

EXECUTIVE SUMMARY

Introduction

The Municipality of Balete was created on June 21, 1969 by virtue of Republic Act No. 5659. It is a fifth-class municipality within the third district of Batangas with 13 barangays.

Balete was a former barrio of the City of Lipa. Based on stories handed down by old folks, Balete trees were abundant in this place during the early days when there were still few settlers. As time went by, the place came to be known as “Balete”.

Vision

“Ang Balete ay isang pamayanang may pagmamahal sa Diyos, mapagkalingang kanlungan ng mga manlalakbay, maunlad at ligtas, kung saan ang likas na yaman ay iniingatan para sa kapakinabangan ng kasalukuyan at susunod pang salinlahi.”

Mission

“Paunlarin ang pamumuhay ng mga mamamayan ng Balete sa pamamagitan ng mga opisyal at kawani na may kakayahang teknikal, teknolohikal at pangangasiwa sa pagsasakatuparan ng 5-H agenda para sa kapakinabangan ng mga mamamayan.”

The 5-H Agenda (2017-2019) of the Municipality are high quality education, housing for the poor, health services, heavenly place for humanity and harmony with the environment.

Among others, the following are the notable recognitions and awards conferred to the Municipality during the past and current years:

- Passer of CY 2018 Good Financial Housekeeping (GFH) from the Department of Interior and Local Government (DILG);
- Top Regional Performer - Nominee for 2018 National Best PESO Award (5th to 6th Class Municipality Category) from the DILG; and,
- Most Outstanding Municipal Assessor from the Office of the Provincial Assessor of the Provincial Government of Batangas

The organizational structure of the Municipal Government of Balete is as follows:

a. Key Officials

Municipal Mayor	Hon. Wilson V. Maralit
Municipal Vice Mayor	Hon. Alvin T. Payo

Members of the Sanggunian	Hon. Ronald V. Maralit Hon. Raquel O. Maranan Hon. Rhyan K. Tasico Hon. Ralph Renz R. Lescano Hon. Virgilio R. Del Mundo Hon. Alvin R. Martinez Hon. Arlan P. Garcia Hon. Reynaldo D. Caguitla Hon. Camilo A. Ramirez (ABC President) Hon. Marlon Villanueva (SK Federation - President)
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Municipal Accountant	Mark Ivan A. Cabello
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Municipal Treasurer	Elsa C. Lumbera
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b. Number of Personnel Complement

Permanent	45
Elective Officials	12
Coterminous	3
Job Order	<u>78</u>
Total	<u>138</u>

Scope of Audit

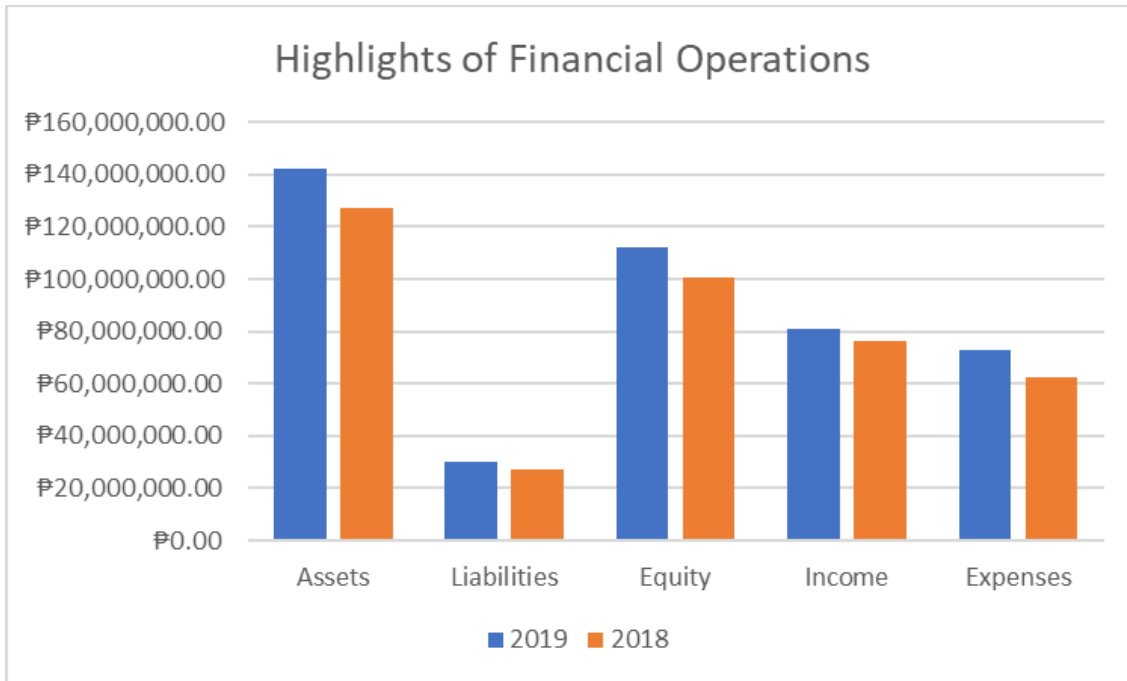
Financial and compliance audits were conducted on the accounts and operations of the Municipal Government of Balete for CY 2019. The audit was conducted to ascertain the adequacy and reliability of the books of accounts and financial reports, fairness of the presentation of the financial statements and the Municipality's compliance with applicable laws, rules and regulations as well as adherence to prescribed policies in handling its finances and its operations in general.

Financial Highlights (in Totals)

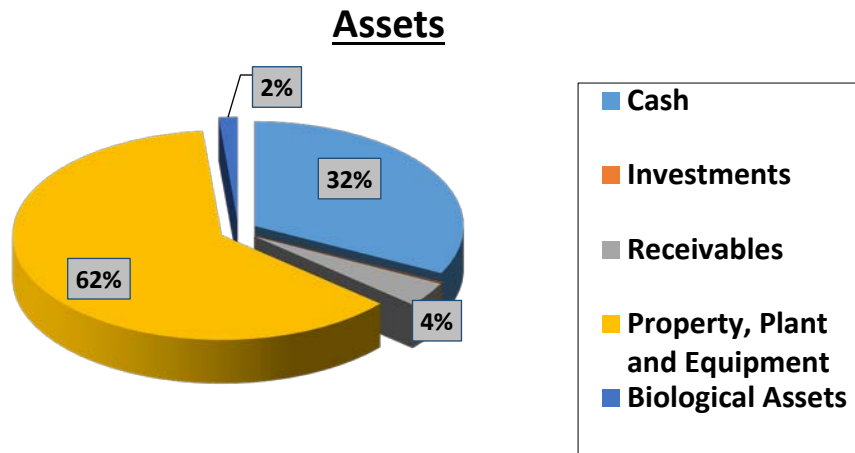
For the CY 2019, the Municipal Government of Balete generated revenue of ₱81,188,921.35 sourced from local taxes, Internal Revenue Allotment (IRA), service, business and other sources of income. Total appropriations/allotments was ₱98,017,668.99, of which ₱77,363,622.92 or 78.93% was obligated during the year, thus leaving an unexpended balance of ₱20,654,046.07 or 21.07%.

The total assets, liabilities, equity, income and expenses of the Municipality for CYs 2019 and 2018 are as follows:

