,333.90
Disaster Response and Rescue Equipment	2,409,725.34	0.00	2,409,725.34
Medical Equipment	548,317.03	0.00	548,317.03
Other Machinery and Equipment	-1,768.46	0.00	-1,768.46
Technical and Scientific Equipment	466,570.85	0.00	466,570.85
Motor Vehicle	32,232,495.06	0.00	32,232,495.06
Watercrafts	448,071.42	0.00	448,071.42
Other Transportation Equipment	1,858,041.78	0.00	1,858,041.78
Furniture & Fixture	4,920,805.70	70,000.00	4,850,805.70
Other Property, Plant and Equipment	11,048,390.37	0.00	11,048,390.97
Total	₱622,563,261.85	₱1,615,132.86	₱620,948,128.99

- 2.10 Analysis of the variance disclosed that it was due to the non-inclusion in the RPCPPE of items such as Land, Land Improvement, Infrastructure Assets, and Buildings and Other Structures, as well as Transportation Equipment., which carry the majority of the cost of the PPE balances. It was also largely attributed to a lack of proper coordination and non-reconciliation of records of the personnel concerned.
- 2.11 Per inquiry with the Supply Officer, physical count of property plant and equipment was only done for equipment acquired during the year.
- 2.12 Moreover, since the members of inventory committee are mostly, the department heads of each office, it was suggested by the audit team that each department/ office should conduct physical inventory taking at their respective stations by the end of the year and submit the same to the property custodian or supply officer for consolidation and reconciliation, however as of December 31, 2023 there was no report submitted to the supply officer.

- 2.13 Furthermore, the supply officer was still waiting in coordination with the Engineering Office, for the reports of completed projects as basis for conduct of physical count of PPEs for Land, Land improvements, Infrastructure assets, Buildings and Other Structures, Transportation Equipment and other related property plan equipment accounts.
- 2.14 We recognize the management's efforts through the Inventory Committee and Supply Officer to conduct a physical inventory and PPE count. However, as provided in Sections 6.2 and 6.3 of COA Circular No. 2020-006 dated January 31, 2020, physical inventory taking of properties does not only entail or end with the physical count and preparation of a report thereof. It also necessitates inventory reconciliation per RPCPPE with property and accounting records.
- 2.15 The failure of the Property Custodian and the Municipal Accountant to reconcile their records resulted in an unaccounted PPE balance of ₱620,948,128.99, thereby casting doubt on the accuracy, completeness and existence of the recorded PPE in the books of accounts as of yearend.
- b. Non-depreciation of PPE accounts with net book value of ₱31,028,905.38 and Non-Disclosure of Useful Lives of PPE in the Notes to Financial Statements**
- 2.16 Review of the submitted Financial Statement revealed that several PPE accounts were not depreciated as of December 31, 2023. Details of the PPE items are presented in Table 7.

Table 7. List of Depreciable Assets Not Provided Depreciation as of Year-end

	Account Name	2023	2022
1.	Agricultural and Forestry Equipment	₱ 17,801,279.51	₱ 17,801,279.51
	Acc. Dep.	(10,270,595.82)	(10,270,595.82)
	Book Value	7,530,683.69	7,530,683.69
2.	Medical Equipment	1,125,246.41	1,125,246.41
	Acc. Dep.	(576,929.38)	(576,929.38)
	Book Value	548,317.03	548,317.03
3.	Other Machinery & Equipment*	623,583.35	229,983.35
	Acc. Dep.	(157,012.50)	(157,012.50)
	Book Value	466,570.85	72,970.85
	<i>*includes P393,300.00 for CCTV purchased on Dec. 22, 2023</i>		
4.	Motor Vehicles**	34,691,000.09	30,896,000.09

	Account Name	2023	2022
	Acc. Dep.	(12,207,666.28)	(12,207,666.28)
	Book Value	22,483,333.81	18,688,333.81
	<i>**includes P3,975,000.00 for Dump truck purchased on Sept 4, 2023</i>		
	TOTAL	₱31,028,905.38	₱26,840,305.38

- 2.17 As can be gleaned in Table 7, it shows that the costs and accumulated depreciations of these PPE accounts were the same for CY 2022 and 2023 except for Other Machinery & Equipment and Motor Vehicles' costs that were increased due to equipment acquired in the current year. But other than that, there were no depreciation recognized for the year 2023. The non-provision thereof overstated the PPE account and understated the related depreciation expense account.
- 2.18 Furthermore, no disclosure on the useful lives of each category of PPE was provided in the notes to financial statement required in IPSAS 17. The non-disclosure of which implicated doubt on whether provision for depreciation on other items in the PPE was enough.
- 2.19 The COA Audit Team requested a schedule of depreciation for PPE accounts, but the report submitted was limited to the CYs 2022 and 2023 acquired PPEs only..
- 2.20 The foregoing observations precluded the COA Audit Team from thoroughly evaluating and determining the correct carrying amount of the PPE as at December 31, 2023. Anent thereto, the PPE Accounts in the financial statements may be materially misstated and may mislead its potential users.

c. Understated Accumulated Depreciation, ₱57,925.67

- 2.21 Review of the depreciation of the PPE accounts purchased during the year showed that the Accumulated Depreciation was understated by ₱57,925.47. Details can be seen in Table 8.

Table 8. *Comparison of Accumulated Depreciation Per Audit and Per Books*

Account Title	Accumulated Depreciation per books (a)	Accumulated Depreciation per audit (b)	Understatement (c) (c=a-b)
Information, Communication and Technology Equipment	₱73,136.86	₱75,152.58	(₱2,015.72)
Office Equipment	2,603.01	23,747.48	(21,144.47)
Other Structures	6,339.52	7,668.74	(1,329.22)

Account Title	Accumulated Depreciation per books (a)	Accumulated Depreciation per audit (b)	Understatement (c) (c=a-b)
Other Machinery and Equipment	0.00	0.00	0.00
DRR Equipment	7,243.74	6,862.50	381.24
Motor Vehicle	128,758.92	162,642.86	(33,883.94)
Furniture and Fixtures	1,265.88	1,199.25	66.63
TOTAL	₱219,347.93	₱277,273.40	(₱57,925.47)

**Excluded the Lump sum and beginning balances in the computation of the accumulated depreciation per audit*

2.22 The error in the computation of depreciation was due to the following:

- a. Five percent (5%) residual value was applied instead of ten percent (10%). COA Circular No. 2004-003 dated October 4, 2004 provided that the Residual Value shall be ten percent (10%) of the cost.
- b. Failure to observe the rule on providing depreciation expense for the purchased PPEs. The depreciation expenses were computed on the month o the PPEs were procured without considering the specific date the PPE is available for use.

The depreciation should be for one month if the PPE is available for use on or before the 15th of the month. However, when the PPE is available for use after the 15th of the month, depreciation shall be for the succeeding month.

2.23 The error in the computation of the depreciation resulted in the understatement of Depreciation Expense and Accumulated Depreciation accounts, and in the overstatement of the related PPE accounts.

2.24 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; and**

3. **Ensure the report's usability by including all the required information in the RPCPPE, as illustrated in the MNGAS for LGUs, Volume II;**

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 and compute the monthly depreciation expense in accordance with COA issued accounting policies and prepare the necessary adjusting entry to reflect the correct balance of each PPE accounts; and**
- c. **Create an Inventory Committee to complete the physical inventory in three (3) months or less, and to prepare and submit the approved Physical Inventory Plan to the COA Audit Team at least ten (10) calendar days before the scheduled 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 1, 2020.**

- 2.25 During the exit conference, some department heads commented that they did not receive the executive office's memorandum pertaining to the conduct of physical count per Office. Moving forward, they agreed to conduct such count, and submit the same to the Supply Officer for consolidation. Further, management commented that this year, they will start the physical count with the big accounts such as land, road networks, buildings and other structures. Moreover, management commented to do their best to complete the physical count in the year 2024.

Non-transfer of Completed Projects and Various Equipment from Trust Fund to General Fund

3. **Completed projects and various equipment 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 account and Depreciation Expense Account in the GF and the overstatement of the PPE in TF.**

- 3.1. IPSAS 1, provides:

Fair Presentation and Compliance with IPSASs

27. Financial statements shall present fairly the financial position, financial performance, and cash flows of an entity. Fair presentation requires the faithful representation of the effects of transactions, other events, and conditions in accordance with the definitions and recognition criteria for assets, liabilities, revenue, and expenses set out in IPSASs. The application of IPSASs, with additional disclosures when necessary, is presumed to result in financial statements that achieve a fair presentation.
- 3.2. Moreover, Paragraph 70 of the IPSAS No. 17 also provides that depreciation of an asset begins when it is available for use such as when it is in the location and condition necessary for it to be capable of operating in the manner intended by management.
- 3.3. Further, Annex B of Commission on Audit Circular No. 2015-009 which prescribes the Revised Chart of Accounts, provides:

2 LIABILITIES

02 Inter-Agency Payables

01 Inter-Agency Payables

<i>Account Title</i>	Due to National Government Agencies
<i>Account</i>	2-02-01-050
<i>Number</i>	Credit
<i>Normal Balance</i>	This account is used to record the receipt of funds for delivery of goods/services as authorized by law, fund transfers from NGAs for implementation of specific programs or projects and other inter-agency transactions. Debit this account for delivery of goods /services, liquidation of funds received and settlement of liabilities.
<i>Description</i>	

3 Equity

01 Government Equity

01 Government Equity

<i>Account Title</i>	Government Equity
<i>Account</i>	3-01-01-010
<i>Number</i>	Credit (Debit)
<i>Normal Balance</i>	This account represents the cumulative results of normal and continuous operations of an agency including prior period adjustments,
<i>Description</i>	

effect of changes in accounting policy and other capital adjustments.

- 3.4. Furthermore, Section 104, 1(i) of the MNGAS for LGUs, Volume I, requires that the completed projects under the Trust Fund be transferred to General Fund upon submission of full liquidation to the grantor. These completed projects charged to the funds held in trust by the Municipality were then recorded in the books as PPE.
- 3.5. For CY 2023, the Municipality of Basey reported completed projects and equipment as PPE in Trust Fund that were not transferred to the General Fund amounted to ₱58,796,474.24, broken down on Table 9:

Table 9. Property, Plant and Equipment Recorded in Trust Fund

<u>PPE</u>	<u>Cost</u>
Road Networks	₱20,142,904.81
Water Supply Systems	6,229,230.60
Buildings	2,787,071.71
Other Structures	2,767,370.50
Information, Communication and Technology Equipment	318,355.00
Agricultural and Forestry Equipment	6,395,430.00
Communication Equipment	24,369.40
Motor Vehicles	9,749,161.25
Watercrafts	399,500.00
Other Property Plant and Equipment	9,983,080.97
Total	₱58,796,474.24

- 3.6. The accounting entry that should have been made by the Municipal Accountant to transfer the completed projects and equipment from TF to GF are as follows:

Trust Fund

	Debit	Credit
<i>Due to NGAs</i>	xxx	
<i>PPE</i>		xxx

General Fund

	Debit	Credit
<i>PPE</i>	xxx	
<i>Government Equity</i>		xxx

- 3.7. Inquiry with the Municipal Accountant disclosed that these property, plant and equipment are owned by the municipality and the transfer from trust fund books to general fund is to be effected this first quarter of 2024, as well as the recognition of depreciation.
- 3.8. It was further noted that these PPE accounts were already recorded in the books since Calendar Year 2022. Hence, the audit team was limited in computing the depreciation expense for these property and equipment, as no data or property ledger cards were available to identify the acquisition and completion dates of these property accounts.
- 3.9. The failure of the Municipal Accountant to record the transfer of the cost of completed projects and equipment resulted in the overstatement of the PPE Accounts in the TF and understatement of the same accounts in the GF. Moreover, non-provision of depreciation for these PPE understated the expenses.
- 3.10. **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 Book to General Fund; and**
 - b. **recognize the corresponding depreciation on these assets.**

Non-reclassification of Construction in Progress accounts

4. **Eighteen (18) completed projects totaling ₱53,943,142.70 were not reclassified from Construction in Progress (CIP) Accounts 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 accounts and Depreciation Expense by ₱53,943,142.70 and ₱799,290.24, respectively, and affected the fair presentation of the Property, Plant and Equipment (PPE) in the financial statements.**
- 4.1 Annex B of Commission on Audit Circular No. 2015-009 which prescribes the Revised Chart of Accounts, provides for the following:

	1 ASSETS
	07 Property, Plant and Equipment
	10 Construction in Progress
<i>Account Title</i>	Construction in Progress – Infrastructure Assets
<i>Account Number</i>	1-07-10-020
	Debit

<i>Normal Balance Description</i>	This account is used to record the accumulated cost or other appropriate value of infrastructure assets which are still in the process of construction or acquisition. Credit this account for reclassification to the appropriate Infrastructure Asset account upon completion.
-----------------------------------	--

<i>Account Title</i>	Construction in Progress – Buildings and Other Structures
<i>Account Number</i>	1-07-10-030
<i>Normal Balance</i>	Debit
<i>Description</i>	This account is used to record the accumulated cost or other appropriate value of buildings and other structures which are still in the process of construction or development. Credit this account for reclassification to the appropriate Buildings and Other Structures account upon completion.

4.1 Philippine Application Guidance (PAG) to IPSAS 17, provides:

Depreciation

PAG3.Paragraphs 59 to 78 deal with the recognition of depreciation, methods of depreciation, determination of depreciable amount, residual value and useful life of PPE.

Xxx

Initial Recognition of Depreciation

Depreciation of an asset when it is available for use such as when it is in the location and condition necessary for it to be capable of operating in the manner intended by management.

For simplicity and to avoid proportionate computation, depreciation shall be for one month if the PPE is available for use on or before the 15th of the month. However, if the PPE is available for use after the 15th of the month, depreciation shall be for the succeeding month.

Xxx

4.2 Moreover, item 27 of IPSAS 1, provides:

Fair Presentation and Compliance with IPSASs

27. Financial statements shall present fairly the financial position, financial performance, and cash flows of an entity. Fair presentation requires the faithful representation of the effects of transactions, other events, and conditions in accordance with the definitions and recognition criteria for assets, liabilities, revenue, and expenses set out in IPSASs. The application of IPSASs, with additional disclosures when necessary, is presumed to result in financial statements that achieve a fair presentation.

- 4.3 At yearend, the Trust Fund Construction in Progress (CIP) accounts have the following balances:

Table 10. CIP Composition

Account Title	Balance
CIP -Infrastructures Assets	₱42,181,125.79
CIP-Buildings and Other Structures	₱37,766,907.28
Total	₱79,948,033.07

- 4.4 Our audit revealed that these amounts include seventeen (17) completed Local Government Support Fund- Support to Barangay Development Program (LGSF-SBDP) projects, comprising, six (6) school buildings or day care centers, five (5) farm to market roads, three (3) barangay health centers/stations, two (2) solar power electrification project and one (1) water supply system totaling ₱43,943,142.70. Moreover, these also include one (1) completed Local Government Support Fund Financial Assistance Support for Capital Outlays and Social Program (LGSF-FA-CO) particularly a road-reblocking project amounting to ₱10,000,000.00. The costs of these completed projects are shown in Table 11.

Table 11. Completed LGSF-SBDP and LGSF-CO Projects as of Year-end

	PPA	School/ Day Care Center	Farm to Market Road / Municipal Road	Barangay Health Center/Station	Solar Power Electrification	Water Supply System
No.		6	5	3	2	1
	LGSF-SBDP	CONTRACT COST				
	Name of Barangay					
1	Bulao (two schools)	3,993,999.86				
2	Loog		3,993,184.70			
3	Guirang (2 schools)	4,000,773.40				
4	Inuntan		3,998,434.35			
5	Balante		3,998,426.08			
6	Guintiguian		3,994,156.39			
7	May-it		3,995,144.16			
8	Pelit	1,997,555.83				
9				1,998,208.70		
10						
11						

	PPA	School/ Day Care Center	Farm to Market Road / Municipal Road	Barangay Health Center/Station	Solar Power Electrification	Water Supply System
12	San			1,996,972.69		
13	Fernando				1,996,330.61	
14	Sawa	1,992,147.00				
15					1,997,054.35	
16	Villa Aurora					1,994,511.00
17				1,996,243.58		
TOTAL		₱11,984,476.09	₱9,979,345.68	₱5,991,424.97	₱3,993,384.96	₱1,994,511.00
SUB-TOTAL						₱43,943,142.70
	LGSF-FA- CO	CONTRACT COST				
18	Road Reblocking at Brgy. Pob.		10,000,000.00			
SUB-TOTAL			10,000,000.00			
GRAND TOTAL						₱53,943,142.70*

*See Appendix F for details

- 4.5 Perusal of the disbursement vouchers for the payment of the above-mentioned projects, confirmed that these projects were already inspected by the Municipal Engineer as 100% completed, turned-over by the contractor and accepted by the Local Chief Executive in favor of the Municipality.
- 4.6 Table 12 shows the account titles that remained in the financial statements as compared to the proper accounting title should had been proper reclassification.

Table 12. *Accounts Recorded pr Books vis-a-vis Proper Classification of the Assets*

Project (Construction/ Installation of)	Day Care Center	Farm to Market Road / Municipal Road	Barangay Health Center/Station	Solar Power Electrification	Water Supply System
Account Title per Books	CIP- Bldgs. & Other Structures	CIP- Infrastructure Assets	CIP- Bldgs. & Other Structures	CIP- Bldgs. & Other Structures	CIP- Bldgs. & Other Structures
Should be Account Title	School Buildings	Road Network	Hospital and Health Centers	Power Supply System	Water Supply System

- 4.7 Consequently, non-recognition of the appropriate accounts resulted in non-computation of depreciation expenses. Ocular inspection conducted by the audit team on January 8-11, 2024, disclosed that these projects are already being used by the recipient barangays. Therefore, such assets are now subject to normal wear and tear as a result of regular usage. Yet, the municipal accountant failed to compute and charge the appropriate depreciation on these assets.
- 4.8 The municipal accountant explained that the transfer of CIP to the Asset account shall be made in the first quarter of 2024 along with the adjustments for depreciation expense.

- 4.9 The non-reclassification of the abovementioned completed projects overstates the CIP account by ₱53,943,142.70 and understates the corresponding assets and Depreciation Expense accounts by ₱53,943,142.70 and ₱799,290.24, respectively, and affected the fair presentation of the PPE in the financial statements. Table 13 and 14 illustrates the amounts of overstatements or understatements that occurred due to the non-reclassification.

Table 13. Overstatement and Understatements of PPE accounts

Account Title (Debit Balance)		Balance
CIP -Infrastructures Assets	Overstatement	₱31,976,400.03
CIP-Buildings and Other Structures	Overstatement	21,966,742.67
TOTAL		₱53,943,142.70
Account Title (Debit Balance)		Balance
School Buildings	Understatement	₱11,984,476.09
Road Network	Understatement	29,979,345.68
Hospital and Health Centers	Understatement	5,990,782.89
Power Supply System	Understatement	3,994,027.04
Water Supply System	Understatement	1,994,511.00
TOTAL		₱53,943,142.70

- 4.10 Hereunder is our independent and proposed computation of Depreciation Expenses of these completed projects. Note that the period of depreciation reckoned from the month after the completion date:

Table 14. Depreciation Expense on Asset Accounts

Fund / Project	School Buildings	Road Network	Hospital and Health Centers	Power Supply System	Water Supply System
LFSG-SBDP	164,798.99	229,747.24	69,900.94	69,884.24	14,958.83
LGSF- FA-CO	-	250,000.00	-	-	-
	TOTAL				₱799,290.24 *

**See Appendix G for details*

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

- a. reclassify CIP in their proper asset account titles; and
- b. recognize depreciation on these assets.

- 4.12 During the exit conference, the Municipal Accountant stated that he was waiting for all the SBDP projects to be completed before he will reclassify those to the

proper asset accounts. The audit team emphasized to comply with the existing accounting standards in the reclassification of Construction in Progress accounts.

Fund Transfer (LGSF-SBDP & NTF-ELCAC)

- 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 projects were implemented but were not included in the 2022 AIP and/or 2022-2025 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.**

- 5.1 The President issued Executive Order (EO) No. 70 dated December 4, 2018 institutionalizing the whole-nation approach in attaining inclusive and sustainable peace, and creating a national task force to end local communist armed conflict and directing the adoption of the national peace framework. The Barangay Development Program is the hall mark program of the National Task Force to End Local Communist Armed Conflict (NTF-ELCAC) with the aim of bringing development to former conflict-ridden communities through the implementation of various socio-economic development projects for barangay beneficiaries such as farm-to-market roads (FMR), construction of school buildings, construction of health centers, water sanitation, and rural electrification.
- 5.2 Audit and review of LGSF-SBDP fund utilization as well as the implementation of projects charged to the fund revealed the following deficiencies:

a. SBDP Projects Were Constructed In Privately Owned Location Sites And Lacked Building Permits

- 5.3 Department of Budget and Management Local Budget Circular No. 144, provides:

4.2 The LGSF-SBDP shall be released to the city/municipality where the cleared barangays are located. As the implementer of the proposed project(s) of the cleared barangays, the city/municipality shall ensure that:

4.2.4 the proposed project(s) is/are readily implementable within the prescribed timelines and that there are no issues related to the site/land title, including informal settlers thereon, and right-of way acquisition;

Xx

4.2.6 the location, area, or site of the proposed project(s) is:
(i) not a privately-owned land/lot; (ii) not included in the critical geohazard areas or no build zones Identified and/or certified by the Mines and Geo-sciences Bureau hazard map; and (iii) within the territorial jurisdiction of the city/municipality;

- 5.4 Moreover, Section 301 of Presidential Decree No. 6541, the National Building Code of the Philippines, provides:

No person, firm or corporation, including any agency or instrumentality of the government shall erect, construct, alter, repair, move, convert or demolish any building or structure or cause the same to be done without first obtaining a building permit therefor from the Building Official assigned in the place where the subject building is located or the building work is to be done.

- 5.5 Inquiry made with officials from the four barangays, where these projects were constructed revealed that there were no Deed of Donation were held by the Barangay for the location site where the SBDP projects were implemented. Instead, mere verbal concurrence in the implementation of the projects by the lot owners were secured. They averred that some had meetings with the officials, but no public documents were executed by the owners of these lots to support the donation of the location sites for the construction of schools, roads, health centers, power supply system, water system be implemented. Hence, these properties remain as privately owned lots.
- 5.6 Inquiry with the Municipal Engineer revealed that there were no building permits issued for the construction of projects of the municipality. In lieu of this requirement and to address future possible ownership disputes, the Municipal Engineering Office, requires the submission of an approved barangay resolution as to the concurrence of the barangay. This measure aims to address future adverse claims on the properties of the LGU located at the barangay.
- 5.7 The building permits assures that the municipality satisfies and conforms with approved standard requirements on zoning and land use, lines and grades, structural design, sanitary and sewerage, environmental health, electrical and mechanical safety as well as with other rules and regulations promulgated in accordance with

the provisions of the building code. Without the necessary permit, the buildings may be constructed in violation of the code.

- 5.8 The fund from which the properties were disbursed necessitates proper planning to ensure ownership of the location sites where the properties will be constructed. The failure of the Municipality to comply with the necessary requirements to warrant the donation or transfer of the lots to its name could subject the projects constructed by the LGU and funded by SBDP to adverse claims and future ownership disputes.

5.9 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.**
- b. Twenty (20) SBDP Projects Not Part of the Municipality's Duly Approved Annual Investment Plan for 2022 and Local Development Investment Plan for 2020-2022**

- 5.10 Department of Budget and Management Local Budget Circular No. 144, provides that:

4.2 The LGSF-SBDP shall be released to the city/municipality where the cleared barangays are located. As the implementer of the proposed project(s) of the cleared barangays, the city/municipality shall ensure that:

4.2.1 the proposed project(s) is/are part of the duly approved Local Development Investment Program and Annual Investment Program of the city/municipality:

- 5.11 Perusal of the Municipality's Calendar Year (CY) 2022 Annual Investment Plan and CYs 2020-2022 Local Development Investment Plan revealed that of the 27 projects funded by the LGSF-SBDP, 20 projects were not included on both Investment Plans. Tables 15 and 16 below show the projects found and not found thereof respectively.

Table 15. *Projects Included in the 2022 AIP or 2020-2022 LDIP*

No.	Name of Brgy.	Name of Project	LDIP/ AIP 2022 Reference	Amount
1	Cancaiyas	Opening and Concreting of FMR	LDIP 8000 10M	-
2	Inuntan	Concreting of FMR	R/SAIP 800-003-010	40M
3	Old San Agustin	Solar Electrification Project at Sitio Manilaay proper to Sitio Roño	LDIP 3000-400	-
4	Burgos	Concreting of FMR at Sitio Bagte	E/SAIP 3000-200-011-002 DOH/2%	-
5	Mabini	Construction of Health Station (BHS) Building	R/SAIP 800-003-024	100M
6	San Fernando	Solar Electrification Project and Rehabilitation/ Improvement of Health Station	LDIP 3000-400	-
7	Sawa	Civil works for the Solar Electrification Project	LDIP 3000-400	-

Table 16. *Projects not included in the 2022 AIP nor in 2020-2022 LDIP*

No.	Name of Brgy.	Name of Project	ABC
1	Bulao	Construction of School Building (Daycare Center) at Brgy. Bulao Proper	₱2,005,000.00
2	-do-	Construction of School Building (Daycare Center) at Sitio Rizal	2,005,000.00
3	Loog	Concreting of FMR	4,010,000.00
4	Manlilinab	Rural Electrification Project	2,005,000.00
5	-do-	Construction of Health Station (BHS) Building	2,005,000.00
6	Cogon	Construction of School Building (Daycare Center) at Sitio Guinpungdan	2,005,000.00
7	-do	Rural Electrification at Sitio Guinpungdan	2,005,000.00
8	Guirang	Construction of School Building (Daycare Center) at Sitio Wespal	2,005,000.00
9	-do-	Construction of School Building (Daycare Center) at Sitio Bagong Silang	2,005,000.00
10	Old San Agustin	Construction of School Building at Sitio Roño	2,005,000.00
11	Balante	Concreting of FMR	4,010,000.00

No.	Name of Brgy.	Name of Project	ABC
12	Burgos	Provision on Renewable Energy-Based Electrification	2,005,000.00
13	Guintiguian	Upgrading of FMR	4,010,000.00
14	May-it	Upgrading of FMR	4,010,000.00
15	Pelit	Construction of Day Care Center	2,005,000.00
16		Construction of Health Center	2,005,000.00
17	Sawa	Construction of School Building	2,005,000.00
18	Sawa	Construction of School Building	2,005,000.00
19	Villa Aurora	Construction of Level II Potable Water Supply System	2,005,000.00
20		Construction of Health Center	2,005,000.00
			₱48,120,000.00

- 5.12 The Revised AIP lists the PPA which was a result of careful planning drafted from various proposals, requests from different barangay officials and constituents, that requires urgent implementation. Construction of projects outside the AIP and LDIP may not address the basic and urgent development need of the municipality.
- 5.13 **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.**

c. Undisbursed LGSF-SBDP Fund amounting to ₱11,618,096.44 as of year-end

- 5.14 Section 4.7 and 4.8 of Department of Budget and Management Local Budget Circular No. 144 provides:
- 4.7 The LGSF-SBDP shall be recorded as a trust fund by the city/municipality for the specific purpose(s) and barangays for which the funds were received. The fund shall be made available for disbursement for the purpose specified until December 31, 2023. To record each transaction, the city/municipality shall maintain a separate subsidiary ledger for each beneficiary barangay and project(s) to be implemented.
- 4.8 After the end of the validity period, any unreleased appropriations shall lapse, while undisbursed funds shall revert to the National Treasury, particularly to the unappropriated surplus of the General Fund in accordance with Section 28, Chapter 4, Book VI of Executive Order No. 292, s. 1987.

- 5.15 On October 22, 2022 the Municipality received ₱68,000,000.00 for 17 barangays of Basey for the implementation of various socio-economic development projects for barangay beneficiaries such as farm-to-market roads (FMR), construction of school buildings, construction of health centers, water sanitation, and rural electrification. Additionally, the Municipality provided ₱170,000.00 as LGU counterpart for the project implementation. This amount is intended for the payment of projects to be constructed and implemented in the 17 recipient barangays on or before December 31, 2023.
- 5.16 Audit revealed that of the total LGSF received, only ₱56,512,523.18 were utilized, leaving ₱11,596,590.46 unutilized as of year-end. This unused amount consists of the balances from the projects in Brgy. Cancaiyas, Brgy. Manlilinab, So. Guinpungduan, Brgy. Cogon, Brgy. Old San Agustin, So. Olalo, Brgy. Burgos and So. Bagte, Brgy. Mabini. The details of the unutilized fund are shown in Table 17.

Table 17. Schedule of Disbursements and Balances of LGSF

No	Name of Brgy	Allocated LGSF	Project Title	Disbursements (99.75% of total Disbursement)*	Balance
1	Bulao	₱4,000,000.00	Construction of School Building (Daycare Center) at Brgy. Bulao Proper	₱3,984,014.86	₱15,985.14
2			Construction of School Building (Daycare Center) at Sitio Rizal		
3	Cancaiyas	4,000,000.00	Opening and Concreting of FMR*	597,959.45	3,402,040.55
4	Loog	4,000,000.00	Concreting of FMR	3,983,201.74	16,798.26
5	Manlilinab	4,000,000.00	Rural Electrification Project	2,382,949.43	1,617,050.57
6			Construction of Health Station (BHS) Building*		
7	Cogon	4,000,000.00	Construction of School Building (Daycare Center) at Sitio Guinpungdan	1,886,340.85	2,113,659.15
8			Rural Electrification at Sitio Guinpungdan		
9	Guirang	4,000,000.00	Construction of School Building (Daycare Center) at Sitio Wespal	3,990,771.47	9,228.53
10			Construction of School Building (Daycare Center) at Sitio Bagong Silang		
11	Inuntan	4,000,000.00	Concreting of FMR	3,988,438.26	8,878.65
12	Old San Agustin	4,000,000.00	Solar Electrification Project at Sitio	1,979,578.29	2,021,051.13

No	Name of Brgy	Allocated LGSF	Project Title	Disbursements (99.75% of total Disbursement)*	Balance
13			Manilaay proper to Sitio Roño		
14	Balante	4,000,000.00	Construction of School Building at Sitio Roño		
15	Burgos	4,000,000.00	Concreting of FMR	3,988,430.01	7,097.86
16	Burgos	4,000,000.00	Construction of Health Station	1,374,006.62	625,839.40
17	Mabini	4,000,000.00	Provision on Renewable Energy-Based Electrification	4,344,679.06	1,659,432.02
18	Guintigui-an	4,000,000.00	Concreting of FMR at Sitio, Bagte, Brgy. Mabini		
19	May-it	4,000,000.00	Upgrading of FMR	3,984,171.00	15,843.61
20	Pelit	4,000,000.00	Upgrading of FMR	3,985,156.30	10,010.04
21		4,000,000.00	Construction of Day Care Center	3,987,364.39	8,629.19
22	San Fernando	4,000,000.00	Construction of Health Center		
23		4,000,000.00	Solar Electrification Project and Rehabilitation/Improvement of Health Station	3,954,174.10	40,971.76
24	Sawa	2,000,000.00	Rehabilitation/Improvement of Health Station		
25		2,000,000.00	Construction of School Building	1,987,166.63	10,839.50
26	Villa Aurora	4,000,000.00	Civil works for the Solar Electrification Project	1,992,061.71	7,945.65
27		4,000,000.00	Construction of Level II Potable Water Supply System	3,980,777.69	15,285.36
			Construction of Health Center		11,510.07
	TOTAL	₱68,000,000.00		₱56,371,241.86	₱11,618,096.44
<i>*Prorated Disbursement (LGSF 4,000,000.00/4,010,000.00 = 99.75%)</i>					

5.17 The undisbursed balance was largely attributable to completion and payment of only 21 out of the 27 projects, the other 6 projects still remained unfinished as of December 31, 2023: The details of unfinished projects are shown below:

Table 18. *List of Unfinished projects as of December 31, 2023*

No.	Name of Barangay	Project Title	Remarks/Audit Observations
1	Cancaiyas	Opening and Concreting of FMR	On-going per ocular inspection on January 2024
2	Manlilinab	Construction of Health Station (BHS) Building	On-going per ocular inspection on January 8, 2024
3	Cogon	Construction of School Building (Daycare Center) at Sitio Guinpungdan	On-going per ocular inspection on January 9, 2024
4	Old San Agustin	Construction of School Building at Sitio Roño	On-going per ocular inspection on January 2024
5	Burgos	Construction of Health Station	Unfinished and no workers on-site per ocular inspection on January 9, 2024
6	Mabini	Concreting of FMR at Sition Bagte	On-going per ocular inspection on January 8, 2024

- 5.18 Perusal of the entries made and the supporting Schedule of Accounts Payable (AP), disclosed that the following amounts been recorded as AP based on the project's percentage of completion on December 31, 2023:

Table 19. *Schedule of Accounts Payable*

DV No.	Payee	Particulars	Amount
002-24-02-296	H.A.H REVERIE CONSTRUCTION CORPORATION	3rd Payment of 88.10% worked accomplishment for the contract: Civil Works for the Construction of Health Station (BHS) Building & Rural electrification Project @ Brgy. Manlilinab LGSF-SBDP NTF-ELCAC Project of the Municipality of Basey, Samar	₱915,965.74
002-23-12-2092	H.A.H REVERIE CONSTRUCTION CORPORATION	2nd Payment of 90.71% worked accomplishment for the contract: Civil Works for the Rural Electrification Project @ So. Guinpongduan & So. Cambabang Brgy. Cogon & Construction of School Building @ So. Guinpongduan LGSF-SBDP NTF-ELCAC Project of the Municipality of Basey, Samar	1,917,245.76
002-24-02-297	SILK AND STEEL CONSTRUCTION	4th payment of 98.71% worked accomplishment for the contract: Civil Works for the provision of Renewable Energy-Based Electrification @ Brgy. Burgos & Concreting of Farm to Market road @ Brgy. Mabini LGSF-SBDP	1,320,770.87

DV No.	Payee	Particulars	Amount
		NTF-ELCAC Project of the Municipality of Basey, Samar	
002-23-12-2091	SILK AND STEEL CONSTRUCTION	1st partial payment of 98.01% worked accomplishment for the contract: Civil Works for the Opening & Concreting of FMR @ Brgy. Cancaiyas, Basey, Samar LGSF-SBDP NTF-ELCAC Project of the Municipality of Basey, Samar	3,916,764.62^
001-24-02-290	ALPHAHAWK CONSTRUCTION CORP.	2nd partial payment of 95.04% worked accomplishment for the contract: Civil Works for the Construction of Health Station (BHS) Building @ So. Olaog, Brgy. Burgos LGSF-SBDP NTF-ELCAC Project of the Municipality of Basey, Samar	365,253.48
001-24-02-291	ALPHAHAWK CONSTRUCTION CORP.	2nd Payment of 90.94% worked accomplishment for the contract: Civil Works for the Rural Electrification Project @ So. Manilaay & So. Rono Brgy. Old San Agustin & Construction of School Building @ So. Rono, Brgy. Old San Agustin LGSF-SBDP NTF-ELCAC Project of the Municipality of Basey, Samar	1,425,938.63
		TOTAL	₱9,861,939.10

- 5.19 This amount includes Advances to Contractor for the 15% Mobilization amounting ₱599,258.10, hence the exact total amount is only ₱9,262,481.00.
- 5.20 However, despite the recording of ₱9,262,481.00 accounts payable by the Municipal Accountant and the existence of awarded projects under LGSF-SBDP that are already in progress as of year-end, Management should note that the validity period of the fund extends only up to December 31, 2023. Therefore, the total undisbursed fund of ₱11,618,096.44 should be remitted to the National Treasury in accordance with DBM LBC No. 114.
- 5.21 We commend the Municipality for the implementation of all the 27 projects in 17 barangays. However, we also emphasize that all projects should have been completed and delivered prior to December 31, 2023. Moreover, should the projects been completed and delivered before the specified time, release and full utilization of the SBDP fund could have been done as of year-end.
- 5.22 **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.**

5.23 During the exit conference, management please to inform the team that all SBDP projects are now completed. The Municipal Accountant committed to submit a written authority to disburse the SBDP Fund beyond the validity period. The Municipal Engineer committed to submit justification letter for the delay in the completion and delivery of projects in the six barangays.

5.24 The audit team emphasized that the Municipality is constrained to adhere to DBM LBC No. 144 on the implementation of the SBDP projects and the utilization of SBDP Fund. The audit team is waiting and monitoring for the submission and fulfillment of documentary proof on completion of these projects and also the remittance of undisbursed funds to the National Treasury.

d. LGSF-SBDP Fund Amounting to ₱36,623.79 were Paid to Project Monitoring Committee as Honoraria

5.25 Department of Budget and Management Local Budget Circular No. 144 provides that:

4.9 The LGSF-SBDP shall be exclusively used to fund the eligible programs and projects enumerated under SP No. 3 of the LGSF under the FY 2022 GAA, RA No.11639.

In no case shall the fund be used: (i) for any purpose other than the program(s) and/or project(s), including the location thereof, for which the fund was released, without the prior endorsement of the NTF-ELCAC and approval of the DBM; (ii) to fund projects already fully covered by the other sources of funds; and (ili) for the payment of Personal Services expenditures (i.e., payment of salaries, including honoraria, allowances, bonuses, and similar forms of compensation).

5.26 Perusal of the entries made in the Trust Fund General Journal, revealed that during September 2023, the amount of ₱36,623.79, inclusive of tax, were paid to Project

Monitoring Committee of the SBDP Projects. At year-end, this recorded expense of Honoraria was subsequently closed to the Due to NGAs- SBDP account.

09-16	Honoraria	36,623.79	
	Due to BIR		8,240.37
	Cash In Bank		28,383.42
	<i>- Payment of PMC Honorarium (SBDP)</i>		

5.27 Bank snapshots revealed that the amount of 28,383.42 was debited in the LBP Bank Account No. 1732-1108-83 (TRUST) on September 27, 2023.

5.28 The SBDP trust fund was diminished for an expense that is related to Personal Services, contrary to Section 4.9 of LBC No. 144. Honoraria is a personal services expense item not aligned to the purpose for which the funds were transferred to the Municipality. Using the fund for purposes expressly prohibited by the LBC prevents the achievement of the purpose for which the fund was given.

5.29 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

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

5.31 During the exit conference, management committed to refund the honoraria paid to project monitoring committee of SBDP projects.

20% Development Fund

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 the 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 20% development fund exceeded its appropriated amount totaling ₱1,388,245.36; 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 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 timely review and evaluation of the

contracts' validity, propriety, legality as well as the prompt communication of the 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.

- 6.1 Item 3.1 of COA Circular No. 2009-001, dated February 12, 2009, (Restatement with amendment of COA Circular 87-278 and COA Memorandum 2005-027 re: submission of copy of government contracts, purchase orders and their supporting documents to the Commission on Audit), provides:

3.0 SUBMISSION AND REVIEW PROCESS

3.1 Contracts

3.1.1 Within five (5) working days from the execution of contract by the government or any of its subdivisions, agencies or instrumentalities, including government-owned and controlled corporations and their subsidiaries, a copy of said contract and each of all documents forming part thereof by reference or incorporation shall be furnished to the Auditor of the agency concerned. In case of agencies audited on engagement basis, submission of a copy of the contract and its supporting documents shall be to the Auditor of the mother agency or parent company, as the case may be.

- 6.2 Moreover, Section 3.2 of Department of Budget and Management, Department of Finance and Department of Interior and Local Government Joint Memorandum Circular (JMC) No. 1 dated November 4, 2020, provides:

3.2.1 The 20% DF shall be utilized to finance the LGU's priority development projects, as embodied in their respective duly approved local development plans, medium-term and annual investment programs, xxx

Xxx

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

Xxx

3.2.5.1. Personnel Services expenditures, such as salaries, wages and overtime pay, and other personnel benefits;

a. Delay of Submission and Non-submission of Perfected Contracts

6.3 In CY 2023, the Municipality entered into 37 contract agreement with contract price ₱163,555,770.22 for the construction of public infrastructures. However, the COA Audit Team observed that the copies of duly perfected contracts, along with their supporting documents, were not submitted within five (5) working days from the execution of the contracts. Of the 37 contracts, 24 perfected contracts were delayed of submission totaling ₱98,800,548.29 were delayed in submission while the 13 remaining were still not submitted for review. The details of the 13 unsubmitted contracts are shown in Appendix H.

6.4 The delays ranged from 130 to 270 working days from the due date of submission, with an average of 223.05 days. The detailed computation of delays is shown in Table 20.

Table 20. *Number of Days Delay in the submission of Perfected Contracts*

	Name of Project	Contractor	Contract Price	Date of Execution	Date of submitted to COA	No. days delayed*
1	Civil Works for the Upgrading of Farm to Market Road at Brgy. May it Basey, Samar	EMT Construction and Supplies	₱3,995,144.16	15-Feb-23	14-Feb-24	268
2	Civil Works for the Construction of School Building (Day Care Center) at So. Rizal and Bulao Proper, Brgy. Bulao, Basey, Samar	EMT Construction and Supplies	3,993,999.88	15-Feb-23	14-Feb-24	268
3	Rural Electrification Project at So. Guinpongdoan & So. Cambabang and Construction of School Building at So. Guinpongdoan,	JFR Construction Inc.	3,990,285.86	16-Aug-23	14-Feb-24	130

	Name of Project	Contractor	Contract Price	Date of Execution	Date of submitted to COA	No. days delayed*
	Brgy. Cogon, Basey					
4	Civil Works for the Construction of Health Station (BHS) Building at Brgy. Burgos, Basey	Alpahawk Construction Corporation	1,994,703.73	15-Feb-23	14-Feb-24	268
5	Rural Electrification Project and Construction of Health Station (BHS) Building at Brgy. Manlilinab, Basey	H.A.H. REVERIE Construction Corporation	3,993,256.13	08-Feb-23	14-Feb-24	265
6	Civil Works for the Construction of School Building (Day Care Center) and Construction of Health Center at Brgy. Pelit, Basey Samar	M. B. Pacuri Construction	3,997,357.78	15-Feb-23	14-Feb-24	268
7	Civil Works for the Concreting of Farm to Market Road at Brgy. Inuntan	PYUKEI Construction Inc.	3,998,434.55	25-Jan-23	14-Dec-23	221
8	Rural Electrification Project at So. Manilaay- Proper & So. Rono, and Construction of School Building at So. Rono, Brgy. Old San Agustin	Alpahawk Construction Corporation	3,992,842.07	15-Feb-23	14-Dec-23	216
9	Civil Works for the Concreting of Farm to Market Road at Brgy. Balante	JANJOI Builders and Supply	3,998,426.88	25-Jan-23	14-Dec-23	231

	Name of Project	Contractor	Contract Price	Date of Execution	Date of submitted to COA	No. days delayed*
10	Civil Works for the Construction of Solar Electrification Project and Rehabilitation/Improvement of Health Station at Brgy. San Fernando	H.A.H. REVERIE Construction Corporation	3,964,084.31	08-Feb-23	14-Dec-23	221
11	Civil Works for the Opening with Concreting of Farm to Market Road at Brgy. Cancaiyas	SILK AND STEEL Construction	3,996,387.22	25-Feb-23	14-Dec-23	208
12	Civil Works for the Concreting of Farm to Market Road at Brgy. Loog	M. B. PACURI Construction	3,993,184.70	25-Jan-23	14-Dec-23	240
13	Civil Works for the Construction of School Building at Brgy. Sawa	JANJOI Builders and Supply	1,992,147.00	25-Jan-23	14-Dec-23	240
14	Civil Works for the Construction of School Building (Day Care Center) at So. Bagong Silang and So. Wespal, Brgy. Guirang	ZAS Construction and Supply	4,000,773.40	15-Feb-23	14-Dec-23	216
15	Civil Works for the Construction of Brgy. Health Station (BHS) & Construction of Level II Water System at Brgy. Villa Aurora	JANJOI Builders and Supply	3,994,754.58	15-Feb-23	14-Dec-23	216
16	Upgrading of FMR at Brgy. Guintigui-an	Alpahawk Construction Corporation	3,994,156.39	15-Feb-23	28-Feb-24	270

	Name of Project	Contractor	Contract Price	Date of Execution	Date of submitted to COA	No. days delayed*
17	Civil Works for the Barangay Wide Development Projects (Batch 1) of CY 2023	EMT Construction and Supplies	4,759,201.17	No contract submitted	28-Feb-24	
18	Civil Works for the Barangay Wide Development Projects (Batch 2) of CY 2023	JFR Construction Inc.	9,237,878.61	27-Apr-23	28-Feb-24	219
19	Civil Works for the Barangay Wide Development Projects (Batch 3) of CY 2023	PYUKEI Construction Inc.	4,440,771.85	11-May-23	28-Feb-24	209
20	Civil Works for the Barangay Wide Development Projects (Batch 4) of CY 2023	JANJOI Builders and Supply	5,961,967.20	No contract submitted	28-Feb-24	
21	Civil Works for the Barangay Wide Development Projects (Batch 5) of CY 2023	SILK AND STEEL Construction	3,353,508.76	11-May-23	28-Feb-24	209
22	Civil Works for the Barangay Wide Development Projects (Batch 6) of CY 2023	EMT Construction and Supplies	3,359,654.40	11-May-23	29-Feb-24	210
23	Civil Works for the Barangay Wide Development Projects (Batch 7) of CY 2023	H.A.H. REVERIE Construction Corporation	4,440,562.69	19-Jul-23	29-Feb-24	157
24	Civil Works for the Barangay Wide Development Projects (Batch 8) of CY 2023	H.A.H. REVERIE Construction Corporation	3,357,064.97	19-Jul-23	29-Feb-24	157
	*working days; excluding Saturdays and Sundays		₱98,800,548.29		Average days	223.05 WD

- 6.5 The delay in submission and non-submission of contracts and its supporting documents within the reglementary period precluded the Audit Team from timely reviewing and evaluating the contracts for validity, propriety, and legality as well as promptly communicating the results thereof.

b. Unimplemented projects charged from 20% Development Fund

- 6.6 For the calendar year, the LGU appropriated ₱57,836,529.80 for 20% DF for CY 2023. This amount is composed of various projects, namely:

- Farm to Market Roads, Barangay Roads
- Concreting and Pathways Improvement
- Improvement of Drainage Canal, Maintenance of River Landing/ Wharf at different barangays
- Construction or Improvement of Covered Courts and Evacuation Centers
- Construction/ Improvement of Multi-purpose Day Care Centers or Health Centers etc.

- 6.7 Perusal of the Report of Accomplishment provided by the Municipal Engineer and ocular inspection conducted by the Audit Team on January 8-12, 2024, discovered that the Municipality completed 43 projects charged to the CY 2023 20% DF, while seven (7) were started but remained unfinished at year-end. (Please See Appendix I)

- 6.8 Moreover, out of the 55 projects planned for implementation during the year, five (5) projects remain unimplemented as of December 31, 2023. The projects are summarized as follows:

Table 21. *List of Unimplemented PPAs at Year-End 2023*

No.	Name of PPA	ABC
1	Construction/ Improvement/ Maintenance of all government buildings, facilities and utilities including construction of Justice Building/ Construction of Establishment of Youth Center	₱1,300,000.00
2	Establishment and its extension of COVID-19 and other emerging diseases vaccination and Isolation Center	1,500,000.00
3	Purchase of lot for government office/ buildings and other facilities	2,500,000.00
4	Construction of Tourism Information Center, floating cottages, concrete	1,000,000.00

	jump-off wharf area, comfort and dressing rooms and other facilities in all tourism sites	
5	Purchase of post-harvest facilities and/or farm inputs/ implements	1,500,000.00
	TOTAL	₱7,800,000.00

- 6.9 Furthermore, thirteen (13) projects funded by continuing appropriations since 2021 and 2022 and amounting to ₱18,318,250.34 also remained unimplemented at year-end as shown in Table 22.

Table 22. *List of Unimplemented PPAs at year-end 2023 (Continuing Appropriations)*

No	Name of Project	Amount
	Unimplemented Projects for CY 2021 (20% Continuing appropriations)	
1	Purchase of Garbage Collection and Processing Equipment	₱700,000.00
2	Tax Mapping	300,000.00
3	Improvement of the Old Municipal Town Hall/ Municipal Library	300,000.00
4	Salvacion to Población Bridge (Phase 1)	5,000,000.00
5	Purchase of Lot for Housing/relocation project	1,000,000.00
	Subtotal	₱7,300,000.00
	Unimplemented Projects for CY 2022 (20% Continuing appropriations)	
6	Improvement of Brgy. Stage at Brgy. Amandayehan	₱300,000.00
7	Tax Mapping	500,000.00
8	Purchase of COVID-19 Supplies and Equipment	1,000,000.00
9	Establishment of Isolation Facility for COVID-19 and other Pandemic	1,700,000.00
10	Establishment/ Construction/ Improvement of Isolation Center	2,018,250.34
11	Improvement of Basey Ecological Park/ Sanitary Landfill	4,500,000.00
12	Establishment of DRRM- CCA Database/ Data Banking/ CBMS	800,000.00
13	Retooled Community Support Program	200,000.00
	Subtotal	₱11,018,250.34
	Total	₱18,318,250.34

- 6.10 Per inquiry with the Municipal Budget Office staff as regards to Item No. 6 in Table 22, she said that the project was realigned to Improvement of Covered Court at the

abovementioned barangay. However, no approved realignment has been submitted or attached to the disbursement voucher for evaluation.

- 6.11 In addition, review of Registry of Appropriation and Obligations for 20% DF and Continuing Appropriation of 20% DF, disclosed that the above amounts and projects have remained unobligated at year-end. Also, based on submitted accomplishment report by the Engineering's Office as of December 31, 2023, the establishment and extension of COVID-19 and other emerging diseased vaccination and isolation centers are still pending. Similarly, the construction of Tourism Information Center, floating cottage and other facilities in all tourism sites is yet to undergo detailed engineering design and preparation of program of works.
- 6.12 The team emphasizes that available funds for development projects must be utilized to deliver necessary, appropriate and effective services for the promotion of general welfare. Delay in implementation and non-implementation of the same, deprives the constituents of the immediate benefits that could be derived once the project is completed.

c. PPAs' Cost Exceeds Appropriated Budget

- 6.13 Reconciliation of registries and accomplishment report submitted by the Municipal Budget's Office and Municipal Engineering's Office, revealed that there were projects implemented during the year exceeded their allotted budgets as indicated on the Annual Investment Plan. The details of projects and their utilization are summarized on Table 23:

Table 23. *Schedule of Appropriation and Utilization of 20% DF*

	PPA	Appropriation	Obligated	Accomplishment Report	Variance (over)/ under appropriation
1	Purchase of lot for Public cemetery in Brgy. Guirang	₱500,000.00	₱650,000.00	-	(₱150,000.00)
2	Construction of covered court/ civic centers at Brgy. Mabini	500,000.00	500,000.00	985,507.44	(485,507.44)
3	Construction of Slaughter House	3,000,000.00	-	33,201.03	-
4	Site Development of lot for the establishment/ construction of slaughterhouse or other facility	500,000.00	500,000.00	1,078,222.28	(578,222.28)

	PPA	Appropriation	Obligated	Accomplishment Report	Variance (over)/ under appropriation
5	Improvement/main tenance of River Landing/ Wharf at different barangays and other public structures at Brgy. Wharf in Brgy. Baybay	1,500,000.00	1,641,314.61	1,500,000.00	(141,314.61)
				Total	(₱1,388,245.36)

6.14 Based on the table, for items 3 & 4, as per Municipal Budget staff, the allotted funds have been combined into ₱3,500,000.00 due to the similarity in nature and the used of the same budgetary source which is from 20% development fund. However, upon examination of statement of work accomplished attached to the disbursement voucher, it was found that the actual cost for site development to date is ₱1,078,222.28, and the only cost attributed to construction of slaughter house was ₱33,201.03, thus exceeding the appropriated amount for site development cost.

6.15 Moreover, scrutiny of disbursement vouchers for the progress payments of the projects revealed that there was no approved augmentation / appropriation/ supplemental budget attached to them.

6.16 Overspending beyond available appropriations compromised funds that could have been intended for other purposes, thus rendering the transactions illegal and depleting the coffers of the government.

d. Inclusion of Ineligible expenses charged to 20% development fund

6.17 Inspection of the details of expenses charged under the 20% development fund further revealed that there were payments related to project monitoring expenses committee in the total amount of ₱446,777.95, broken down in Table 24.

Table 24. *List of Ineligible Expenses*

Date	AFFT No.	Particular	Amount
30-Mar-23	1002023-107	Honorarium Project Monitoring for the Month of March, 2023	₱26,093.28
03-Apr-23	1002023-120	Honorarium Project Monitoring, Evaluation & Mgt. January-March 2023	21,845.04
18-Jul-23	1002023-243	Honoraria Project Monitoring Committee (MPMC) of LGU-Basey	63,457.80
27-Sep-23	1002023-311	Honoraria (MPMC) July-September '23	164,613.20

Date	AFFT No.	Particular	Amount
27-Dec-23	1002023-402	Honoraria (MPMC)	170,768.63
		Total	₱446,777.95

- 6.18 It was specified in the DBM-DOF-DILG JMC No. 1 dated November 4, 2020 Sec. 3.2.5.1 that Personal Services expenditures such as salaries, wages, overtime pay and other personnel benefits shall not be allowed to be charged against the 20% DF.
- 6.19 Perusal of the documents revealed that the expenses are included in the program of work as other cost. Upon completion of certain projects, a certification or summary list of completed projects is made by the Municipal Engineer as additional document to provide proof of project monitoring and to identify the project to be charged. Subsequently, these expenses are released through payroll via authorized debit accounts/ fund transfers to the members of Municipal Project Monitoring Committee.
- 6.20 Executive Order No. 07-026 was issued by the LCE regarding the formulation/ reconstituting of this Project monitoring committee, specifying the duties and responsibilities of the Committee and its Secretariat and further authorizing its committee to claim honoraria and/ or other incidental expenses relative to services rendered. However, upon scrutiny of documents attached to the DV, there is no proof of actual rendition of services except for the statement of work accomplishment (SWA) and certificate of completion and acceptance of certain projects.
- 6.21 The incurrence of ineligible expenses in the 20% Development Fund may diminish the much needed fund of the municipality for its promotion of delivery of public service and attainment of socio-economic development needs of its constituents.**
- 6.22 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 the planned projects; and**

d. Municipal Budget Officer and Municipal Engineer to stop charging ineligible expenses to the 20% development fund.

- 6.23 During the exit conference, the representatives from the BAC and BAC Secretariat said that the remaining unsubmitted contracts are now ready for transmittal to the audit team. Moreover, it was said that the delay of submission is due to unavailability of documents from the Engineering Office and a not-functional Technical Working Group (TWG). Therefore, they think it best to replace the members of the TWG. The BAC representatives also suggested that before releasing the Notice to Proceed to the contractor, to make sure that contract and all its supporting documents are already complete for submission to the audit team.
- 6.24 The Municipal Engineer also committed to submit justification letter for any unfinished and/or projects not yet implemented.
- 6.25 Finally, management also agreed to stop charging ineligible expenses such as project monitoring committee honoraria 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.**
- 7.1 Section 4.6 of Presidential Decree No. 1445 states that all claims against government funds shall be supported with complete documentation that shall establish the integrity of the claim.
- 7.2 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, provide:
- The responsibility and accountability in ensuring that the development projects funded under the 20% DF comply with the guidelines under this JMC and ultimately contribute to the attainment of desirable socio-economic targets and outcomes of the LGU shall rest upon the local chief executive and other officials concerned.
- The utilization of the 20% DF, whether willfully or through negligence, for the disallowed expenditure items shall subject the erring LGU officials and personnel to penalties under existing laws.

- 7.3 COA Circular No. 2007-001 dated October 25, 2007 on the Revised Guidelines in the granting, utilization, accounting and auditing of the funds released to Non-government Organizations/People's Organization, provides:

4.4 Requisite for the entitlement to government fund

The NGO/PO shall submit the proposal or application for funding accompanied by the following documents:

- 4.4.1 Certificate of registration with the Securities and Exchange Commission (SEC), and/or either the Cooperative Development Authority (CDA) or the Department of Labor and Employment (DOLE) as the case may be. This is to ensure that the NGO/PO has a legal personality, has officers who are responsible and accountable for its operations, and is based in the community where the project shall be implemented.
- 4.4.2 Authenticated copy of the latest Articles of Incorporation or the Articles of Cooperation as the case may be, showing the original incorporators/organizers and the Secretary's certificate for incumbent officers, together with the Certificate of Filing with the SEC/Certificate of Approval by the CDA.
- 4.4.3 Financial reports, audited by an independent Certified Public Accountant, for the past three years preceding the date of project implementation, to ensure that it has a stable financial condition and that the funds provided by the GO shall not be its sole source of funds. For NGO/PO which has been in operation for less than three (3) years, report of accomplishment or any equivalent proof certified by its President and Secretary that it had previously implemented similar projects shall be required, in addition to financial reports for the years it has been in operation.
- 4.4.5 WFP, and Sources and Details of Proponents Equity Participation in the Project.
- 4.4.6 Complete project proposal approved/ signed by its officers which shall include the objectives, target

beneficiaries, feasibility studies, risk assessment, designs, plans, blueprints, charts, etc.

4.4.7 List and/or photographs of similar projects previously completed by the NGO/PO, if any, indicating the source of funds for their implementation.

4.4.8 A sworn affidavit of the Secretary of the NGO/PO that none of its incorporators, organizers, directors or officials is an agent of or related by consanguinity or affinity up to the fourth civil degree to the officials of the GO authorized to process and/or approve the proposal, the MOA and the release of funds. Relationship of these nature shall automatically disqualify the NGO/PO from the beginning granted the fund.

4.5 Procedure for the Availment, Release and Utilization of Funds

The following procedures shall be strictly complied with:

4.5.1 The GO shall identify the priority projects under its WFP which may be implemented by the NGO/PO, their purposes, specifications and intended beneficiaries as well as the time frame within which the projects are to be undertaken. xx

4.5.2 For each project proposal, the GO shall accredit the NGO/PO partners through the BAC or a committee created for the purpose, which shall formulate the selection criteria. xx

4.5.3 Upon proper evaluation, the GO, thru the Committee, shall award the project to the NGO/PO which meets the minimum qualification xxx. The project shall be covered by a MOA which shall embody the terms of reference such as:

a) Project name, intended beneficiaries, benefits to be delivered, project cost estimates, a brief description of the project and its site/location;

Xxxx

e) specific period to liquidate the funds granted to the NGO/PO, with the GO'

Xxx

- 7.4 Out of the ₱57,836,529.80 appropriations for 20% Development Fund, the Municipality has included in its Approved Annual Budget for the Livelihood Assistance Program to Farmers, Fisherfolks and other Sectoral Group and/or purchase of post-harvest facilities and/or farm inputs/implements.
- 7.5 Audit revealed that the Municipality has distributed cash charged to the 20% Development Fund for livelihood financial assistance to “different Accredited/Registered Organizations”. The associations’ representative or treasurer has signed a payroll receiving ₱20,000.00 for and on behalf of the association. The details of the names of associations are illustrated in Appendix J.
- 7.6 Perusal of the disbursement vouchers (DVs) and report of disbursements (RODs) for the payments revealed the following supporting documents:

Table 25. *Supporting documents to the Release of Financial Assistance*

Date	Check No.	Amount	Particulars	Supporting Documents
07/10/2023	1357854	₱360,000.00	Payment for Livelihood Assistance to different Accredited/Registered Organization (1st Batch -C,Y. 2023).	DV , ROD, Obligation Request (ObR), DV, Paid Payroll
09/21/2023	1358692	640,000.00	Payment of Livelihood Assistance to different Accredited/Registered Organization (2nd Batch-CY 2023)	DV Only; ROD, ObR, Paid Payroll for ₱620,000.00; Official Receipt No. 8757603 dated 10/20/2023 ₱20,000.00 for return of CA for the payment of livelihood assistance to New

Date	Check No.	Amount	Particulars	Supporting Documents
				Homeowners Association
11/10/2023	1400220	20,000.00	Payment of Financial Assistance for the New Homeowners Association through the Association Treasurer Analyn L. Padoc	DV. Photocopy of OR and ID
TOTAL		₱1,020,000.00		

- 7.7 Due to the inadequacy of documentation on such distribution, the audit team cannot readily ascertain whether or not such grant and release of funds are:
- Granted based on a Work and Financial Plan of the municipality for Projects, Programs and Activities (PPAs) to be implemented by partner NGO/PO;
 - Given only to accredited NGO/PO, meaning with financial and technical capability to implement PPAs;
 - Covered with an approved Memorandum of Agreement to ensure accountability of the officers of NGO/PO for the funds received; and
 - Used to optimally contribute to the attainment of desirable socio-economic targets and outcomes of the LGU
- 7.8 The audit team emphasizes that funds granted to NGOs/POs shall retain their character as public funds and are subject to rules on the grant and utilization. Both the municipality and the recipient NGOs/POs shall comply with the necessary documentation to ensure that the funds are released with proper evaluation of the capability of the NGO/PO to implement program, projects and activities of the Municipality which will ultimately redound to the enjoyment of the benefits by people as the constituent-beneficiaries.
- 7.9 The responsibility to ensure that the development projects funded under the 20% DF comply with the JMC guidelines rests upon the LCE. Failure of the Municipality to comply with the necessary work financial plan and the procedures in the grant of the financial assistance to associations, minimizes the opportunity of the constituents to avail of the social and economic benefits from the municipality's 20% development fund.

- 7.10 Failure to ensure accountability for the 20% by both the Municipality and the association that the funds were used to optimally contribute to the attainment of desirable socio-economic targets and outcomes of the LGU undermines the purpose for which the funds were intended. Consequently, may be subject to disallowance.
- 7.11 **We recommended, and management agreed that the Local Chief Executive refrain from distributing financial assistance to association 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.**
- 8.1 Section 4.6 of Presidential Decree No. 1445 states that all claims against government funds shall be supported with complete documentation that shall establish the integrity of the claim.
- 8.2 Annex A of Commission on Audit Circular No. 2012-001 dated June 14, 2012 prescribing the Updated Documentary Requirements for Common Government Transactions, provides:

13.0 Road Right-of-Way (ROW) / Real Property

13.1 Land

- Structural Mapping Plan of the lot affected
- Certification from the Head of the Implementing Office that there is no previous pending claim and previous payment on subject property
- Environmental Clearance Certificate (ECC) as required under Section 8 of RA No. 8974
- Copy of latest updated master list of Project-Affected-Persons (PAP) approved by Agency's authorized representative
- In case of death of owner, judicial settlement duly advertised in a newspaper of general circulation

Additional Documentary Requirements

- Independent Appraisal Report/Regional Committee Resolution indicating the valuation of the land.

Valuation should be based on the provisions of RA No. 8974

- Applicable Zonal Value
- Certified Photocopy of Authority/Agency Resolution to Purchase Land or land Rights indicating the approved/established valuations or Bureau of Internal Revenue (BIR) Zonal Valuations
- Deed of Absolute Sale registered with the Register of Deeds where the land is located
- Certified Photocopy of Tax Clearance from Assessor's Office where the land is located
- Certified Authorizing Registration (CAR)
- Capital Gains Tax (CGT)
- Documentary Stamp Tax (DST)
- Transfer Tax
- If registered land:
 - o If whole lot is acquired, Transfer Certificate of Title (TCT) Certificate of Land Ownership Award/Original Certificate Title/ Emancipation Patent (CLOA/OCT/EP) certified as true copy by the Register of Deeds and Tax Declaration (TD) certified as true copy by the Assessor's Office in the name of the procuring entity or previous owner depending on the provisions if the sale
 - o If portion of lot is acquired, certified photocopy of TCT and TD in the name of the procuring entity or previous owner with annotation of sale

- 8.3 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, provides:

The responsibility and accountability in ensuring that the development projects funded under the 20% DF comply with the guidelines under this JMC and ultimately contribute to the attainment of desirable socio-economic targets and outcomes of the LGU shall rest upon the local chief executive and other officials concerned.

The utilization of the 20% DF, whether willfully or through negligence, for the disallowed expenditure items shall subject the erring LGU officials and personnel to penalties under existing laws

- 8.4 Out of the ₱57,836,529.80 appropriations for 20% Development Fund, the Municipality has included ₱500,000.00 in its Approved Annual Budget for the purchase of lot intended for Public Cemetery at Brgy. Guirang, Basey, Samar.

8.5 Audit revealed that on December 1, 2023 payment was made to Lilia E. Galazan a grand daughter and a co-heir of the lot owned by the late Spouses Diego B. Bersaba and Simeona J. Bersaba. The payment amounting to ₱601,250.00, net of tax, was supported by the following documents:

- Photocopy of issued check,
- Obligation Request- Responsibility Center 9000,
- Disbursement Voucher,
- Real Property Tax Clearance,
- Extrajudicial Settlement of Estate with Deed of Absolute Sale of Portion of Real Property signed by two grand-daughters of late Sps. Bersaba
- Acknowledgment Receipt,
- Tax Declaration No. 03-0017-00569,
- Map,
- Provincial Appraisal Committee Resolution No. 03 dated 7.19.2022 on ₱65/sq.m. appraisal,
- Resolution No. 65 s. 2023 Authorizing the Mun. Mayor to purchase lot for the cemetery at Brgy. Guirang,
- Certified copy of Zonal Value per Bureau of Internal Revenue,,
- Certified copy of Original Certificate of Title (OCT) No. 2615 dated 9.30.2021,
- Photocopy of Office of Senior Citizen's Association Identification (OSCA ID) of Lilia E. Galazan

8.6 Based on the attachments to the disbursement vouchers, it is evident that the Municipality paid the heir vendor without assuring that the sale was duly registered with the Register of deeds (ROD). Our audit revealed that the following were not secured before payment to the heir-vendor:

- a. Certificate Authorizing Registration (CAR) issued by the BIR in favor of the heir-vendors;
- b. CAR issued by the BIR in favor of the Municipality;
- c. Annotation of the ROD on the Deed of Extra-judicial Settlement of the Estate with Deed of Absolute Sale;
- d. Proof of Payment of Capital Gains Tax and Documentary Stamp Tax;
- e. Proof of payment of by the vendors of Transfer Taxes (Local Government Tax);
- f. Certified copy of Tax Declaration in the name of the municipality;
- g. Transfer Certificate of Title in the name of the municipality;
- h. Certified true copy of Indemnity bond issued by an accredited insurance company

8.7 The above-mentioned documents are essential to warrant that title of the property is in the name of the Municipality. It is the responsibility of the LGU to ensure that

transfer is completed before payment for the lot to the heir vendor. Due diligence will dictate that the heir-vendor is not yet the owner per the title presented to the Municipality. The heirs have the obligation to transfer first into their names the subject property before they sell it to other vendors. Transferring the title to the heirs entails submission of series of documentary requirements to be evaluated by the different government agencies and is subject to regulatory fees and transfer taxes.

- 8.8 In the case of the municipality, the Extrajudicial Settlement of Estate with Deed of Absolute Sale of Portion of Real Property executed by heir-vendors in favor of the Municipality was not yet registered with the ROD, nor the OCT of the original owners annotated with the existing document of transfer. Hence, the lot for the public cemetery is not yet transferred in the name of the Municipality. Failure of the Municipality and/or the heir-vendor to comply with the above requirements hindered the transfer of title of the lot in the name of the Municipality.
- 8.9 The practice of payment to the lot vendors without first assuring that proper annotation of the sale was made in the Register of Deeds is an accountability of the LCE for future ownership dispute and adverse claims, making the utilized 20% Development Fund vulnerable to loss.
- 8.10 **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**
- 8.11 During the exit conference, management committed to require that a certificate of title be issued first to the Municipality, before full payment of purchase price is made in future similar transactions.

5% Local Disaster Risk Reduction Management Fund ~

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 statements, 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.

- 9.1 The Municipality's available fund for LDRRM programs, projects, and activities (PPAs) for Calendar Year (CY) 2023 amounted to ₱31,956,847.19. Details are shown in Table 26.

Table 26. Sources of Available Funds for DRRM for CY 2023

Sources of Funds	Quick Response Fund (QRF) 30%	Mitigation Fund 70%	Total
2023 Current Appropriations	₱4,472,739.74	₱10,436,392.72	₱14,909,132.45
2022 Special Trust Fund (STF)	5,184,094.45	1,852,641.70	7,036,736.15
2021 STF	3,865,905.68	2,218,204.52	6,084,110.20
2020 STF	6,333.88	108,208.32	114,542.20
2019 STF	944,961.40	1,051,376.54	1,996,337.94
2018 STF		1,815,988.25	1,815,988.25
Total Funds Available	₱14,474,035.15	₱17,482,812.05	₱31,956,847.19

- 9.2 As shown in the table above, the Municipality appropriated ₱14,909,132.45 for their LDRRMF for the year, composed of ₱4,472,739.74 for the 30% QRF and ₱10,436,392.72 for 70% MF, in compliance with the budgetary requirements for said fund.

- 9.3 However, our audit of the accounting and utilization of LDRRMF in CY 2023 disclosed the following:

a. Personal Services totaling ₱2,050,000.00 was appropriated in the LDRRMFIP

- 9.4 National Disaster Risk Reduction and Management Council (NDRRMC), DILG, DBM, and Civil Service Commission (CSC) issued a Joint Memorandum Circular No. 2014-1 dated April 4, 2014 concerning the Implementing Guidelines for the Establishment of Local DRRM Offices (LDRRMOs) or Barangay DRRM Committees (BDRRMCs) in the Local Government Units (LGUs). Pertinent Provisions thereof are as follows:

4.0 Policy Guidelines

- 4.3 The budgetary requirements for personal services, maintenance and other operating expenditures, and capital outlay of the LDRRMO shall be sourced from the General Fund of the LGU, subject to Section 76 of RA 7160.

In accordance with Section 83 of RA 10352, the enforcement of Secs. 325(a) and 331(b) of RA 7160 shall be waived to enable LGUs to fund the initial year requirements for the creation of the minimum four (4) mandatory positions at the LDRRMO.

- 4.4 Other maintenance and other operating expenditures, and other capital outlay requirements of the LDRRMO or BDRRMC in the implementation of the DRRM programs shall be charged to the Local DRRM Fund (LDRRMF) subject to the provisions of the Joint NDRRMC, DBM, and DILG Memorandum Circular No. 2013-1 and COA Circular No. 2012-002.

- 9.5 Section 5.1.2 of COA Circular Nos. 2012-002 dated September 12, 2012, provides:

5.1.2 A LDRRMFIP for the DRRM Program shall be prepared annually. It shall present the 30% allocation for Quick Response Fund (QRF) in lump-sum and the allocation for disaster mitigation, prevention, and preparedness with details as to projects and activities to be funded. The LDRRMFIP shall also include under a separate caption the list of projects and activities charged to the unexpended LDRRMF of previous years. A sample format of the LDRRMFIP is shown in Annex A.

- 9.6 Perusal to the available documents submitted disclosed that the MDRRMO appropriated three (3) PPAs for Personal Services in the LDRRMFIP, to wit:

Table 27. *PPAs appropriated for Personal Services*

PROGRAM/PROJECT/ ACTIVITY DESCRIPTION	Schedule of Implementation		Expected Outputs	Amount
	Starting Date	Completion Date		Personal Services
Insurance premium of DRRM volunteers	January 2023	December 2023	DRRM volunteers insured	₱150,000.00
Declogging of drainage and river / river bank stabilization	September 2023	December 2023	Mitigate Climate Change/ minimize flooding	1,800,000.00

PROGRAM/PROJECT/ ACTIVITY DESCRIPTION	Schedule of Implementation		Expected Outputs	Amount
	Starting Date	Completion Date		Personal Services
Purchase of lot for relocation site for hazard prone households & improvement and repair of evacuation center / sanitary landfill / DRRM OpCen	January 2023	July 2023	Lot purchased and repair of Evac Center / SLF	100,000.00
Sub-Total Preparedness and Mitigation				₱2,050,000.00

9.7 The abovementioned PPAs are inappropriate against Personal Services since its use is for disaster mitigation, prevention, and preparedness. Such should have been under the Maintenance and Other Operating Expenses (MOOE) of the LDRRMF-Mitigating Fund.

9.8 Appropriating said amounts against PS diminished the earmarked amount for the LDRRMF thereby depriving the Municipality of using the same for its pertinent MDRRM eligible activities to detriment of its intended beneficiaries.

b. Release and use of the LDRRMF – MF did not strictly adhere to its LDRRMFIP. Moreover, non-disaster-reduction-related expenditures totaling ₱289,880.00 were charged against the LDRRM Fund.

9.9 Section 5.1.3.2 of COA Circular Nos. 2012-002 dated September 12, 2012, provides:

5.1.3 The release and use of LDRRMF shall be supported by the following documents:

X x x

5.1.3.2 LDRRMFIP for projects and activities listed in the approved plan as incorporated in the local development plan and annual work and financial plan.

9.10 Perusal of the expenditures charged against the LDRRMF revealed the following:

Table 28. *Appropriation, Utilization and Balance of DRRMF per PPA*

No.	LDRRMF Program	Appropriation	Utilization	Balance
	Current Appropriations			
1	Relief and Recovery	₱4,472,739.74	₱2,769,055.00	₱1,703,684.74
	Capability Building	1,300,000.00	1,617,227.25	(317,227.25)

No.	LDRRMF Program	Appropriation	Utilization	Balance
2	Trainings and Seminars on disaster preparedness & LISTO Operation			
3	- DRRM Orientations/ BDRRM Plan Formulation & Updating			
4	-Evacuation Planning / Camp Management			
5	- Brgy. Emergency Response Training			
6	-Community Risk Assessment (at Brgys)			
7	Drills/Simulation Exercises (flood, earthquake, typhoon)	200,000.00		200,000.00
8	Food Supplies / Hygiene Kit	400,000.00		400,000.00
9	Medicines/Medical Supplies	200,000.00	119,210.00	80,790.00
10	Early Warning System	150,000.00	138,605.00	11,395.00
11	Communication Supplies / Antenna / batteries / 2-way radios	550,000.00	53,030.00	496,970.00
12	Purchase / Reproduction of IEC materials	100,000.00		100,000.00
13	Updating Hazard Mapping & VAs mainstreaming DRR & CCA / CBMS	1,200,000.00	438,550.00	761,450.00
14	Insurance premium of Government Building / Evacuation Center	350,000.00		350,000.00
15	Insurance premium of DRRM volunteers	150,000.00	800,000.00	(650,000.00)
16	Declogging of drainage and river / river bank stabilization	1,800,000.00	1,771,650.00	28,350.00
17	Preparedness and Mitigation Projects-CO	-		-
18	Purchase of lot for relocation site for hazard prone households & improvement and repair of evacuation center / sanitary landfill / DRRM OpCen	1,650,000.00	1,240,575.06	409,424.94
19	Purchase of DRRM Equipment, Office Furniture, Trucks, Rescue Vehicles	2,386,392.70	1,102,989.00	1,283,403.70

No.	LDRRMF Program	Appropriation	Utilization	Balance
	Total CY 2023 Appropriations	₱14,909,132.45	₱7,281,836.31	₱3,154,556.39
	2023 Supplemental LDRRMFIP			
	Preparedness and Mitigation Projects			
20	Procurement of rescue vehicle / sea ambulance	₱5,700,000.00		₱5,700,000.00
21	Construction / Improvement of Evacuation Centers in Canmanila, Anglit, Del Pilar, Magallanes, Mercado, and So. Biga, Brgy. Mabini	4,550,000.00		4,550,000.00
22	Purchase of Generator Set	1,000,000.00		1,000,000.00
23	Purchase of Lot and Development of Resettlement Sites for Households within Hazard Prone Areas in So. Rizal, Brgy. Bulao	5,750,000.00		5,750,000.00
	Total 2023 Supplemental Appropriations	₱17,000,000.00	₱-	₱17,000,000.00
	Total 2023 Utilization	₱31,909,132.45	₱7,281,836.31	₱20,154,556.39
	Charges to MF			
24	Project Monitoring		₱23,600.00	₱(23,600.00)
25	Grasscutter & Part & maintenance of water Tanker & Rescue Truck		6,280.00	(6,280.00)
26	Repair of Ambulance for MDRRMO		260,000.00	(260,000.00)
	Total Additional Charges to MF		₱289,880.00	₱(289,880.00)
	Grand Total 2023 Utilization		₱10,340,771.31	₱21,568,361.14

- 9.11 As can be gleaned from the above table, there are PPAs whose utilization was beyond its appropriation. Also, there are PPAs with utilization but no corresponding appropriation which means that the said PPAs were not incorporated in the approved LDRRMFIP.
- 9.12 Utilization made beyond its pertinent appropriation and the charging of expenditures for PPAs not incorporated in the LDRRMFIP diminished or obliterated the appropriation of the unimplemented PPAs incorporated in the approved LDRRMFIP.

- 9.13 No augmentation, realignment nor supplemental budget was provided to the Audit Team to justify the above noted deviations.
- 9.14 Moreover, based on the above table, inspection of the details of expenses claimed under the Fund further revealed that there are non-disaster-reduction-related expenditures in the total amount of ₱289,880.00.
- 9.15 Item No. 24 does not in any form pertain nor support a disaster risk reduction project. On the other hand, Items No. 25-26 are not included in the investment plan for the year 2023, hence ineligible to be charged to the 5% DRRMF.
- 9.16 The incurrence of ineligible expenses in the Fund may diminish the much-needed fund of the municipality for its DRRM activities.
- c. **Separate Registry of Appropriations, Allotment, and Obligations (RAAO) for QRF, MOOE, and CO for LDRRMF current year appropriations amounting to ₱1,643,226.80, ₱-1,363,283.97, and ₱ 18,950,507.64, respectively, were not maintained by the Municipality Budget Officers (MBO). Further, LDRRMF – MF expenditures charged amounting to ₱355,360.00 were not supported with LDRRMF Investment Plan (LDRRMFIP) and Annual Investment Plan (AIP).**
- 9.17 Section 5.1.4 of COA Circular Nos. 2012-002 dated September 12, 2012, provides:
- 5.1.4 Separate Registry of Appropriations, Allotments, and Obligations (RAAO) shall be maintained for the LDRRMF as follows:
- 5.1.4.1RAAO – for QRF
- 5.1.4.2RAAO – for MOOE
- 5.1.4.3RAAO – for CO
- 9.18 Scrutiny of records showed the following current year appropriations and its pertinent utilizations:

Table 29. *DRRMF Appropriation per Investment Plan, Utilization and Balance*

No.	LDRRMF Program	Projects/Programs/Activities (based on IP submitted by MDRRMO- in charge)			
		QRF	Personal Services	MOOE	Capital Outlay
1	Relief and Recovery	₱4,472,739.75			
	Capability Building			₱1,300,000.00	
2	Trainings and Seminars on disaster				

No.	LDRRMF Program	Projects/Programs/Activities (based on IP submitted by MDRRMO- in charge)			
		QRF	Personal Services	MOOE	Capital Outlay
	preparedness & LISTO Operation				
3	- DRRM Orientations/ BDRRM Plan Formulation & Updating				
4	-Evacuation Planning / Camp Management				
5	- Brgy. Emergency Response Training				
6	-Community Risk Assessment (at Brgys)				
7	Drills/Simulation Exercises (flood, earthquake, typhoon)			200,000.00	
8	Food Supplies / Hygiene Kit			400,000.00	
9	Medicines/Medical Supplies			200,000.00	
10	Early Warning System			150,000.00	
11	Communication Supplies / Antenna / batteries / 2-way radios			550,000.00	
12	Purchase / Reproduction of IEC materials			100,000.00	
13	Updating Hazard Mapping & VAs mainstreaming DRR & CCA / CBMS			1,200,000.00	
14	Insurance premium of Government Building / Evacuation Center			350,000.00	
15	Insurance premium of DRRM volunteers		₱150,000.00		
16	Declogging of drainage and river / river bank stabilization		1,800,000.00		

No.	LDRRMF Program	Projects/Programs/Activities (based on IP submitted by MDRRMO- in charge)			
		QRF	Personal Services	MOOE	Capital Outlay
	Preparedness and Mitigation Projects-CO				
18	Purchase of lot for relocation site for hazard prone households & improvement and repair of evacuation center / sanitary landfill / DRRM OpCen		100,000.00		₱1,550,000.00
19	Purchase of DRRM Equipment, Office Furnitures, Trucks, Rescue Vehicles				2,386,392.70
	Total CY 2023 Appropriations	₱4,472,739.75	₱2,050,000.00	₱4,450,000.00	₱3,936,392.70
	2023 Supplemental LDRRMFIP				
	Preparedness and Mitigation Projects				
20	Procurement of rescue vehicle / sea ambulance				₱5,700,000.00
21	Construction / Improvement of Evacuation Centers in Canmanila, Anglit, Del Pilar, Magallanes, Mercado, and So. Biga, Brgy. Mabini				4,550,000.00
22	Purchase of Generator Set				1,000,000.00
23	Purchase of Lot and Development of Resettlement Sites for Households within Hazard Prone Areas in So. Rizal, Brgy. Bulao				5,750,000.00
	Total 2023 Supplemental Appropriations	-	-	-	17,000,000.00
	GRAND TOTAL	₱4,472,739.75	₱2,050,000.00	₱4,450,000.00	₱20,936,392.70

No.	LDRRMF Program	Projects/Programs/Activities (based on IP submitted by MDRRMO- in charge)			
		QRF	Personal Services	MOOE	Capital Outlay
	Total CY 2023 Utilization	(2,829,512.95)		(5,813,283.97)	(1,985,885.06)
	Balance 12/31/2023	₱1,643,226.80	₱2,050,000.00	(₱1,363,283.97)	₱18,950,507.64

- 9.19 Inquiry with the MBO revealed that she does not maintain separate RAAOs for QRF, MOOE, and CO, but instead, prepares only one RAAO for LDRRMF based on the amounts obligated and tagged in the responsibility center of the 5% LDRRMF.
- 9.20 Comparison of the utilization thereon with the “Itemized Utilization of Disaster Reduction Management Fund for the period ended December 31, 2023” report prepared by the Municipal Accountant (MA) revealed a variance of ₱287,910.67, to wit:

Table 30. *Utilization Report of Municipal Accountant vis-à-vis Municipal Budget Office*

No.	LDRRMF Program	MA	MBO	Variance
	Current Appropriation			
1	Relief and Recovery	₱2,769,055.00	₱2,829,512.95	₱(60,457.95)
	Capability Building			
2	Trainings and Seminars on disaster preparedness & LISTO Operation			
3	- DRRM Orientations/ BDRRM Plan Formulation & Updating	1,617,227.25	1,771,222.72	(153,995.47)
4	-Evacuation Planning / Camp Management			
5	- Brgy. Emergency Response Training			
6	-Community Risk Assessment (at Brgys)			
7	Drills/Simulation Exercises (flood, earthquake, typhoon)		144,875.00	(144,875.00)
8	Food Supplies / Hygiene Kit		214,900.00	(214,900.00)
9	Medicines/Medical Supplies	119,210.00	140,385.00	(21,175.00)
10	Early Warning System	138,605.00	138,605.00	-
11	Communication Supplies / Antenna / batteries / 2-way radios	53,030.00	125,530.00	(72,500.00)
12	Purchase / Reproduction of IEC materials		8,100.00	(8,100.00)
13	Updating Hazard Mapping & VAs mainstreaming DRR & CCA / CBMS	438,550.00	776,977.25	(338,427.25)

No.	LDRRMF Program	MA	MBO	Variance
14	Insurance premium of Government Building / Evacuation Center			-
15	Insurance premium of DRRM volunteers	800,000.00	8,000.00	792,000.00
16	Declogging of drainage and river / river bank stabilization	1,771,650.00	1,771,650.00	-
17	Preparedness and Mitigation Projects-CO			-
18	Purchase of lot for relocation site for hazard prone households & improvement and repair of evacuation center / sanitary landfill / DRRM OpCen	1,240,575.06	1,240,575.06	-
19	Purchase of DRRM Equipment, Office Furnitures, Trucks, Rescue Vehicles	1,102,989.00	1,102,989.00	-
	Total CY 2023 Appropriations	₱7,281,836.31	₱7,443,809.03	₱(161,972.72)
				-
	2023 Supplemental LDRRMFIP			-
	Preparedness and Mitigation Projects			-
20	Procurement of rescue vehicle / sea ambulance			-
21	Construction / Improvement of Evacuation Centers in Canmanila, Anglit, Del Pilar, Magallanes, Mercado, and So. Biga, Brgy. Mabini			-
22	Purchase of Generator Set			-
23	Purchase of Lot and Development of Resettlement Sites for Households within Hazard Prone Areas in So. Rizal, Brgy. Bulao			-
	Total 2023 Supplemental Appropriations	-	-	-
	Total 2023 Utilization	₱7,281,836.31	₱7,443,809.03	₱(161,972.72)
	Other Charges to MF			-
24	Project Monitoring	₱23,600.00	₱23,600.00	₱-
25	Maintenance for Rescue Vehicle of MDRRM Operation Center Basey, Samar		25,000.00	(25,000.00)
26	Grasscutter & Part & maintenance of water Tanker & Rescue Truck	6,280.00	46,760.00	(40,480.00)
27	Repair of Ambulance for MDRRMO	260,000.00	260,000.00	(260,000.00)
	Total Other Charges to MF	₱289,880.00	₱355,360.00	₱(65,480.00)
	Grand Total 2023 Utilization	₱10,340,771.31	₱10,628,681.98	₱(287,910.67)

- 9.21 Preparation and maintenance of separate RAAOs for QRF, MOOE, and CO facilitates the easy tracking of available appropriations for the said budget classifications. Moreover, unexpended QRF, MOOE, and CO balances at year-end could easily be established should the same be regularly updated.
- 9.22 Absence thereof precludes the accessibility to readily available and timely data on the current and unexpended balances of the QRF, MOOE, and CO, which may then result to overcharging of expenditures and delayed report preparations.
- 9.23 Further, expenditures charged against the LDRRMF – MF amounting to ₱355,360.00 were not supported with the LDRRMF Investment Plan (LDRRMFIP) and Annual Investment Plan (AIP).
- 9.24 LDRRMFIP prepared by the Local Disaster Risk Reduction and Management Officer (LDRRMO) details the Programs, Projects, and/or Activities (PPAs) to be undertaken using the LDRRMF, laying down the basis for its expenditures. It is then consolidated by the Municipal Planning and Development Officer (MPDO) in the AIP of the Municipality which embodies its entire service requirements and expenditures for the year. The aforesaid reports therefore are interrelated and goes hand in hand with each other.
- 9.25 Expenditures not in accordance with the LDRRMFIP and AIP casted doubt on the legality and propriety thereof.
- d. Year-end unutilized balance of the LDRRMF QRF and MF in the Report on the Sources and Utilization of DRRMF for the Month of December 2023 is inaccurate due to erroneous entries, unrecorded utilizations, and double entry totaling ₱49,207.95 and ₱767,625.00, thereby overstating the QRF and understating the MF, respectively, presented at year-end by the said amounts.**
- 9.26 Section 5.1.5 of COA Circular Nos. 2012-002 dated September 12, 2012, provides:
- 5.15 A Report on the Sources and Utilization of the DRRMF using the format in Annex B shall be prepared and certified correct by the Local Accountant. X x x
- 9.27 Upon examination of the Report on the Sources and Utilization of DRRMF for the month of December 2023, it was noted that the year-end unutilized balance of the LDRRMF QRF and MF are overstated and understated, respectively, by ₱49,207.95 and ₱767,625.00, owing to the following:

Table 31. *Misstatement in the year-end QRF and MF Balances*

Particulars	QRF	MF
Unutilized balance, unadjusted	₱11,693,730.15	₱9,884,845.74

Particulars	QRF	MF
Erroneous entry of Current Appropriation: - QRF should be ₱4,472,739.74 instead of ₱4,461,489.74 - MF should be ₱10,436,392.72 instead of ₱10,410,142.72	11,250.00	26,250.00
Unrecorded utilization – Check No. 1356909 dated 4/5/2023 for payment of Base Radio and Handheld Radio used at MDRRM Operation Center		(72,500.00)
Unrecorded utilization – Check No. 1356917 dated 4/11/2023 for payment of Gasoline use for Relief operation	(60,457.95)	
Erroneous entry – Check No. 1357083 dated 4/25/2023 for the payment of Rescuer Insurance, should be ₱8,000.00 instead of ₱800,000.00		792,000.00
Erroneous entry – Check No. 1357339 dated 5/15/2023 for Payment of Labor for the Clearing, grubbing, and River Declogging at Brgy. Serum, Basey, Samar, should be ₱196,650.00 instead of ₱196,500.00		(150.00)
Double entry – Check No. 1357882 dated 7/10/2023 for payment of Personal Protective Equipment (PPE) and Supplies of respondents/Rescue Volunteers, recorded as Medical Supplies and also Other Supplies and Materials		22,105.00
Erroneous entry – Check No. 1358223 dated 8/4/2023 for payment of Meals and snacks for Training on Standard First Aid and Basic Life Support for the Rescuers, should be ₱74,880.00 instead of ₱74,800.00		(80.00)
Unutilized balance, adjusted	₱11,644,522.20	₱10,652,470.74
Variance	₱49,207.95	₱(767,625.00)
Net effect	Overstated	Understated

9.28 Foregoing erroneous entries, unrecorded utilizations, and double entry misstated the QRF and MF balances at year-end.

e. Failure to Transfer LDRRM Prior Year's Balance amounting to ₱2,992,433.67 to the Special Trust Fund

9.29 Sections 5.1.10 and 5.1.12 of COA Circular Nos. 2012-002 dated September 12, 2012, provides:

5.1.10 All unexpended/unobligated balance of the QRF and the DRRMF-MOOE shall be transferred to the Special Trust Fund under the account "Trust Liability-DRRM"(Code 435) in the Trust Fund books.

5.1.12 The account of Trust Liability-DRRM in the Trust Fund books shall be used to record transfers of the agency's unutilized QRF and the DRRMF-MOOE of the previous years xxx

- 9.30 COA Circular No. 2015-009 dated December 1, 2015 prescribes the Chart of Accounts for LGUs. Annex A and B of the said circular provide for the list of accounts and its corresponding descriptions in relation to the affected accounts as follows:

2 LIABILITIES

04 Trust Liabilities

01 Trust Liabilities

Account Title	Trust Liabilities – Disaster Risk Reduction
Account Number	and Management Fund
Normal Balance	2-04-01-020
	Credit

Description	This account is used to record the receipt of amount held in trust for disaster risk reduction and management fund. Debit this account for settlement or compliance of the condition.
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Subsidiary ledgers shall be maintained based on source. Unspent DRRM funds of LGUs from current year appropriations shall likewise maintain ledger by year.

- 9.31 Verification of the Reports of Checks Issued (RCI) from CY 2023 to January 2024 revealed that the unexpended balances of QRF and MOOE for the year 2023 amounting to ₱2,992,433.67 have not yet been transferred to the Special Trust Fund (STF) for LDRRMF, with details as follows:

Particulars	Appropriated Amount	Utilized/ Obligated Amount	Unutilized Amount
<i>Current Appropriations</i>			
<i>30% Quick Response Fund</i>	₱4,472,739.75	₱2,829,512.95	₱1,643,226.80
<i>70% Mitigation Fund (MF)</i>			
<i>MOOE</i>	6,500,000.00	5,100,394.97	1,299,605.03
<i>Capital Outlay</i>	3,936,392.70	2,343,564.06	1,692,828.64
<i>Total</i>	₱14,909,132.45	₱7,443,959.03	₱2,992,433.67

- 9.32 We noted that the reason for the non-transfer of the unexpended fund was due to the non-maintenance of a separate Registries of Appropriations, Allotments and Obligations (RAAO) for the LDRRMF since the municipality was not able to identify the details of the funds.
- 9.33 The failure to transfer of the prior year's balance to the Special Trust Fund understated the Trust Liabilities-DRRM and Cash account of the Trust Fund in the same amount.

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

a. 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. Municipal Accountant to:

- 1. reconcile accounting records with that of the Municipal Budget Officer;**
- 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 the necessary journal entries and adjust the balance of Trust Liabilities-DRRM account at year-end.**

c. 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 RAOs 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.

Mandatory Remittances

- 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 Section 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.

- 10.1 Section 69 (1) o P.D. 1445 states that 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.
- 10.2 Moreover, Section 36 of COA Circular No. 92-382 provides that collections made by the treasurers for other government units shall be promptly remitted to the government units concerned.
- 10.3 Further, item 27 of IPSAS 1, provides:

Fair Presentation and Compliance with IPSASs

27. Financial statements shall present fairly the financial position, financial performance, and cash flows of an entity. Fair presentation requires the faithful representation of the effects of transactions, other events, and conditions in accordance with the definitions and recognition criteria for assets, liabilities, revenue, and expenses set out in IPSASs. The application of IPSASs, with additional disclosures when necessary, is presumed to result in financial statements that achieve a fair presentation.
- 10.4 Audit and verification of the LGU's transactions on withholding and remittances of premiums, contributions and loan amortizations for CY 2023 disclosed that the remittances were made on time. However, we noted instances that remittances differ from the amount withheld which resulted to combined net over remittance of (₱617,585.78). Please see Appendix K for detailed schedule.
- 10.5 Also, at the beginning of the year, there were unremitted balances of ₱1,600,707.78, ₱49,014.55, ₱574,808.74 and ₱2,048,428.34 for Due to GSIS, PhilHealth, Pag-Ibig and GOCC accounts, respectively or a total of ₱4,272,959.34.
- 10.6 On the other hand, examination of submitted subsidiary ledger from the accountant, it was found out that payments were made during the year to settle previous years' amount withheld. However, such payments were not enough to cover the prior year's balances, thus deemed unremitted as of year-end. The analyses for the

remittances of GSIS premiums, PhilHealth premiums, Pag-ibig premiums, and employees' loans are shown in Tables 33 to 36.

Table 33: *Analysis of the Remittance of Employees GSIS Premium and Contributions*

Particulars	GF	TF	SEF	Totals
Beg Balances (a)	₱1,600,707.78			₱1,600,707.78
Amount Withheld (b)	19,283,329.32			19,283,329.32
Amount Remitted CY (c)	18,164,091.45			18,164,091.45
Amount Remitted PY (d)	703,038.28			703,038.28
Balance	2,016,907.37	-	-	2,016,907.37
Under/Over Remittance (b-c-d)	416,199.59			416,199.59
Unremitted Balances from PY (a-d)	897,669.50	-	-	897,669.50
Unremitted Balances for CY 2023 (b-c)	1,119,237.87	-	-	1,119,237.87
Total Unremitted Amount	₱2,016,907.37	-	-	₱2,016,907.37

Table 34: *Analysis of the Remittance of PhilHealth Premium and Contributions*

Particulars	GF	TF	SEF	Totals
Beg Balances (a)	₱49,014.55			₱49,014.55
Amount Withheld (b)	2,227,078.03			2,227,078.03
Amount Remitted CY (c)	2,198,666.34			2,198,666.34
Amount Remitted PY (d)	198,488.76			198,488.76
Balance	(121,062.52)	-	-	(121,062.52)
Under/Over Remittance (b-c-d)	(170,077.07)			
Unremitted Balances from PY (a-d)	(149,474.21)	-	-	(149,474.21)
Unremitted Balances for CY 2023 (b-c)	28,411.69	-	-	28,411.69
Total Unremitted Amount	₱(121,062.52)	-	-	₱(121,062.52)

Table 35: *Analysis of the Remittance of Pag-IBIG/ HDMF Premium and Contributions*

Particulars	GF	TF	SEF	Totals
Beg Balances (a)	₱570,808.74	₱4,000.00		₱574,808.74
Amount Withheld (b)	1,894,435.80	600.00		1,895,035.80
Amount Remitted CY (c)	1,753,810.90			1,753,810.90
Amount Remitted PY (d)	160,133.51	-		160,133.51
Balance	551,300.13	4,600.00	-	555,900.13
Under/Over Remittance (b-c-d)	(19,508.61)	600.00		
Difference in Remittance CY	140,624.90	600.00	-	141,224.90
Unremitted Balances from PY (a-d)	410,675.23	4,000.00	-	414,675.23
Unremitted Balances for CY 2023 (b-c)	140,624.90	600.00	-	141,224.90
Total Unremitted Amount	₱551,300.13	₱4,600.00	-	₱555,900.13

Table 36: *Analysis of the Remittances for Employees' Loan (Due to GOCC account)*

Particulars	GF	TF	SEF	Totals
Beg Balances (a)	₱2,033,698.27	₱14,730.00		₱2,048,428.27
Amount Withheld (b)	1,690,060.98			1,690,060.98
Amount Remitted CY (c)	1,776,292.48			1,776,292.48
Amount Remitted PY (d)	758,568.19	-		758,568.19
Balance	1,188,898.58	14,730.00	-	1,203,628.58
Under/Over Remittance (b-c-d)	(844,799.69)	-		
Difference in Remittance CY	(86,231.50)	-	-	(86,231.50)
Unremitted Balances from PY (a-d)	1,275,130.08	14,730.00	-	1,289,860.08
Unremitted Balances for CY 2023 (b-c)	(86,231.50)	-	-	(86,231.50)
Total Unremitted Amount	₱1,188,898.58	₱14,730.00	-	₱1,203,628.58

- 10.7 Hence, the combined unremitted balance of all accounts as of year-end was decreased to ₱3,655,373.56 by the current year's net over remittance of (₱617,585.78).
- 10.8 The practice of not remitting all deductions due to the concerned agencies intact could cause disadvantage to its member-employees. Also, non-reconciliation of amounts withheld and remitted could affect the accuracy and reliability of account balances presented in the Financial Statements as of year-end.
- 10.9 We recommended and management agreed that the LCE oblige the Municipal Accountant and Municipal Treasurer to:
- reconcile the discrepancies totaling (₱617,585.78) between the amount withheld and the amount remitted for the current year;
 - reconcile the previous years' total outstanding balance of ₱4,272,959.34; and
 - remit immediately the reconciled balance of Due to GSIS, PhilHealth, Pag-IBIG, and GOCC accounts as of December 31, 2023.
- 10.10 During the exit conference the management said that the Municipality's payment to GSIS is based on the latter's billing statement. Unreconciled balance could be attributed to the difference in the billing statement to the amount withheld by the LGU. The municipal accountant committed to do a reconciliation between GSIS withholding and remittances per employee, and immediately remit to GSIS unremitted balances.

Withholding Taxes

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.**

11.1 Sections 69 of Presidential Decree No. 1445 or the Government Auditing Code of the Philippines, provides:

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.

11.2 Also, BIR Revenue Regulations No. 2-98 sets forth the Guidelines and Instructions for the Monthly Remittance Return of Creditable Income Taxes Withheld as follows:

The return shall be filed by every withholding agent (WA)/ payor who is either an individual or non-individual required to deduct and withhold taxes on income payment subject to expanded Creditable Withholding Taxes.

If the Government of the Philippines or any political subdivision, agency or instrumentality thereof, as well as a government owned and controlled corporation is the withholding agent or payor, the return may be made by officer or employee having control of the disbursement of income payment or other officer or employee appropriately designated for the purpose.

11.3 For CY 2023, the Municipality of Basey withheld a total of ₱18,773,283.54, both from compensation of its employees and suppliers, while remittance to BIR reached ₱18,749,168.78, leaving a balance of ₱24,114.76 at the end of the year. The analysis of the due to BIR account is shown in Table 38.

Table 38. Analysis of Due to BIR Account

Particulars	GF	TF	SEF	Totals
Beg Balances (a)	₱352,798.83	₱258,457.78	₱18,633.02	₱629,889.63
Taxes Withheld (b)	14,084,405.42	4,615,077.26	73,800.86	18,773,283.54
Taxes Remitted CY (c)	14,085,752.65	4,590,990.40	72,425.73	18,749,168.78
Taxes Remitted PY (d)	315,884.32	264,076.12	5,392.67	585,353.11
Balance (a-b-c-d)	35,567.28	18,468.52	14,615.48	68,651.28
Under/Over remittance (b-c-d)	(317,231.55)	(239,989.26)	(4,017.54)	(561,238.35)
Unremitted Balances from PY	36,914.51	(5,618.34)	13,240.35	44,536.52
Unremitted Balances for CY 2023	(1,347.23)	24,086.86	1,375.13	24,114.76
<u>Total Unremitted Amount</u>	<u>₱35,567.28</u>	<u>₱18,468.52</u>	<u>₱14,615.48</u>	<u>₱68,651.28</u>

- 11.4 It can be gleaned from the table that there is a net over remittance amounting to ₱561,238.35 for CY 2023. However, it can also be noticed that payments totaling ₱585,353.11 were made for prior years' unremitted balances, and such were unable to cover the whole balance, thus, remained unremitted as of year-end.
- 11.5 Hence, as at December 31, 2023, the total unremitted amount is ₱68,651.28 consisting ₱24,114.76 for the current year and ₱44,536.52 from the previous year.
- 11.6 The non-remittance of taxes withheld on time, deprived the government to generate additional revenue and to program the proper utilization of the same. Moreover, the accumulation of these unremitted taxes withheld exposes the responsible persons to penalties/surcharges for delayed remittance of the amount withheld.
- 11.7 **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 the incurrence of interest, penalties and/or surcharges.**

Summary of Audit Suspensions, Disallowances and Charges

The balances of audit suspensions, disallowance and charges as of December 31, 2023 are summarized as follows:

Particulars	Balance	January to December 2023		Balance
	Jan. 1, 2023	NS/ND/NC	NSSDC	Dec. 31, 2023
Notice of Suspension	₱14,420,531.08	₱0.00	₱0.00	₱14,420,531.08
Notice of Disallowance	306,031.89	0.00	0.00	306,031.89
Notice of Charge	0.00	0.00	0.00	0.00
Total	₱14,726,562.97	₱0.00	₱0.00	₱14,726,562.97

PART III

STATUS OF IMPLEMENTATION OF PRIOR YEARS' AUDIT RECOMMENDATIONS

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

Ref	Audit Observation	Audit Recommendation	Status of Implementation	Reason for Partial/ Non-Implementation
AAR CY. 2022-1	Turn-over of collections by Revenue Collectors to the Liquidating Officer were delayed by 1 to 66 days in violation of Sections 69(4) and 74 of PD No. 1445; and Item No. 32, Chapter II of the Revised Cash Examination Manual, consequently, thus exposes the collections to the risk to misappropriation of funds and possible losses.	We recommended and management agreed that the Local Chief Executive and Municipal Treasurer to direct: (1) a. The Revenue Collectors to strictly require the daily remittance of collections intact, or the next working day; and (2) b. All field collectors to remit their collections at least once a week; or where collections are minimal and daily remittance thereof becomes costly and impractical, to remit it as soon as the collections reach ₱10,000.00.	Implemented (1) Implemented (2)	
AAR CY. 2022-2	Cash advances for Calendar Year (CY) 2022 amounting to ₱30,858,597.81 were not supported with complete documentation contrary to COA Circular 2012-001 and COA Circular 97-02, thereby casting doubt on the propriety of granting the cash advances and incurrance of delay in the submission of the Reports of Disbursements to the audit team.	(3) We recommended and management agreed that the LCE require the Municipal Treasurer and the Municipal Accountant to strictly comply with the documentary requirements on the grant of cash advances; and to ensure the liquidation of cash advances within the reglementary period.	Not Implemented (1)	

Ref	Audit Observation	Audit Recommendation	Status of Implementation	Reason for Partial/ Non-Implementation
AAR CY. 2022-3	The reported balance of Property, Plant and Equipment (PPE) account totaling ₱495,919,128.20 (excluding the Construction In Progress Account) as at December 31, 2022 remained unreliable due to: (a) items totaling ₱2,923,450.14 in CY 2022 are recorded as PPE despite not meeting the capitalization threshold; (b) several PPE accounts were over depreciated by an amount totaling ₱2,007,370.96.; and (c) PPE Ledger Cards (PPELC) and Property Cards were not prepared and maintained by the Accounting Department as well as the Property and Supply Officer, in non-adherence to COA Circular No. 2022-004, IPSAS 17 and other relevant rules and regulations, compromised the existence, validity, and reliability of PPE balances appearing in the Financial Statements.	We recommended and the management agreed that the Local Chief Executive: (4) a. Require the Municipal Accountant to prepare Journal Entry Voucher to adjust the properties below the capitalization threshold and ensure that all future acquisitions of properties below the capitalization threshold of ₱50,000.00 be recorded in accordance with COA Circular No. 2022-004; (5) b. Instruct the Municipal Accountant to take up necessary adjusting entries to revert over-depreciation of various Equipment and to recognize depreciation of Other Land Improvement Account by corresponding prior years' adjustment in the books to be closed to the Government Equity Account, (6) c. Require the Municipal Accountant to disclose in the notes to FS the useful lives of each category of recognized PPE; (7) d. Require the Municipal Accountant and the Property & Supply Officer to prepare and maintain the PPE Ledger Cards and Property Cards, respectively, in order to facilitate the periodic reconciliation if the PPE accounts with results of	Not Implemented (2) Not Implemented (3) Not Implemented (4) Not Implemented (5)	

Ref	Audit Observation	Audit Recommendation	Status of Implementation	Reason for Partial/ Non-Implementation
		the physical inventory taking.		
AAR CY. 2022-4	The accuracy, validity and propriety of year-end balance of Accounts Payable account in the General Fund (GF) with an aggregate amount of ₱18,649,407.81 could not be ascertained due to a) absence of sufficient documents to prove that these are valid liabilities for the year; b) various erroneous entries amounting to ₱1,179,097.83; and unreverted accounts payable balance aged over two years amounting to ₱197,349.27, contrary to Section 3.10 of the International Public Sector Accounting Standards (IPSAS), COA Circular No. 2015-009 dated December 1, 2015 and other relevant provisions, thus affecting the fair presentation of the balances in the financial statements.	We recommended and the management agreed that the LCE require the Municipal Accountant to: (8) a. Make necessary adjustments to arrive at the correct balances of the affected accounts in the financial statements; and (9) b. Verify the validity of the accounts payable aged two years and more. Valid claims shall be paid, otherwise, cause the reversion of the payables to the government equity account of the general fund.	Not Implemented (6) Not Implemented (7)	
AAR CY. 2022-5	Drugs and Medicines and Medical, Dental and Laboratory Supplies procured during the year amounting to ₱5,484,090.35 were recorded as expense outright instead of recognizing the corresponding inventory account, non-adherent to New Government Accounting System (NGAs) Manual for LGUs Volume 3, thereby understated Asset and overstated Expense	We recommended and management agreed that the Local Chief Executive direct the Municipal Accountant to: (10) a. Follow the proper recognition principle in the recording of Inventories and Expenses; (11) b. To train staff or personnel who will be in-charge of the updating of Supplies Ledger Card; and	Not Implemented (8) Not Implemented (9)	

Ref	Audit Observation	Audit Recommendation	Status of Implementation	Reason for Partial/ Non-Implementation
	Accounts, thus may affect the fair presentation of the financial statements.	(12) c. Adjust the ₱4,628,621.09 balance and reflect the actual amount of inventory base on the physical count of the supply officer.	Not Implemented (10)	
AAR CY. 2022-6	The current appropriation of ₱18,700,000.00 and continuing appropriation of ₱12,800,000.00 of the 20% Development Fund (DF) were not optimally utilized and remained unimplemented contrary to Section 3.2 of DBM-DOF-DILG JMC No. 1 dated November 4, 2020, thereby depriving constituents of the benefits that could be derived therefrom.	We recommended and management agreed that the Local Chief Executive direct the: (13) a. Municipal Engineer to immediately submit justification on the unimplemented and delayed projects; and (14) b. Bids and Awards Committee and the Municipal Engineer to expedite the procurement and implementation process to realize the programmed projects as planned. (15) Moving forward, we recommend that the management optimally utilize the 20% DF and ensure that development projects are well-planned and are procurement-and-implementation-ready.	Implemented (3) Implemented (4) Implemented (5)	
AAR CY. 2022-7	Payment for the vaccination ancillary supplies and other supplies related to vaccination program totaling ₱411,400.00 lacks supporting documents while purchases amounting to ₱502,945.00 were directly charged as outright expense instead of recognizing the same as asset under the Inventory	We recommended and management agreed that the Local Chief Executive require the Municipal Accountant to: (16) a. Submit immediately the lacking supporting documents; and (17) b. Prepare correcting	Not Implemented (11)	

Ref	Audit Observation	Audit Recommendation	Status of Implementation	Reason for Partial/ Non-Implementation
	account in non-adherence to Section 7.2.1(a) of COA Circular No. 2009-006 and Section 114 of Chapter 7, Vol. 1 of Manual on the New Government Accounting Standards (NGAS) for Local Government Units (LGU) thus, precluded the audit team from verification as to the validity and propriety of the transactions and misstatement of the financial statements.	entry or adjustments for the determined misstatements. (18) Henceforth, strictly adhere to the provisions of Chapter 7, Vol 1 of Manual on the NGAS for LGUs' with regard to the proper accounting entry in books for Inventory Accounts.	Not Implemented (12) Not Implemented (13)	
AAR CY. 2022-8	Fund transfers totaling ₱98,603,855.00 from various National Government Agencies (NGAs) could not be validated due to lack of Memorandum of Agreement or Trust Agreement in non-adherence to Section 4.1 of COA Circular No. 94-013 thus causing doubt on the propriety of the related Programs, Projects and Activities (PPAs).	(19) We recommend and management agreed that the Local Chief Executive require the Municipal Accountant, Municipal Treasurer, and Municipal Engineer to immediately submit the MOA or Trust Agreement for all the programs and projects. Henceforth, ensure that the COA Audit Team is always furnished a copy of MOA or Trust Agreement for validation of transactions involving Trust Fund.	Implemented (6)	
AAR CY. 2022-9	Funds to be transferred for the Construction of Rice Processing Center I Project (CY 2015) was retained by the Department of Agriculture (DA) Regional Office VIII for almost seven (7) years due to contraventions of the stipulations in the Memorandum of Agreement executed between the LGU and the DA ROVIII. Moreover, the project remained to be unfinished as of December	We recommended and the management agreed that the Local Chief Executive: (20) a Require the Municipal Engineer to implement the projects funded by NGAs in accordance with the guidelines and stipulations set forth by the Memorandum of Agreement to prevent delays in the releasing of funds.	Implemented (7)	

Ref	Audit Observation	Audit Recommendation	Status of Implementation	Reason for Partial/ Non-Implementation
	31, 2022, thus, depriving the constituents of the benefits therefrom.	(21) b. Require the Municipal Engineer to complete the projects on or before the date reflected in the approved Program of Works for the benefit of the constituents/beneficiaries	Implemented (8)	
AAR CY. 2022- 10	Failure of the municipality to set-up receivables for Real Property Tax (RPT) and Special Education Tax (SET) for CY 2022, weak RPT collections and absence of remedial actions to enhance its collections in non-adherence to the various provisions of Republic Act (R.A.) No. 7160 and Section 20 of NGAs Manual for LGUs, resulted in the understatement of RPT and SET receivable accounts by ₱8,097,681.20. and very low collection results on real property taxes and special education taxes to augment the funds for the delivery of basic services to its constituents and support in operations and maintenance of public schools.	We recommended and management agreed that the LCE: (22) a. Direct the Municipal Assessor to provide the Assessment Roll to the Municipal Accountant and the Municipal Treasurer; (23) b. Direct the Municipal Treasurer to provide the Municipal Accountant the following: (a) Real Property Tax Account Register and (b)Taxpayer's Index Card and Certified List of Taxpayer's showing the name of taxpayers and the amount due and collectible for the year; (24) c. Direct the Municipal Accountant to set up the required RPT and SET Receivable for the year 2022 and appropriate amount of receivables for the prior years; (25) Moreover, the management should intensify the collections of the real property and special education taxes, and avail of the remedies for the collection of the real property tax.	Not Implemented (14) Not Implemented (15) Implemented (9) Implemented (10)	

Ref	Audit Observation	Audit Recommendation	Status of Implementation	Reason for Partial/ Non-Implementation
AAR CY. 2022-11	Payment to 967 job order personnel amounting to ₱44,445,381.66 for the CY 2022 were not supported with certification and individual job order contracts contrary to Section 2 of CSC MC No. 17, 2022, Section 4(6) of PD No. 1445 and COA Circular No. 2012-001, thus affecting the propriety and validity of the related expenditures.	(26) We recommended and the management agreed that the Local Chief Executive submit the required certification and to direct the human resource personnel to prepare individual contracts for each JO personnel which contain the specific job description and the specific office to where he/she is assigned and rates on a daily basis.	Not Implemented (16)	
AAR CY. 2022-12	Various deficiencies were noted in the utilization and reporting of Local Disaster Risk Reduction and Management Fund (LDRRMF) such as: a) exclusion of unexpended balance of prior years' LDRRMF totaling ₱15,448,793.83 in the agency's LDRRMF Investment Plan of CY 2022; b) failure to transfer LDRRM prior year's balance to the special trust fund at year-end by ₱15,261,732.76; and c) non-observance of the accounting and reporting guidelines for the fund, which deprived the Municipality of an efficient, effective and responsive disaster risk reduction financial report and may weaken the effective implementation of the LDRRM programs, projects and activities (PPAs) contrary to COA Circular 2012-002, International Sector Public Accounting Standards (IPSAS) 1 and other	We recommended and management agreed that the Local Chief Executive direct the: (27) a. LDRRMO to cause the inclusion of the unexpended balance of LDRRMF in the LDRRMFIP; (28) b. Municipal Budget Officer (MBO) to prepare separate registries for LDRRMF- QRF; LDRRMF- MOOE and LDRRMF- CO; (29) c. MBO and LDRRMO to stop charging ineligible expenses to the LDRRMF; (30) d. Municipal Treasurer to cause the complete transfer of unexpended balances of CY 2020-2022 LDRRMF to the Trust Fund account; and (31) e. Municipal Accountant to effect the	Implemented (11) Not Implemented (17) Not Implemented (18) Implemented (12)	Reiterated in this report. Reiterated in this report.

Ref	Audit Observation	Audit Recommendation	Status of Implementation	Reason for Partial/ Non-Implementation
	relevant existing laws, rules and regulations, thereby affecting the fair presentation of the financial statements.	necessary entries thereof and adjust the balance of Trust Liabilities-DRRM account at year-end. (32) Moving forward, we likewise recommend that the Local Chief Executive require the strict observance of the accounting and reporting guidelines for the LDRRMF as enunciated under COA Circular No. 2012-002 dated September 12, 2012.	Not Implemented (19) Not Implemented (20)	Reiterated in this report. Monthly Report of Sources and Utilization of DRRMF not prepared and submitted to COA.
2021-2	The reported balance of Property, Plant and Equipment (PPE) account totaling ₱505,269,491.23 (excluding the Construction In Progress Account) as at December 31, 2021 remained unreliable due to: (a) items totaling ₱1,468,078.50 in CY 2021 are recorded as PPE despite not meeting the ₱15,000.00 capitalization threshold thus, understating the appropriate expense accounts and overstating the equity account and distorting the appropriate asset accounts; and (b) the Municipality failed to seize the opportunity to avail of the one-time cleansing of PPE account balances as provided in COA Circular No. 2020-006 dated January 31, 2020.	We recommended and the LCE agreed to: (33) a. Require the Municipal Accountant to prepare Journal Entry Voucher to adjust the properties below the capitalization threshold and ensure that all future acquisitions of properties below the capitalization threshold of ₱15,000.00 will be recorded in accordance with COA Circular 2020-006; and	Not Implemented (21)	
2021-4	The Notes to Financial Statements for CY 2021 did not extensively disclose relevant information on some	(34) We recommended and the LCE agreed to direct the Municipal Accountant to prepare and submit the	Not Implemented (22)	For 2023 insufficient disclosure on the Notes to Financial

Ref	Audit Observation	Audit Recommendation	Status of Implementation	Reason for Partial/ Non-Implementation
	accounts and amounts appearing in the Financial Statements, while, the reconciliation statements and supporting schedules were not submitted not in adherent to pertinent provisions of the International Public Sector Accounting Standards (IPSAS) 1 and Section 41.2 of PD 1445, thus hindered a clearer understanding by the users of the Financial Statements that may be useful for sound decision making.	supporting detail/schedules and to provide adequate and necessary disclosure in the Notes to Financial Statements.		Statements, lacking supporting schedules on the Notes to FS.
2021-5	Various deficiencies were noted in the implementation and reporting requirement for Programs, Projects, and Activities (PPAs), to wit: (a) failure to submit a complete list of all on-going government programs/projects/activities and those that are to be implemented during the year; (b) non-posting of project billboards in the venue where the Projects are located or carried out; and (c) non-integration of the Construction Safety and Health Program in the Approved Budget for the Contract (ABC) and Program of Work (POW) and its non-implementation thereof, not in adherent to the provisions of COA Circular 2013-004, 2016 Revised Implementing Rules and Regulations (RIRR) of R.A. No. 9184 and other pertinent rules and regulations thus, proper monitoring,	We recommended and the LCE agreed to: (35) a. Require the Municipal Engineer to include in the preparation of QRGPPA those awarded infrastructure contracts but not yet started as of report date and all non-infrastructure PPAs which are implemented or to be implemented during the period and submit the same to the audit team within the reglementary period;	Implemented (13)	

Ref	Audit Observation	Audit Recommendation	Status of Implementation	Reason for Partial/ Non-Implementation
	transparency of the PPA's to the public and requirements for the protection of workers in the immediate vicinity of the construction worksite were not adhered to.			
2021-6	The propriety of the bidding process could not be ascertained due to various deficiencies noted in the bidding process and the non-submission of relevant documents on the conduct of public bidding, not in adherent to the provisions of 2016 Revised Implementing Rules and Regulations (RIRR) of Republic Act (RA) No. 9184; while the non-submission of perfected contracts within five (5) working days from the execution, not in adherent to the provisions of COA Circular No. 2009-001, dated February 12, 2009, precluded the audit team of timely review thereof.	(36) We recommended and Management agreed, that the LCE require the Bids and Awards Committee and Technical Working Group to submit the lacking contract documents and adhere to the bidding process prescribed under RA No. 9184 and its IRR, including the proper dissemination of bid opportunities and its result, the conduct of strict evaluation of bids until the post qualification activity and the submission of complete contract documents.	Not Implemented (23)	Reiterated in this report
2021-7	The validity and propriety of the disbursements totaling ₱5,522,838.00 under the Assistance to Individuals in Crisis Situation (AICS) Program of the Municipality could not be ascertained due to the failure of the Social Welfare and Development Officer to formulate policies and guidelines for approval by the Sanggunian Bayan on the grant AICS, not in adherent to Section 483(b) of R.A. No. 7160.	(37) We recommended and the LCE agreed to require the Municipal Social Welfare and Development Officer formulate policies/guidelines on the grant of AICS and submit the same to the Sanggunian for approval pursuant to Section 483(b) of R.A. No. 7160.	Implemented (14)	
2021-8				

Ref	Audit Observation	Audit Recommendation	Status of Implementation	Reason for Partial/ Non-Implementation
	The propriety, regularity, legality, validity and accuracy of the related transactions/check disbursements totaling ₱9,440,598.86 cannot be ascertained due to the non-submission of the required supporting documents, not in adherent to Section 4(6) of PD 1445, and COA Circular No. 2012-001 dated June 14, 2012.	(38) We recommended and the LCE agreed to require the Municipal Accountant to immediately submit the required supporting documents of the disbursement vouchers identified in Annex A and to ensure that all disbursement vouchers and pertinent supporting documents are submitted on a regular and timely basis.	Not Implemented (24)	
2021-9	The accuracy and propriety of the recorded check disbursements totaling ₱9,732,784.87 could not be ascertained due to the non-submission of 163 Disbursement Vouchers, together with their supporting documents and 18 cancelled checks, not adherent to RA No. 7160, PD No. 1445 and other laws, rules and regulations.	(39) Henceforth, the Municipal Accountant ensure that all disbursement vouchers and their supporting documents, copies of cancelled checks and other transaction documents are submitted on a regular and timely basis. This observation is without prejudice to the issuance of Notices of Suspension should the Municipal Government fails to submit the lacking disbursement vouchers.	Implemented (15)	
AAR CY 2020-1 2016-2 2014-2	The balances of the inventory accounts totaling ₱24,266,001.99 is unreliable due to erroneous recording of procured goods and the non-preparation of RIS and RSMTs for the issuances of the inventory items, contrary to the pertinent provisions of the Government Accounting Manual (GAM) for Local Government Units (LGUs).	(40) At the end of the year, the property/supply in-charge of the MHO shall count the unused supplies and materials and submit to the Accounting Office, through the Supply Office a copy of the inventory report, for the restoration of the amount of inventory that remained unused at the end of the year.	Not Implemented (25)	

Ref	Audit Observation	Audit Recommendation	Status of Implementation	Reason for Partial/ Non-Implementation
AAR CY 2020-3	Some deficiencies were noted in the utilization and recording of the Bayanihan Grant to Cities and Municipalities (BGCM), contrary to the related issuances on the Bayanihan Act, the International Public Sector Accounting Standards (IPSAS), and other pertinent laws, rules and regulations, thus, compliance on the procedural guidelines and documentary requirements for emergency purchases under the Act could not be validated, and affecting the fair presentation of the financial statements.	We recommended that the LCE require the Municipal Accountant to: (41) prepare the necessary journal entries to correct the deficiencies;	Not Implemented (26)	
AAR CY 2020-6	The municipality was not able to comply with the procedural, documentary and posting requirements for emergency procurement under Bayanihan Act prescribed under GPPB Circular No. 01-2020 and GPPB Resolution No. 18-2020, resulting in incomplete documentation on the emergency purchases of goods, medicines, equipment, supplies and materials and other items, and thereby full transparency and accountability in the utilization of the LDRRMF was not observed.	We recommended that the LCE: (42) Direct the officials and employees concerned to prepare and submit the APP reflecting the procurement modality Emergency Procurement under the Bayanihan Act. (43) Direct the officials and employees concerned to comply with the posting requirements under the Bayanihan 1 and 2 to the GPPB Online Portal.	Not Implemented (27) Not Implemented (28)	
AAR CY 2019-1	The validity and existence of the balance of the Road Networks account amounting to P215,107,469.27 as of	(44) We recommended that the Local Chief Executive directs the concerned personnel to strictly comply with the	Not Implemented (29)	No Property Ledger Cards were presented by the

Ref	Audit Observation	Audit Recommendation	Status of Implementation	Reason for Partial/ Non-Implementation
	December 31, 2019 could not be ascertained due to the non-compliance by the concerned personnel on the Local Road Network Accounting and Reporting Guidelines prescribed under COA Circular No. 2015-008.	accounting and reporting guidelines on the Local Road Asset Management System as provided in COA Circular No. 2015-008.		Municipal Accountant.
AAR CY 2019-2	The validity and accuracy of the combined balance of the Cash in Bank – LCCA account amounting to P188,861,271.96 as of December 31, 2019 could not be ascertained due to the non-preparation and submission of the related Bank Reconciliation Statements for seven bank accounts by the Municipal Accountant, contrary to Section 74 of PD 1445 and pertinent sections of COA Circular No. 96-011.	(45) We recommended that the monthly preparation and submission of the BRS should be strictly adhered to.	Not Implemented (30)	Reiterated in this report.
AAR CY 2019	The amount set-up as receivables for real property tax income and special education tax income was based on the estimated real property tax income in the annual budget amounting to P500,000.00, contrary to Section 248 of RA 7160. Further, the Municipal Treasurer failed to intensify collection efforts, and avail of the remedies for the collection of the tax, as provided in Section 256 of the Local Government Code, thus resulting in a very low collection on the real property taxes.	(46) We recommended that the LCE direct the Municipal Assessor and the Municipal Treasurer to prepare the required records and reports on the assessment of real properties, as basis for booking-up by the Municipal Accountant.	Implemented (16)	
AAR				

Ref	Audit Observation	Audit Recommendation	Status of Implementation	Reason for Partial/ Non-Implementation
CY 2018-1	The validity of the balance of the Due from Other Funds account amounting to P176,048,660.89 in the General Fund could not be ascertained because subsidiary ledgers were not maintained for the account, non-submission of the financial statements for Infrastructures for Rural Productivity Enhancement Sector (InFRES) I and II, and DAR-ADB Second Agrarian Reform Communities Project II (ARCP II) funds, and non-disclosure in the Notes to Financial Statements contrary to Sections 112 and 114 of PD 1445 and Paragraph 127 of the Philippine Public Sector Accounting Standards (PPSAS).	(47) We recommended that the Local Chief Executive require the Municipal Accountant to maintain subsidiary ledgers for the Due from other Funds account, submit the financial statements of the InFRES I and II, and ARCP II funds, and provide disclosures in the notes to financial statements for the account.	Not Implemented (31)	Subsidiary Ledgers are not yet submitted as of reporting date.
AAR CY 2017-1	The validity and accuracy of some assets and liability accounts totaling P193,641,568.65 and P47,246,481.48, respectively could not be ascertained due to the absence of subsidiary ledgers, inadequate disclosures in the Notes to Financial Statements, and improper recording of the current year amortization of the loans payable, and the amount due to the DBP for the loan payments of employees to the Other Payables account, contrary to Sections 111, 112 and 114 of PD 1445 and Paragraph 127 of PPSAS 1.	(48) We recommended that Management require the Municipal Accountant to maintain separate subsidiary ledgers for every controlling account in the general ledger, provide additional information on the notes to the financial statements and strictly observe the proper recording of transactions in accordance with the PPSAS.	Not Implemented (32)	Non-submission of subsidiary ledgers.

PART IV
APPENDICES

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Appendix A.1

**Detailed Statement of Financial Position
General Fund**

As of December 31, 2023
(With Comparative Figures for 2022)

<u>ACCOUNTS</u>	<u>2023</u>	<u>2022</u>
ASSETS		
CURRENT ASSETS		
CASH AND CASH EQUIVALENTS		
Cash Local Treasury	131,726.26	(49,041.00)
Petty Cash	9,000.00	-
Cash in Bank - Local Currency, Current Account	182,553,527.00	221,896,595.38
Total Cash and Cash Equivalent	182,694,253.26	221,847,554.38
INVESTMENTS		
Guaranty Deposits	1,600.00	1,600.00
Total Investments	1,600.00	1,600.00
RECEIVABLES		
Loans and Receivable Accounts		
Accounts Receivable	2,232,400.00	2,444,400.00
Real Property Tax Receivable	28,848,904.38	17,710,292.72
Loans Receivable - Others	5,854,785.83	5,854,785.83
Due from National Government Agencies	237,405.02	237,405.02
Due from Local Government Units	538,078.10	538,078.10
Due from Other Funds	10,369,309.50	10,369,309.50
Advances for Payroll	28,809,699.60	17,457,693.59
Advances to Special Disbursing Officer	2,028,047.07	2,028,047.07
Advances for Officers and Employees	5,824,989.52	3,949,940.36
Receivables - Disallowances/Charges	78,158.43	78,158.43
Due from Officers and Employees	1,255,097.04	1,255,097.04
Other Receivables	434,568.93	434,568.93
Total Receivables	86,511,443.42	62,357,776.59
INVENTORIES		
Food Supplies for Distribution	6,144,235.80	5,948,235.80
Welfare Goods for Distribution	648,223.00	648,223.00
Drugs and Medicines for Distribution	4,628,621.09	4,628,621.09
Accountable Forms, Plates and Stickers	18,380.00	18,380.00
Drugs and Medicines Inventory	68,252.50	68,252.50
Medical, Dental and Laboratory Supplies Inventory	234,730.00	234,730.00
Total Inventories	11,742,442.39	11,546,442.39
PREPAYMENTS AND DEFERRED CHARGES		
Prepayments		
Advances to Contractors	7,165,000.30	4,471,216.41
Prepaid Registration	33,017.21	33,017.21
Prepaid Insurance	456,876.48	1,439,721.30
Deferred Charges		
Total Prepayments and Deferred Charges	7,654,893.99	5,943,954.92
Total Current Assets	288,604,633.07	301,697,328.28



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Detailed Statement of Financial Position
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As of December 31, 2023
(With Comparative Figures for 2022)

ACCOUNTS	2023	2022
NON-CURRENT ASSETS		
PROPERTY, PLANT AND EQUIPMENT		
Land		
Land	18,889,345.27	17,959,345.27
Land Improvements		
Other Land Improvements	21,055,704.24	20,556,503.94
Accumulated Depreciation - Other Land Improvements	(18,672,051.64)	(18,648,339.64)
Accumulated Impairment Losses - Other Land Improvements		
Infrastructure Assets		
Road Networks	302,639,248.59	274,396,436.55
Accumulated Depreciation - Road Networks	(30,457,362.71)	(27,787,801.96)
Accumulated Impairment Losses - Road Networks		
Flood Control Systems	13,971,987.63	12,678,872.81
Accumulated Depreciation - Flood Control Systems	(1,801,833.00)	(1,351,102.56)
Accumulated Impairment Losses - Flood Control Systems	-	
Water Supply Systems	4,850,602.64	3,657,807.44
Accumulated Depreciation - Water Supply Systems	(756,798.68)	(694,000.36)
Accumulated Impairment Losses - Water Supply Systems		
Power Supply Systems	9,523,457.26	9,523,457.26
Accumulated Depreciation - Power Supply Systems	(3,613,787.66)	(3,541,512.38)
Accumulated Impairment Losses - Power Supply Systems	-	
Seaport Systems	13,578,248.40	8,962,869.89
Accumulated Depreciation - Seaport Systems	(2,005,622.30)	(1,895,059.22)
Accumulated Impairment Losses - Seaport Systems	-	
Parks, Plazas and Monuments	20,029,419.61	19,032,462.82
Accumulated Depreciation - Parks, Plazas and Monuments	(2,976,708.16)	(2,953,030.42)
Accumulated Impairment Losses - Parks, Plazas and Monuments		
Other Infrastructure Assets	2,081,537.97	693,940.76
Accumulated Depreciation - Other Infrastructure Assets	(152,275.58)	(131,848.80)
Accumulated Impairment Losses - Other Infrastructure Assets	-	
Buildings and Other Structures		
Buildings	150,165,090.69	128,959,447.05
Accumulated Depreciation - Buildings	(23,507,487.74)	(22,609,671.67)
Accumulated Impairment Losses - Buildings	-	
Markets	2,886,751.07	2,886,751.07
Accumulated Depreciation - Markets	(2,776,424.56)	(2,744,651.92)
Accumulated Impairment Losses - Markets	-	
Slaughterhouses	1,138,000.00	1,138,000.00
Accumulated Depreciation - Slaughterhouses	(1,089,028.85)	(1,089,028.85)
Accumulated Impairment Losses - Slaughterhouses	-	
Other Structures	65,912,356.84	57,797,894.99
Accumulated Depreciation - Other Structures	(23,165,429.17)	(22,573,250.81)
Accumulated Impairment Losses - Other Structures	-	



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Appendix A.1

Detailed Statement of Financial Position
General Fund

As of December 31, 2023
(With Comparative Figures for 2022)

<u>ACCOUNTS</u>	<u>2023</u>	<u>2022</u>
Machinery and Equipment		
Machinery	444,450.00	444,450.00
Accumulated Depreciation - Machinery	(519,501.92)	(519,501.92)
Accumulated Impairment Losses - Machinery	-	-
Office Equipment	12,198,913.88	11,935,118.88
Accumulated Depreciation - Office Equipment	(13,873,162.20)	(13,833,011.19)
Accumulated Impairment Losses - Office Equipment	-	-
Information and Communication Technology Equipment	24,013,801.40	22,434,861.40
Accumulated Depreciation - Info. and Communication Tech. Equipment	(17,611,753.84)	(17,008,932.66)
Accumulated Impairment Losses - Info. and Comm. Tech. Equipment	-	-
Agricultural and Forestry Equipment	17,801,279.51	17,801,279.51
Accumulated Depreciation - Agricultural and Forestry Equipment	(10,270,595.82)	(10,270,595.82)
Accumulated Impairment Losses - Agricultural and Forestry Equipment	-	-
Communication Equipment	414,494.38	414,494.38
Accumulated Depreciation - Communication Equipment	(447,152.65)	(447,152.65)
Accumulated Impairment Losses - Communication Equipment	-	-
Construction and Heavy Equipment	20,243,113.00	20,243,113.00
Accumulated Depreciation - Construction and Heavy Equipment	(18,269,779.10)	(17,936,914.10)
Accumulated Impairment Losses - Construction and Heavy Equipment	-	-
Disaster Response and Rescue Equipment	3,394,358.00	3,089,358.00
Accumulated Depreciation - Disaster Response and Rescue Equipment	(984,632.66)	(977,388.92)
Accumulated Impairment Losses - Disaster Response and Rescue Eqpt.	-	-
Medical Equipment	1,125,246.41	1,125,246.41
Accumulated Depreciation - Medical Equipment	(576,929.38)	(576,929.38)
Technical and Scientific Equipment	44,500.00	44,500.00
Accumulated Depreciation - Technical and Scientific Equipment	(46,268.46)	(46,268.46)
Accumulated Impairment Losses - Technical and Scientific Equipment	-	-
Other Machinery and Equipment	623,583.35	229,983.35
Accumulated Depreciation - Other Machinery and Equipment	(157,012.50)	(157,012.50)
Accumulated Impairment Losses - Other Machinery and Equipment	-	-
Transportation Equipment		
Motor Vehicles	34,691,000.09	30,896,000.09
Accumulated Depreciation - Motor Vehicles	(12,207,666.28)	(12,207,666.28)
Accumulated Impairment Losses- Motor Vehicles	-	-
Watercrafts	1,005,904.25	1,005,904.25
Accumulated Depreciation - Watercrafts	(957,332.83)	(957,332.83)
Accumulated Impairment Losses- Watercrafts	-	-
Other Transportation Equipment	3,407,510.56	3,407,510.56
Accumulated Depreciation - Other Transportation Equipment	(1,549,468.78)	(383,096.50)
Accumulated Impairment Losses- Other Transportation Equipment	-	-
Furniture, Fixtures and Books		
Furniture and Fixtures	13,961,041.16	13,907,741.16
Accumulated Depreciation - Furniture and Fixtures	(9,109,127.12)	(9,070,826.24)
Accumulated Impairment Losses- Furniture and Fixtures	-	-
Construction in Progress		
Construction in Progress- Infrastructure Assets	25,038,997.44	20,919,829.23
Construction in Progress- Building and other Structures	12,309,059.28	5,135,808.14



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Appendix A.1

Detailed Statement of Financial Position
General Fund

As of December 31, 2023
(With Comparative Figures for 2022)

<u>ACCOUNTS</u>	<u>2023</u>	<u>2022</u>
Other Property, Plant and Equipment		
Other Property, Plant and Equipment	30,196,324.05	30,196,324.05
Accumulated Depreciation - Other Property, Plant and Equipment	(29,131,014.05)	(29,088,618.65)
Accumulated Impairment Losses - Other Property, Plant and Equipment	-	-
Total Property, Plant and Equipment	600,949,119.33	521,974,765.57
BIOLOGICAL ASSETS		
Bearer Biological Assets		
Breeding Stocks	3,417,063.50	3,417,063.50
Total Biological Assets	3,417,063.50	3,417,063.50
INTANGIBLE ASSETS		
TOTAL INTANGIBLE ASSETS		
Total Non-Current Assets	604,366,182.83	525,391,829.07
TOTAL ASSETS	892,970,815.90	827,089,157.35
LIABILITIES		
CURRENT LIABILITIES		
FINANCIAL LIABILITIES		
Payables		
Accounts Payable	13,135,018.35	18,846,757.08
Due to Officers and Employees	1,316,523.32	-
Total Payables	14,451,541.67	18,846,757.08
Total Financial Liabilities	14,451,541.67	18,846,757.08
Inter-Agency Payables		
Due to BIR	35,567.28	352,798.83
Due to GSIS	2,016,907.37	1,600,707.78
Due to Pag-IBIG	551,300.13	570,808.74
Due to PhilHealth	(121,062.52)	49,014.55
Due to NGAs	45,484,818.29	45,484,818.29
Due to GOCCs	1,188,898.58	2,033,698.27
Due to LGUs	4,608,839.16	5,670,570.91
Total Inter-Agency Payables	53,765,268.29	55,762,417.37
Intra-Agency Payables		
Due to Other Funds	1,870,063.60	1,870,063.60
Total Intra-Agency Payables	1,870,063.60	1,870,063.60
Trust Liabilities		
Trust Liabilities	758,942.44	263,754.35
Guaranty/Security Deposits Payable	2,800,182.23	2,387,967.65
Total Trust Liabilities	3,559,124.67	2,651,722.00
Deferred Credits/Unearned Income		
Deferred Real Property Tax Income	28,863,674.43	17,725,062.77
Total Deferred Credits/Unearned Income	28,863,674.43	17,725,062.77
Other Payables		
Other Payables	2,057,226.06	1,665,106.84
TOTAL CURRENT LIABILITIES	104,566,898.72	98,521,129.66
NON-CURRENT LIABILITIES		
TOTAL NON-CURRENT LIABILITIES		
TOTAL LIABILITIES	104,566,898.72	98,521,129.66
NET ASSETS/EQUITY		
Net Assets/Equity (Annes D per LGAM)	788,403,917.18	728,568,027.69
Total Net Assets/Equity	788,403,917.18	728,568,027.69
TOTAL LIABILITIES AND EQUITY	892,970,815.90	827,089,157.35



Republic of the Philippines
Province of Samar
MUNICIPALITY OF BASEY

Appendix A.2

Detailed Statement of Financial Position
SPECIAL EDUCATION FUND
As of December 31, 2023
(With Comparative Figures for 2022)

<u>ACCOUNTS</u>	<u>2023</u>	<u>2022</u>
ASSETS		
CURRENT ASSETS		
CASH AND CASH EQUIVALENTS		
Cash Local Treasury	21,838.13	5,797.74
Cash in Bank - Local Currency, Current Account	1,197,659.20	2,246,254.98
Total Cash and Cash Equivalent	1,219,497.33	2,252,052.72
RECEIVABLES		
Special Education Tax Receivable	27,739,176.59	16,600,564.93
Due from Officers and Employees	62,732.10	62,732.10
Total Receivables	27,801,908.69	16,663,297.03
Total Current Assets	29,021,406.02	18,915,349.75
NON-CURRENT ASSETS		
PROPERTY, PLANT AND EQUIPMENT		
Machinery and Equipment		
Office Equipment	100,000.00	-
Accumulated Depreciation - Office Equipment	(3,166.66)	-
Accumulated Impairment Losses - Office Equipment	-	-
Furniture, Fixtures and Books		
Furniture and Fixtures	70,000.00	-
Accumulated Depreciation - Furniture and Fixtures	(1,108.34)	-
Accumulated Impairment Losses- Furniture and Fixtures	-	-
Total Property, Plant and Equipment	165,725.00	-
TOTAL ASSETS	29,187,131.02	18,915,349.75
LIABILITIES		
CURRENT LIABILITIES		
Payables		
Accounts Payable	177,666.50	163,873.00
Total Payables	177,666.50	163,873.00
Inter-Agency Payables		
Due to BIR	14,615.48	18,633.02
Due to LGUs	243,741.07	196,216.14
Total Inter-Agency Payables	258,356.55	214,849.16
Deferred Credits/Unearned Income		
Deferred Special Education Tax	27,739,176.58	16,600,564.92
Total Deferred Credits/Unearned Income	27,739,176.58	16,600,564.92
TOTAL CURRENT LIABILITIES	28,175,199.63	16,979,287.08
NON-CURRENT LIABILITIES		
TOTAL NON-CURRENT LIABILITIES		
TOTAL LIABILITIES	28,175,199.63	16,979,287.08
NET ASSETS/EQUITY		
Net Assets/Equity (Annes D per LGAM)	1,011,931.39	1,936,062.67
Total Net Assets/Equity	1,011,931.39	1,936,062.67
TOTAL LIABILITIES AND EQUITY	29,187,131.02	18,915,349.75



Republic of the Philippines
Province of Samar
MUNICIPALITY OF BASEY

Appendix A.3

Detailed Statement of Financial Position
Trust Fund

As of December 31, 2023
(With Comparative Figures for 2022)

<u>ACCOUNTS</u>	<u>2023</u>	<u>2022</u>
ASSETS		
CURRENT ASSETS		
CASH AND CASH EQUIVALENTS		
Cash Local Treasury	66,170.21	66,170.21
Cash in Bank - Local Currency, Current Account	38,999,229.04	101,044,269.17
Total Cash and Cash Equivalent	39,065,399.25	101,110,439.38
RECEIVABLES		
Advances		
Advances for Payroll	3,601,022.55	1,690,522.55
Total Receivables	3,601,022.55	1,690,522.55
PREPAYMENTS AND DEFERRED CHARGES		
Prepayments		
Advances to Contractors	1,754,637.38	238,730.71
Total Prepayments and Deferred Charges	1,754,637.38	238,730.71
Total Current Assets	44,421,059.18	103,039,692.64
NONCURRENT ASSETS		
PROPERTY, PLANT AND EQUIPMENT		
Infrastructure Assets		
Road Networks	20,142,904.81	20,142,904.81
Water Supply Systems	6,229,230.60	6,229,230.60
Accumulated Depreciation - Water Supply Systems	-	-
Accumulated Impairment Losses - Water Supply Systems	-	-
Buildings and Other Structures		
Buildings	2,787,071.71	2,787,071.71
Accumulated Depreciation - Buildings	-	-
Accumulated Impairment Losses - Buildings	-	-
Other Structures	2,767,370.50	2,767,370.50
Accumulated Depreciation - Other Structures	-	-
Accumulated Impairment Losses - Other Structures	-	-
Machinery and Equipment		
Information and Communication Technology Equipment	318,355.00	318,355.00
Accumulated Depreciation - Info. and Communication Tech. Equipment	-	-
Accumulated Impairment Losses - Info. and Comm. Tech. Equipment	-	-
Agricultural and Forestry Equipment	6,395,430.00	4,221,430.00
Accumulated Depreciation - Agricultural and Forestry Equipment	-	-
Accumulated Impairment Losses - Agricultural and Forestry Equipment	-	-
Communication Equipment	24,369.40	24,369.40
Accumulated Depreciation - Communication Equipment	-	-
Accumulated Impairment Losses - Communication Equipment	-	-
Transportation Equipment		
Motor Vehicles	9,749,161.25	9,749,161.25
Accumulated Depreciation - Motor Vehicles	-	-
Accumulated Impairment Losses - Motor Vehicles	-	-
Watercrafts	399,500.00	399,500.00
Accumulated Depreciation - Watercrafts	-	-
Accumulated Impairment Losses - Watercrafts	-	-



Republic of the Philippines
Province of Samar
MUNICIPALITY OF BASEY

Appendix A.3

Detailed Statement of Financial Position

Trust Fund

As of December 31, 2023

(With Comparative Figures for 2022)

<u>ACCOUNTS</u>	<u>2023</u>	<u>2022</u>
Construction in Progress		
Construction in Progress - Infrastructure Assets	42,181,125.79	-
Construction in Progress - Building and other Structures	37,766,907.28	1,441,221.74
Other Property, Plant and Equipment		
Other Property, Plant and Equipment	9,983,080.97	9,983,080.97
Accumulated Depreciation - Other Property, Plant and Equipment	-	-
Accumulated Impairment Losses - Other Property, Plant and Equipment	-	-
Total Property, Plant and Equipment	138,744,507.31	58,063,695.98
Total Non-Current Assets	138,744,507.31	58,063,695.98
TOTAL ASSETS	183,165,566.49	161,103,388.62
LIABILITIES		
CURRENT LIABILITIES		
Payables		
Accounts Payable	9,908,831.60	-
Due to Officers and Employees	40,885.00	-
Total Payables	9,949,716.60	-
Inter-Agency Payables		
Due to BIR	18,468.52	258,457.78
Due to PagOIBIG	4,600.00	4,000.00
Due to NGAs	148,187,067.45	145,743,341.74
Due to GOCCs	14,730.00	14,730.00
Due to LGUs	2,885,306.31	2,372,306.31
Total Inter-Agency Payables	151,110,172.28	148,392,835.83
Intra-Agency Payables		
Due to Other Funds	483,906.67	483,906.67
Due to Special Accounts	67,740.25	67,740.25
Due to Economic Enterprises	81,891.55	81,891.55
Total Intra-Agency Payables	633,538.47	633,538.47
Trust Liabilities		
Trust Liabilities	2,746,237.32	2,101,504.20
Trust Liabilities 0 Disaster Risk Reduction and Management Fund	17,137,436.06	9,839,862.75
Guaranty/Security Deposits Payable	1,588,465.76	135,647.37
Total Trust Liabilities	21,472,139.14	12,077,014.32
TOTAL CURRENT LIABILITIES	183,165,566.49	161,103,388.62
NONCURRENT LIABILITIES		
TOTAL NONCURRENT LIABILITIES		
TOTAL LIABILITIES	183,165,566.49	161,103,388.62
NET ASSETS/EQUITY		
Net Assets/Equity (Annes D per LGAM)	-	-
Equity in Joint Venture	-	-
Total Net Assets/Equity	-	-
TOTAL LIABILITIES AND EQUITY	183,165,566.49	161,103,388.62



Republic of the Philippines
MUNICIPALITY OF BASEY
 Province of Samar

Appendix B.1

STATEMENT OF CHANGES IN NET ASSETS/EQUITY
GENERAL FUND

For the Year Ended December 31, 2023
(With Comparative Figures for CY 2022)

	2023	2022
Balance at January 1	728,568,027.69	642,008,778.07
Add (Deduct):		
Change in Accounting Policy		-
Prior Period Errors	142,770.43	(14,127,315.03)
Restated Balance	728,710,798.12	627,881,463.04
Add (Deduct) Changes in net assets/equity during the year		
Adjustment of net revenue recognized directly in net assets/equ	-	-
Surplus (Deficit) for the period	59,693,119.06	100,686,564.65
Total changes during the year	59,693,119.06	100,686,564.65
Balance at December 31	788,403,917.18	728,568,027.69



Republic of the Philippines
MUNICIPALITY OF BASEY
Province of Samar

Appendix B.2

STATEMENT OF CHANGES IN NET ASSETS/EQUITY
SPECIAL EDUCATION FUND

For the Year Ended December 31, 2023
(With Comparative Figures for CY 2022)

	2023	2022
Balance at January 1	1,936,062.67	1,900,694.22
Add (Deduct):		
Change in Accounting Policy		-
Prior Period Errors		-
Restated Balance	1,936,062.67	1,900,694.22
Add (Deduct) Changes in net assets/equity during the year		
Adjustment of net revenue recognized directly in net assets/equity	-	-
Surplus (Deficit) for the period	(924,131.28)	35,368.45
Total changes during the year	(924,131.28)	35,368.45
Balance at December 31	1,011,931.39	1,936,062.67



DETAILED STATEMENT OF FINANCIAL PERFORMANCE
GENERAL FUND
For the Year Ended as Indicated

<u>ACCOUNTS</u>	<u>2023</u>	<u>2022</u>
REVENUE		
Tax Revenue:		
Community Tax	399,078.81	413,449.89
Real Property Tax-Basic	403,164.06	373,373.91
Less: Discount on RPT-Basic	25,251.56	19,286.78
Business Tax	1,887,818.30	1,847,483.79
Fines and Penalties-Taxes on Ind. & Corp.	17,206.85	10,712.60
Fines and Penalties-Property Taxes	102,255.47	120,361.53
Fines and Penalties-Other Taxes	43,304.91	6,470.50
	2,827,576.84	2,752,565.43
Share from Internal Revenue Collections-IRA	288,966,942.00	338,106,297.00
Service and Business Income:		
Permit Fees	1,084,381.30	901,241.70
Registration Fees	974,370.00	1,048,214.00
Registration Plates, Tags & Sticker Fees	140,300.00	188,198.00
Clearance and Certification Fees	1,363,627.17	1,021,467.90
Inspection Fees	8,600.00	6,450.00
Processing Fees	32,281.34	531,300.23
Fishery Rental Fees	1,582,920.00	1,489,100.00
Fines and Penalties-Service Income	120,659.13	4,800.00
Other Service Income	183,160.00	154,025.75
Rent Income	114,962.00	102,894.70
Receipt from Slaughterhouse Operation	77,040.00	4,225.00
Garbage Fees	170,173.50	131,510.00
Interest Income	113,862.34	107,813.79
Fines and Penalties- Business Income	809.50	21,870.25
Other Business Income	456,150.00	1,715,339.99
	6,423,296.28	7,428,451.31
Shares, Grants and Donations		
Share from PCSO	168,734.54	278,786.41
Grants and Donations in Cash	40,000.00	-
Grants and Donations in Kind	-	-
Miscellaneous Income	15,000.00	13,400.00
	223,734.54	292,186.41
TOTAL REVENUE	298,441,549.66	348,579,500.15
LESS: Current Operating Expenses		
Personal Services:		
Salaries and Wages-Regular	60,463,668.41	55,501,550.28
Personal Economic Relief Allowance	3,804,298.59	3,536,908.94
Representation Allowance	2,531,250.00	2,283,750.00
Transportation Allowance	2,531,250.00	2,283,750.00



DETAILED STATEMENT OF FINANCIAL PERFORMANCE
GENERAL FUND
For the Year Ended as Indicated

ACCOUNTS	2023	2022
Clothing/Uniform Allowance	966,000.00	108,000.00
Subsistence Allowance	401,249.90	408,750.00
Laundry Allowance	25,562.40	26,562.50
Productivity Incentive Allowance	799,500.00	746,000.00
Honoraria	2,760,252.42	2,336,980.09
Hazard Pay	2,437,724.37	2,266,091.31
Overtime and Night Pay	696,089.73	609,434.04
Year End Bonus	9,969,132.40	9,102,574.00
Cash Gift	788,000.00	739,250.20
Other Bonuses and Allowances	39,017.00	-
Retirement and Life Insurance Premiums	6,963,377.18	6,260,017.23
Pag-ibig Contributions	188,800.00	173,900.00
PhilHealth Contributions	1,119,713.31	876,085.96
Employees Compensation Insurance Premiums	188,400.00	173,700.00
Terminal Leave Benefits	1,622,800.04	3,259,449.96
Other Personnel Benefits	10,327,337.84	9,147,344.98
	108,623,423.59	99,840,099.49
Maintenance and Other Operating Expenses:		
Traveling Expenses-Local	5,865,667.96	6,177,113.20
Training Expenses	2,698,953.76	2,183,746.02
Scholarship Grants/Expenses	4,236,000.00	-
Office Supplies Expenses	3,007,541.12	2,882,632.29
Accountable Forms Expenses	198,700.00	282,940.00
Food Supplies Expenses	4,143,358.60	4,303,993.50
Welfare Goods Expenses	1,944,195.00	-
Drugs and Medicines Expenses	4,037,201.90	3,995,362.35
Medical, Dental and Laboratory Supplies Expenses	196,900.00	1,997,978.00
Fuel, Oil and Lubricants Expenses	5,397,803.68	8,555,092.84
Agricultural and Marine Supplies Expenses	1,870,858.00	575,634.00
Other Supplies and Material Expenses	7,250,068.98	2,735,996.40
Water Expenses	125,915.38	189,489.31
Electricity Expenses	3,711,799.08	4,580,337.63
Postage and Courier Services	8,057.00	
Telephone Expenses	781,284.65	807,199.43
Internet Subscription Expenses	532,613.54	602,557.00
Environment/Sanitary Services	2,820,250.00	3,990,800.00
Other General Services	27,418,468.81	20,629,550.00
Repairs and Maintenance-Infrastructure Assets	-	47,965.00
Repairs and Maintenance-Buildings and Other Structures	1,499,272.28	2,699,654.70
Repairs and Maintenance-Machinery and Equipment	122,814.60	36,990.00
Repairs and Maintenance-Transportation Equipment	1,425,595.01	1,101,759.36
Subsidy to Other Funds	30,000.00	3,511,592.54



Republic of the Philippines
Province of Samar
Municipality of Basey

Appendix C.1

DETAILED STATEMENT OF FINANCIAL PERFORMANCE
GENERAL FUND
For the Year Ended as Indicated

ACCOUNTS	2023	2022
Transfers of Unspent Current Year DRRM Funds to the TF	17,047,714.74	-
Transfers for Project Equity Share /LGU Counterpart	-	5,912,130.63
Taxes, Duties and Licenses	31,137.47	29,272.45
Fidelity Bond Premiums	147,765.00	146,640.00
Insurance Expenses	2,155,956.98	482,772.72
Advertising Expenses	11,000.00	20,000.00
Printing and Publication Expenses	-	-
Membership Dues & Contributions to Organization	36,000.00	138,200.00
Subscription Expenses	-	14,400.00
Donations	9,905,300.00	7,188,840.00
Other Maintenance and Operating Expenses	24,031,293.95	33,088,562.95
	132,689,487.49	118,909,202.32
Non-Cash Expenses:		
Depreciation Expense-Land Improvement	23,712.00	-
Depreciation Expense-Infra. Assets	3,410,032.39	13,520,002.98
Depreciation Expense-Buildings & Other Structures	1,521,767.07	6,537,468.91
Depreciation Expense-Machinery & Equip.	983,080.93	7,699,243.72
Depreciation Expense-Transportation Equip.	1,166,372.28	3,127,534.53
Depreciation Expense-Furniture and Fixtures and Books	38,300.88	1,213,860.09
Depreciation Expense-Other Property, Plant & Equip.	42,395.40	32,989.50
	7,185,660.95	32,131,099.73
Financial Expenses:		
Interest Expenses	-	474,126.50
Current Operating Expenses	248,498,572.03	251,354,528.04
Surplus (Deficit) from Current Operation	49,942,977.63	97,224,972.11
Add (Deduct):		
Transfers, Assistance and Subsidy From	9,750,141.43	3,461,592.54
Transfers, Assistance and Subsidy To	-	-
Surplus/Deficit for the Period	59,693,119.06	100,686,564.65



Republic of the Philippines
Province of Samar
Municipality of Basey

Appendix C.2

DETAILED STATEMENT OF FINANCIAL PERFORMANCE
SPECIAL EDUCATION FUND
For the Year Ended as Indicated

<u>ACCOUNTS</u>	<u>2023</u>	<u>2022</u>
REVENUE		
Tax Revenue:		
Special Education Tax	503,955.07	474,002.29
Less: Discount on Special Education Tax	31,564.45	24,371.00
		387,134.59
Fines and Penalties-Taxes on Ind. & Corp.	-	-
Fines and Penalties-Property Taxes	140,147.55	158,375.80
Fines and Penalties-Other Taxes	-	-
	<u>612,538.17</u>	<u>545,510.39</u>
Share from Internal Revenue Collections-IRA		
Other Income:		
Interest Income	1,071.32	1,274.09
Miscellaneous Income	-	-
	<u>1,071.32</u>	<u>1,274.09</u>
TOTAL REVENUE	<u>613,609.49</u>	<u>546,784.48</u>
LESS: Current Operating Expenses		
Traveling Expenses-Local	43,674.00	-
Office Supplies Expenses	4,981.00	38,860.25
Food Supplies Expenses	179,360.00	-
Other Supplies and Material Expenses	419,930.00	-
Water Expenses	99,120.60	-
Electricity Expenses	4,583.51	-
Internet Subscription Expenses	26,611.89	-
Repairs and Maintenance-Buildings & Other Structures	-	69,985.00
Taxes, Duties and Licenses	201.77	254.72
Donations	-	-
Other Maintenance and Operating Expenses	755,003.00	464,812.75
	<u>1,533,465.77</u>	<u>573,912.72</u>
Non-Cash Expenses:		
Depreciation Expense-Machinery & Equip.	3,166.66	-
Depreciation Expense-Transportation Equip.	-	-
Depreciation Expense-Furniture and Fixtures and Books	1,108.34	-
Depreciation Expense-Other Property, Plant & Equip.	-	-
	<u>4,275.00</u>	<u>-</u>
Financial Expenses:		
Interest Expenses	-	-
	<u>1,537,740.77</u>	<u>573,912.72</u>
Current Operating Expenses		
	<u>1,537,740.77</u>	<u>573,912.72</u>
Surplus (Deficit) from Current Operation	<u>(924,131.28)</u>	<u>35,368.46</u>
Add (Deduct):		
Subsidy from National Government		
Subsidy to LGUs		
Surplus/Deficit for the Period	<u>(924,131.28)</u>	<u>35,368.46</u>



Republic of the Philippines
MUNICIPALITY OF BASEY
Province of Samar

Appendix D.1

STATEMENT OF CASH FLOWS

GENERAL FUND

For the Year Ended December 31, 2023

(With Comparative Figures for CY 2022)

	2023	2022
Cash Flows from Operating Activities		
Cash Inflows		
Collection from taxpayers	3,801,361.23	3,613,734.57
Share from Internal Revenue Allotment	288,966,942.00	338,106,297.00
Receipts from business/service income	6,540,433.94	6,574,950.78
Interest Income	91,089.87	86,251.34
Other Receipts	14,255,422.53	87,764,767.41
Total Cash Inflows	313,655,249.57	436,146,001.10
Cash Outflows		
Payment of expenses	40,057,705.64	16,580,522.01
Payments to suppliers and creditors	67,906,404.46	58,109,200.89
Payments to employees	106,774,996.63	97,742,164.29
Interest Expense		474,126.50
Other Expenses	65,200,396.95	172,407,815.50
Total Cash Outflows	279,939,503.68	345,313,829.19
Net Cash Flows from Operating Activities	33,715,745.89	90,832,171.91
Cash Flows from Investing Activities		
Cash Inflows		
Total Cash Inflows	-	-
Cash Outflows		
Purchase/Construction of Property, Plant and Equipment	72,869,047.01	43,326,770.46
Total Cash Outflows	72,869,047.01	43,326,770.46
Net Cash Flows from Investing Activities	(72,869,047.01)	(43,326,770.46)
Cash Flows from Financing Activities		
Cash Inflows		
Total Cash Inflows	-	-
Cash Outflows		
Payment of loan amortization		3,569,456.80
Total Cash Outflows	-	3,569,456.80
Net Cash Flows from Financing Activities	-	(3,569,456.80)
Total Cash Provided by Operating, Investing and Financing Activities	(39,153,301.12)	43,935,944.65
Add: Cash at the Beginning of the Year	221,847,554.38	177,911,609.73
Cash Balance at the End of the Year	182,694,253.26	221,847,554.38



Republic of the Philippines
MUNICIPALITY OF BASEY
Province of Samar

Appendix D.2

STATEMENT OF CASH FLOWS
SPECIAL EDUCATION FUND
For the Year Ended December 31, 2023
(With Comparative Figures for CY 2022)

	2023	2022
Cash Flows from Operating Activities		
Cash Inflows		
Collection from taxpayers	1,225,076.34	1,216,014.09
Interest Income	869.55	1,019.37
Total Cash Inflows	1,225,945.89	1,217,033.46
Cash Outflows		
Payments to suppliers and creditors	1,151,065.37	401,281.98
Other Expenses	754,305.64	545,262.04
Total Cash Outflows	1,905,371.01	946,544.02
Net Cash Flows from Operating Activities	(679,425.12)	270,489.44
Cash Flows from Investing Activities		
Cash Inflows		
Total Cash Inflows	-	-
Cash Outflows		
Purchase/Construction of Property, Plant and Equipment	353,130.27	-
Total Cash Outflows	353,130.27	-
Net Cash Flows from Investing Activities	(353,130.27)	-
Cash Flows from Financing Activities		
Cash Inflows		
Total Cash Inflows	-	-
Cash Outflows		
Total Cash Outflows	-	-
Net Cash Flows from Financing Activities	-	-
Total Cash Provided by Operating, Investing and Financing Activities	(1,032,555.39)	270,489.44
Add: Cash at the Beginning of the Year	2,252,052.72	1,981,563.28
Cash Balance at the End of the Year	1,219,497.33	2,252,052.72



Republic of the Philippines
MUNICIPALITY OF BASEY
Province of Samar

Appendix D.3

STATEMENT OF CASH FLOWS
TRUST FUND
For the Year Ended December 31, 2023
(With Comparative Figures for CY 2022)

	2023	2022
Cash Flows from Operating Activities		
Cash Inflows		
Interest Income	29,886.53	24,640.12
Grants	41,464,350.66	106,442,682.80
Other Receipts	1,700,590.95	2,041,750.00
Total Cash Inflows	43,194,828.14	108,509,072.92
Cash Outflows		
Payment of expenses		
Payments to suppliers and creditors	2,683,797.36	1,811,696.25
Payments to employees	2,704,870.56	2,241,388.83
Other Expenses	34,104,758.63	9,902,985.34
Total Cash Outflows	39,493,426.55	13,956,070.42
Net Cash Flows from Operating Activities	3,701,401.59	94,553,002.50
Cash Flows from Investing Activities		
Cash Inflows		
Total Cash Inflows	-	-
Cash Outflows		
Purchase/Construction of Property, Plant and Equipment	65,746,441.72	20,034,767.45
Total Cash Outflows	65,746,441.72	20,034,767.45
Net Cash Flows from Investing Activities	(65,746,441.72)	(20,034,767.45)
Cash Flows from Financing Activities		
Cash Inflows		
Total Cash Inflows	-	-
Cash Outflows		
Total Cash Outflows	-	-
Net Cash Flows from Financing Activities	-	-
Total Cash Provided by Operating, Investing and Financing Activities	(62,045,040.13)	74,518,235.05
Add: Cash at the Beginning of the Year	101,110,439.38	26,592,204.33
Cash Balance at the End of the Year	39,065,399.25	101,110,439.38



Municipality of Basey
Schedule of Entries for Disbursements with Checks Subsequently Cancelled
 Bank Name/Account Number: **Land Bank of the Philippines / 1732-1012-21**
For the year 2023

Appendix E

No.	Cancelled Checks		B. JOURNALIZATION (Debits) *Note: These accounts were entered to Credit CIB-LCAA									
	Date	No.	Account affected (Debit)	Accounts Payable	Donations	Office Supplies Expense	Insurance Expenses	Prepaid Insurance	Other General Expenses	Other MOOE	Membership Dues and Contributions to Organizatn	Advances for Payroll
1	01/16/2023	1314645	Accounts Payable	3,000.00								
2		1314742	Donations		2,500.00							
3	02/03/2023	1315015	Accounts Payable	326,621.96								
4	04/03/2023	1356828	Office Supplies Expenses			3,625.40						
5	04/03/2023	1356844	Donations		2,000.00							
6	04/11/2023	1356919	Office Supplies Expenses			3,625.40						
7	04/14/2023	1356990	Office Supplies Expenses			36,254.00						
8	04/17/2023	1357011	Office Supplies Expenses			6,772.40						
9	04/17/2023	1357018	Office Supplies Expenses			7,892.75						
10	04/17/2023	1357020	Office Supplies Expenses			21,467.40						
11	04/25/2023	1357087	Insurance Expenses				5,005.00					
12	04/25/2023	1357100	Donations		9,375.00							
13	05/03/2023	1357178	Office Supplies Expenses			6,179.74						
14	05/15/2023	1357353	Donations		3,000.00							
15	05/23/2023	1357426	Other General Services						4,000.00			
16	05/24/2023	1357454	Office Supplies Expenses			9,200.00						
17	06/02/2023	1357538	Donations		2,000.00							
18	06/14/2023	1357609	Donations		1,500.00							
19	06/14/2023	1357613	Donations		1,500.00							
20	06/16/2023	1357649	Donations		2,000.00							
21	06/16/2023	1357676	Other MOOE							10,410.72		
22	07/14/2023	1357948	Donations		2,000.00							
23	07/14/2023	1357966	Donations		3,000.00							
24	07/14/2023	1357975	Membership Dues and Contributions to Org'n.								30,000.00	
25		1358073	Office Supplies Expenses			6,656.40						
26	07/25/2023	1358092	Donations		5,000.00							
27	07/25/2023	1358113	Office Supplies Expenses			1,019.20						
28	08/02/2023	1358196	Insurance Expenses				595.00					
29	08/22/2023	1358325	Prepaid Insurance					1,828.91				
30	08/31/2023	1358496	Advances for Payroll									14,408.53
	TOTAL			329,621.96	33,875.00	102,692.69	5,600.00	1,828.91	4,000.00	10,410.72	30,000.00	14,408.53



Commission on Audit
Municipality of Basey
Schedule of Completed Projects
SDBP - As of December 31, 2023

Appendix F

No.	Name of Brgy.	Project Name	Name of Contractor	Contract Amount	Date of Completion
1	Bulao	Construction of School Building (Daycare Center) at Brgy. Bulao Proper	EMT Construction and Supplies	3,993,999.86	06/23/2023
2		Construction of School Building (Daycare Center) at Sitio Rizal	EMT Construction and Supplies		
3	Loog	Concreting of FMR	M.B. Pacuri Construction	3,993,184.70	06/27/2023
4	Guirang	Construction of School Building (Daycare Center) at Sitio Wespal	ZAS Construction and Supplies	4,000,773.40	06/23/2023
5		Construction of School Building (Daycare Center) at Sitio Bagong Silang	ZAS Construction and Supplies		
6	Inuntan	Concreting of FMR	Pyukei Construction Inc.	3,998,434.35	08/18/2023
7	Balante	Concreting of FMR	Pyukei Construction Inc.	3,998,426.08	07/27/2023
8	Guintiguian	Upgrading of FMR	Alphahawk Construction Corporation	3,994,156.39	08/22/2023
9	May-it	Upgrading of FMR	EMT Construction and Supplies	3,995,144.16	07/08/2023
10	Pelit	Construction of Day Care Center	M.B. Pacuri Construction	1,997,555.83	08/04/2023
11		Construction of Health Center	M.B. Pacuri Construction	1,998,208.70	
12	San Fernando	Solar Electrification Project and Rehabilitation/Improvement of Health Station	HAH Reverie Construction Corporation	1,996,972.69	05/18/2023
13		Rehabilitation/Improvement of Health Station	HAH Reverie Construction Corporation	1,996,330.61	
14	Sawa	Construction of School Building	Janjoi Builders and Supplies	1,992,147.00	07/15/2023
15		Civil works for the Solar Electrification Project	Janjoi Builders and Supplies	1,997,054.35	05/26/2023
16	Villa Aurora	Construction of Level II Potable Water Supply System	Janjoi Builders and Supplies	1,994,511.00	09/29/2023
17		Construction of Health Center	Janjoi Builders and Supplies	1,996,243.58	
TOTAL for SBDP Projects				43,943,142.70	
18	Brgy. Pob. Basey	Civil Works for the Road Reblocking of Municipality	Alphahawk Construction	10,000,000.00	02/12/2023
TOTAL for SBDP Projects				53,943,142.70	



Commission on Audit
Municipality of Basey
Schedule of Depreciation Expense
As of December 31, 2023

Appendix G

Name of Brgy. / Project	Contract Cost	Depreciable Amount (Contract Cost Less 10% Residual Value)	No. of Months for Depreciation	Monthly Depreciation (C / 360)	School Buildings (E x D)	Road Network	Hospital and Health Centers	Power Supply System	Water Supply System
<i>A</i>	<i>B</i>	<i>C</i>	<i>D</i>	<i>E</i>	<i>F</i>	<i>G</i>	<i>H</i>	<i>I</i>	<i>J</i>
					AMOUNT OF DEPRECIATION				
Bulao	₱3,993,999.86	₱3,594,599.87	6.00	9,985.00	59,910.00				
Loog	3,993,184.70	3,593,866.23	6.00	9,982.96		59,897.77			
Guirang	4,000,773.40	3,600,696.06	6.00	10,001.93	60,011.60				
Inuntan	3,998,434.35	3,598,590.92	4.00	9,996.09		39,984.34			
Balante	3,998,426.08	3,598,583.47	5.00	9,996.07		39,984.26			
Guintiguian	3,994,156.39	3,594,740.75	4.00	9,985.39		39,941.56			
May-it	3,995,144.16	3,595,629.74	5.00	9,987.86		49,939.30			
Pelit	1,997,555.83	1,797,800.25	4.00	4,993.89	19,975.56				
	1,998,208.70	1,798,387.83	4.00	4,995.52			19,982.09		
San Fernando	1,996,972.69	1,797,275.42	7.00	4,992.43			34,947.02		
	1,996,330.61	1,796,697.55	7.00	4,990.83				34,935.79	
Sawa	1,992,147.00	1,792,932.30	5.00	4,980.37	24,901.84				
	1,997,054.35	1,797,348.92	7.00	4,992.64				34,948.45	
Villa Aurora	1,994,511.00	1,795,059.90	3.00	4,986.28					14,958.83
	1,996,243.58	1,796,619.22	3.00	4,990.61			14,971.83		
					164,798.99	229,747.24	69,900.94	69,884.24	14,958.83
TOTAL for LGSF-SBDP Projects									₱549,290.24
Road Reblocking of Municipal Road	₱10,000,000.00	₱9,000,000.00	10		250,000.00				
TOTAL for LGSF					₱250,000.00				

TOTAL DEPRECIATION ₱799,290.24



Commission on Audit
Municipality of Basey
List of Unsubmitted Contracts
For Calendar Year 2023

Appendix H

	Project Name	PPAs	Contractor	Amount
	20% Economic Development Fund CY 2022			
1	Civil Works for the Barangay Wide Development Projects (Batch 15) of CY 2022			₱5,000,000.00
		Improvement of Sanitary Landfill/ Basey Ecological Park at So. Gamba, Brgy. Roxas. B.S.	ZAS CONSTRUCTION AND SUPPLY (95 A-Caibaan Maharlika Highway, Tacloban City)	500,000.00
		Proposed Main Lateral and Looping of Pipelines 4" ø from So. Manlolobag, Brgy. Pelit to So. Bangon, Brgy. San Fernando, B.S.		2,000,000.00
		Improvement of Balantak Fall , Brgy. Guirang, B.S		1,000,000.00
		Improvement of New Bus Terminal/ Construction of One (1) Sotrey Carenderia (2) units at Brgy. Palaypay, B.S.		1,500,000.00
2	Civil Works for the Barangay Wide Development Projects (Batch 9) of CY 2023			3,550,000.00
		Construction of 11 units Jetmatic Pump, LGU-Basey, Samar	EMT CONSTRUCTION AND SUPPLIES (Brgy. Mambog, Pinabacdao Samar)	1,100,000.00
		Improvement of Brgy. Wharf at Brgy. Baybay. B.S		1,650,000.00
		Installation of Streetlights (Continuation) at Basey, Samar		800,000.00
3	Civil Works for the Barangay Wide Development Projects (Batch 10) of CY 2023			3,400,000.00
		Rehabilitation / Improvement of Municipal Drainage system at Poblacion, Basey, Samar	JFR CONSTRUCTION INC. 17 Bliss, Canlapwas, Catbalogan Samar)	1,100,000.00
		Construction of Motor pool (Phase 1)		300,000.00
		Improvement of Brgy. Multi-Purpose Hall at Brgy. Binungtuan, Basey, Samar		500,000.00
		Construction/ Improvement of Multi-Purpose Hall at Brgy. Balante, Basey, Samar		500,000.00

	Project Name	PPAs	Contractor	Amount
		Improvement of Brgy. Multi-Purpose Hall at Brgy. Serum, Basey, Samar		500,000.00
		Construction of Health Center at Brgy. Guirang (Proper), Basey, Samar		500,000.00
4	Civil Works for the Barangay Wide Development Projects (Batch 11) of CY 2023			6,000,000.00
		Improvement of Public Market & New Bus Terminal	JANJOI BUILDERS AND SUPPLY (112 Imelda Blvd. San Miguel, Tanauan Leyte)	1,000,000.00
		Site Development / Construction of Slaughter House at Brgy. Sawa, Basey, Samar		3,500,000.00
		Road Construction (Re-blocking) at Brgy. Mongabong, B.S		800,000.00
		Improvement/ Road Concreting (continuation) of Sanitary Landfill at So. Gamba, Brgy. Roxas, Basey, Samar		700,000.00
5	Civil Works for the Barangay Wide Development Projects (Batch 12) of CY 2023			4,000,000.00
		Improvement/ Maintenance of River Landing/Wharf at Different Brgy. & Other Public Structure at Brgy. Amandayehan, B.S	H.A.H REVERIE CONSTRUCTION CORPORATION (Brgy. Oyandic, Motiong Samar)	1,000,000.00
		Improvement of Day Care Center at Brgy. Old San Agustin, Basey, Samar		500,000.00
		Improvement of Day Care Center at Brgy. New San Agustin, Basey, Samar		500,000.00
		Improvement of Brgy. Hall, Brgy. Palaypay, Basey, Samar		500,000.00
		Improvement Multi-Purpose Hall at Brgy. Sugca, Basey, Samar		500,000.00
		Extension of Brgy. Wharf at Brgy. San Antonio, Basey, Samar		1,000,000.00
6	Civil Works for the Barangay Wide Development Projects (Batch 13) of CY 2023			9,500,000.00

	Project Name	PPAs	Contractor	Amount
		Construction of Canmanila to San Antonio Coastal Road (Baybayon ha Canbatischen), B.S	PYUKEI CONSTRUCTION INC.	3,500,000.00
		Construction / Improvement of Brgy. Sawa-Brgy. Buenavista FMR , Basey, Samar	(Brgy. Campetic, Palo Leyte)	3,000,000.00
		Concreting/Improvement o/Widening of Villa Aurora to Dolongan FMR, B.S		3,000,000.00
7	Civil Works for the Barangay Wide Development Projects (Batch 14) of CY 2023			3,020,000.00
		Improvement of Balantak Falls	JANJOI BUILDERS AND SUPPLY (112 Imelda Blvd. San Miguel, Tanauan Leyte)	1,000,000.00
		Development/ Improvement of public Cemetery (Phase 1)		1,000,000.00
		Construction of Waiting shed at Brgy. Buscada, B.S		720,000.00
		IMPROVEMENT OF COVERED COURT		300,000.00
8	Civil Works for the Installation of Roofing at Basey Municipal New Town Hall		H.A.H REVERIE CONSTRUCTION CORPORATION (Brgy. Oyandic, Motiong Samar)	2,285,221.93
9	Road reblocking of Municipal Roads at Poblacion, Basey Samar		H.A.H REVERIE CONSTRUCTION CORPORATION (Brgy. Oyandic, Motiong Samar)	10,000,000.00
10	Installation of Streetlights (Continuation) from Brgy. Can-abay to Brgy. Magallanes Basey Samar		SILK AND STEEL CONSTRUCTION (Brgy. Tanghas, Tolosa Leyte)	10,000,000.00
Support to Barangay Development Projects (LGSF-SBDP) for CY 2022				
11	Concreting of Farm to Market Roads at So. Bagte, Brgy. Mabini		SILK AND STEEL CONSTRUCTION (Brgy. Tanghas, Tolosa Leyte)	4,000,000.00
12	Provision Renewable Energy-Based Electrification at Bryg. Burgos		SILK AND STEEL CONSTRUCTION (Brgy. Tanghas, Tolosa Leyte)	2,000,000.00
13	Solar Electrification at So. Manilaay to So. Rono, Brgy. Sawa		JANJOI BUILDERS AND SUPPLY (112 Imelda Blvd. San Miguel, Tanauan Leyte)	2,000,000.00
			Total	₱64,755,221.93



**Commission on Audit
Municipality of Basey
List of Projects Charged to 20% Development Fund
For Calendar Year 2023**

Appendix I

	List of Projects charged to 20% for CY 2023	Allotment	Completed	On-going	Unimple- mented
	Road Networks				
1	Construction/ Improvement of access road to resettlement sites in Brgy. Cambayan, Tinaogan, CANBATISAN (Canmanila, Bacubac. Tingib, San Antonio), Roxas, Basiao, New San Agustin	₱1,200,000.00	✓		
2	InfRES & ARCP Road Maintenance and/or Road Improvement Equity	2,000,000.00	✓		
	Improvement of Farm to Market Road:				
3	Construction/ Improvement of Brgy. Sawa-Brgy. Buenavista and Sawa to So. Lubang FMR	1,000,000.00	✓		
4	Improvement/ Maintenance of New San Agustin-Cogon Farm to Market Roads	2,000,000.00	✓		
5	Improvement / Maintenance of Bulao and Old San Agustin (So. Rono Farm to Market Roads)	2,300,000.00	✓		
6	Concreting/ Improvement/ Widening of Villa Aurora to Dolongan Farm to Market Road	2,300,000.00	✓		
7	Improvement/ Upgrading of Binungtu-am to Sugpunon Road	1,000,000.00	✓		
8	Construction/ Concreting of Access Road to Livestock Breeding Center	400,000.00	✓		
9	Improvement/ Upgrading of Tinaogan- Amandayehan Road	800,000.00	✓		
	Road Construction/ Improvement/ Widening with Components at:				
10	Brgy. Bacubac	800,000.00	✓		
11	Brgy. Tingib	800,000.00	✓		
12	Brgy. Bulao	800,000.00	✓		
13	Brgy. San Antonio	800,000.00	✓		
14	Brgy. Loog	800,000.00	✓		
15	Brgy. Mongabong	800,000.00	✓		
16	Construction of Can-manila to San Antonio Coastal Road (Baybayon ha CanBaTiSan)	2,000,000.00		✓	
BUILDING					
17	Construction/improvement/ maintenance of all government buildings, facilities and utilities including construction of Justice	1,300,000.00			✓

	List of Projects charged to 20% for CY 2023	Allotment	Completed	On-going	Unimple- mented
	Building/ Construction/Establishment of Youth Center				
	Construction/improvement of or maintenance of multi- purpose center/Hall at:				
18	Brgy. Sugca	500,000.00	✓		
19	Brgy. Palaypay	500,000.00	✓		
20	Brgy. Balante	500,000.00		✓	
21	Brgy. Binungtuan	300,000.00	✓		
22	Brgy. Serum	500,000.00		✓	
	Construction or improvement of covered courts/civic centers:				
23	Brgy. Villa Aurora	1,000,000.00	✓		
24	Brgy. Inuntan	500,000.00	✓		
25	Brgy. Cancaiyas	500,000.00	✓		
26	Brgy. Anglit	500,000.00	✓		
27	Brgy. May-it	500,000.00	✓		
28	Brgy. Guintiguian	1,000,000.00	✓		
29	Brgy. San Antonio	500,000.00	✓		
30	Brgy. Mabini	500,000.00	✓		
31	Brgy. Mercado	500,000.00	✓		
	Construction/Improvement of Evacuation Centers in:				
32	Brgy. Anglit	1,000,000.00	✓		
33	Brgy. Del Pilar	1,000,000.00	✓		
34	Brgy. Magallanes	1,000,000.00	✓		
35	Establishment and its extension of COVID 19 and other emerging diseases Vaccination and Isolation Center	1,500,000.00			✓
36	Construction of Motorpool	1,100,000.00		✓	
37	Improvement of Municipal Gymnasium	1,800,000.00	✓		
	Parks, Plazas and Monuments				
38	Development/improvement of Public Cemetery/ Basey Memorial Park (Phase 1)	1,000,000.00		✓	
	LAND				
39	Purchase of lot for government offices/buildings and other facilities	2,500,000.00			✓
	INFORMATION AND COMMUNICATION TECHNOLOGY EQUIPMENT				
40	Installation of CCTVs in Government Facilities	400,000.00	✓		
	FLOOD CONTROL SYSTEMS (1-07-03- 020)				
41	Drainage construction/de- clogging/improvement at Poblacion brgys	1,500,000.00		✓	
42	Drainage construction/de- clogging/improvement at Brgy.	500,000.00		✓	

	List of Projects charged to 20% for CY 2023	Allotment	Completed	On-going	Unimple- mented
	Buenavista, Inuntan, Del Pilar, Sugca & Población Brgys.				
	POWER SUPPLY SYSTEM (1-07-03- 050)				
43	Installation of Brgy. & Mun. street lights/ solar lights	800,000.00	✓		
	OTHER INFRANSTRUCTURE ASSETS (1-07-03-990)				
44	Maintenance and operation of sanitary landfill/MRF	2,800,000.00	✓		
45	Maintenance/Improvement of the Basey Public Terminal - propose Public Market open space	1,000,000.00	✓		
	Improvement of drainage system at Basey Public Terminal				
	Concreting/Improvement of Parking Area				
46	Construction of Tourism Information Center, floating cottages, concrete jump-off wharf area, comfort and dressing rooms and other facilities in all tourism sites	1,000,000.00			✓
47	Other Barangay-wide development project	936,529.80	✓		
	Motor Vehicle				
48	Purchase of garbage truck/garbage collection vehicle	2,300,000.00	✓		
	Slaughterhouses				
49	Site Development of lot for the establishment/construction of slaughterhouse or other facility	500,000.00	✓		
	Agricultural and Forestry Equipment				
50	Purchase of post-harvest facilities and/or farm inputs/implements	1,500,000.00			✓
	SEAPORT SYSTEM				
	Improvement/maintenance of River Landing/Wharf at different barangays and other public structures at:				
51	Brgy. Wharf in Brgy. Baybay	1,500,000.00	✓		
52	Wharf in Brgy. Amandayehan	1,000,000.00	✓		
53	Wharf in Brgy. San Antonio	1,000,000.00	✓		
	Donation				
54	Livelihood Assistance Program to Farmers, Fisherfolks and other Sectoral Group and/or purchase of post-harvest facilities and/or farm inputs/implements	1,000,000.00	✓		
	Other Land Improvement				
55	Municipal Greening Program.	300,000.00	✓		
	Total:	₱57,836,529.80			



Commission on Audit
Municipality of Basey, Samar
Schedule of Recipients Livelihood Assistance to Associations
For the Calendar Year 2023

Appendix J

Livelihood Assistance (1st Batch)		
Date Received by Association Treasurer: July 18, 2023		
	Name of Association	Amount Received
1	Brgy. Mercado Womens Association (BMWA)	₱ 20,000.00
2	Basey Young Advocates Farmer's Association (BYAFA)	20,000.00
3	Brgy. Roxas Tambuligay Farmers Association (BRTFA)	20,000.00
4	Guirang Women's Association (GWA)	20,000.00
5	Basey Alliance for Rural Farmers Association (BARFA)	20,000.00
6	New San Agustin Tikog Workers Association	20,000.00
7	Sitio Sagporon Integrated Farmers Association	20,000.00
8	Pambansang Koalisyon ng Kababae sa Kanayunan	20,000.00
9	Uswag Manila-ay Farmers Association	20,000.00
10	Cogon Rural Improvement Club	20,000.00
11	Tikog Weavers and Embroiders of Basey Association	20,000.00
12	Cogon Farmer's Association	20,000.00
13	Sitio Can-umran Farmer's Association	20,000.00
14	Canhuwaynon Movement Association	20,000.00
15	Old San Agustin Tikog Workers Association	20,000.00
16	Sitio Burabod Farmers Association	20,000.00
17	Brgy. May-it Industrious Farmers Association	20,000.00
18	Basiao Native Weaver's Association	20,000.00
	Sub-total	₱ 360,000.00
Livelihood Assistance (2nd Batch)		
Date Received by Association Treasurer: October 12-20, 2023		
1	Sitio Rizal Farmers Association	20,000.00
2	San Antonio Farmers and Fisherfolks Association	20,000.00
3	Brgy. Bulao Farmers Association	20,000.00
4	Bangon Pangkauswagan Asso.	20,000.00
5	Green Park 2 Homeowners Asso.	20,000.00
6	Basey Pointe 2B Homeowners Association	20,000.00
7	Multi-Production Women's Asso.	20,000.00
8	Rawis Balantak Tourism Services Association	20,000.00
9	Sitio Rawis Ecotourism Workers Association	20,000.00
10	Riz-ca Buliganay Asso.	20,000.00
11	E.M. Arts and Crafts Workers Asso.	20,000.00
12	Rawis Guirang Farmers Association	20,000.00
13	Can-abay Small Farmers Asso.	20,000.00

14	Anglit Tikog Workers Association	20,000.00
15	Housewives Asso. Of Brgy. Tingib	20,000.00
16	Green Park 1 Homeowners Asso.	20,000.00
17	Basey Asso. For Native Industry Growth Inc.	20,000.00
18	Baybay Women's Association	20,000.00
19	Serum Tikog Workers Asso.	20,000.00
20	Guintigui-an Mat Weaving Women's Association	20,000.00
21	Brgy. Iba Organic Farmers Asso.	20,000.00
22	Brgy. Cogon Native Delicacies Workers Association	20,000.00
23	Basey Daycare Workers Association	20,000.00
24	Asso. Of Tingib Fisherman	20,000.00
25	Can-abay Egg-laying Women's Association	20,000.00
26	Dark Village Womens Vegetable Production Farmers Association	20,000.00
27	Villa Aurora Farmers Asso.	20,000.00
28	Sikap Women's Asso.	20,000.00
29	Sawa Farmers Association	20,000.00
30	Basey Pointe Cluster 1 Vendors Association	20,000.00
31	Del Pilar Tikog Workers Asso.	20,000.00
	Sub-total	₱620,000.00
32	New Homeowners Association	₱20,000.00
	TOTAL	₱1,000,000.00



Appendix K

Commission on Audit Municipality of Basey, Samar

Detailed Schedule of the Remittances of Employees' Premiums, Contributions and Loan Amortizations

For Calendar Year 2023

(Combined amounts from GF, SEF and Trust Fund Accounts)

	Deductions/ Contributions	Remittances	Under/ (Over) Remittances	Balance
<i>GSIS Premium</i>				
Beg Balance				₱1,600,707.78
January	₱1,642,291.25	₱1,542,890.45	₱99,400.80	1,700,108.58
February	1,596,265.93	-	1,596,265.93	3,296,374.51
March	1,565,711.22	1,520,862.68	44,848.54	3,341,223.05
April	1,576,328.66	2,937,137.12	(1,360,808.46)	1,980,414.59
May	1,668,741.52	2,557.40	1,666,184.12	3,646,598.71
June	1,596,132.03	3,054,125.51	(1,457,993.48)	2,188,605.23
July	1,617,669.42	1,641,431.01	(23,761.59)	2,164,843.63
August	1,605,325.85	2,201,013.68	(595,687.83)	1,569,155.80
September	1,607,788.91	14,583.15	1,593,205.76	3,162,361.56
October	1,595,284.48	3,003,346.87	(1,408,062.39)	1,754,299.17
November	1,577,904.50	1,465,929.22	111,975.28	1,866,274.45
December	1,633,885.56	1,483,252.64	150,632.92	2,016,907.37
Sub-total	₱19,283,329.32	₱18,867,129.73	₱416,199.59	₱2,016,907.37
<i>PhilHealth</i>				
Beg Balance				₱49,014.55
January	₱181,545.52	₱176,004.08	₱5,541.44	54,555.99
February	181,988.85	374,710.24	(192,721.39)	(138,165.40)
March	178,231.54	-	178,231.54	40,066.14
April	184,921.52	401,901.82	(216,980.30)	(176,914.16)
May	190,088.70	180,393.20	9,695.50	(167,218.66)
June	183,457.58	181,227.52	2,230.06	(164,988.60)
July	189,745.33	180,495.36	9,249.97	(155,738.63)
August	185,849.88	181,020.28	4,829.60	(150,909.03)
September	186,087.46	181,940.80	4,146.66	146,762.37)
October	185,732.16	182,675.36	3,056.80	143,705.57)
November	183,592.04	-	183,592.04	39,886.47)
December	195,837.45	356,786.44	(160,948.99)	121,062.52)
Sub-total	₱2,227,078.03	₱2,397,155.10	(₱170,077.07)	(₱121,062.52)
<i>Pag-IBIG</i>				
Beg Balance				₱574,808.74
January	₱176,792.64	₱184,802.78	(₱8,010.14)	566,798.60
February	179,952.49	154,723.37	25,229.12	592,027.72
March	165,206.72	176,908.05	(11,701.33)	580,326.39
April	154,592.84	188,575.99	(33,983.15)	546,343.24
May	154,641.03	151,592.84	3,048.19	549,391.43
June	153,977.77	258,080.26	(104,102.49)	445,288.94
July	156,814.37	157,914.37	(1,100.00)	444,188.94

August	149,244.18	53,538.54	95,705.64	539,894.58
September	141,830.23	122,274.91	19,555.32	559,449.90
October	148,818.92	138,830.23	9,988.69	569,438.59
November	157,714.88	146,818.92	10,895.96	580,334.55
December	155,449.73	179,884.15	(24,434.42)	555,900.13
Sub-total	₱1,895,035.80	₱1,913,944.41	(₱18,908.61)	₱555,900.13
GOCC				
Beg Balance				₱2,048,428.27
January	₱246,215.74	₱234,498.16	₱11,717.58	2,060,145.85
February	178,710.44	178,711.23	(0.79)	2,060,145.06
March	166,326.85	-	166,326.85	2,226,471.91
April	170,547.61	357,425.44	186,877.83	2,039,594.08
May	165,872.95	169,987.46	(4,114.51)	2,035,479.57
June	143,111.06	150,626.86	(7,515.80)	2,027,963.77
July	102,165.84	887,821.03	(785,655.19)	1,242,308.58
August	130,908.02	127,444.02	3,464.00	1,245,772.58
September	121,346.46	124,382.46	(3,036.00)	1,242,736.58
October	111,346.46	124,382.46	(13,036.00)	1,229,700.58
November	60,293.12	-	60,293.12	1,289,993.70
December	93,216.43	179,581.55	(86,365.12)	1,203,628.58
Sub-total	₱1,690,060.98	₱2,534,860.67	(₱844,799.69)	₱1,203,628.58
Grand Total	₱25,095,504.13	₱25,713,089.91	(₱617,585.78)	₱3,655,373.56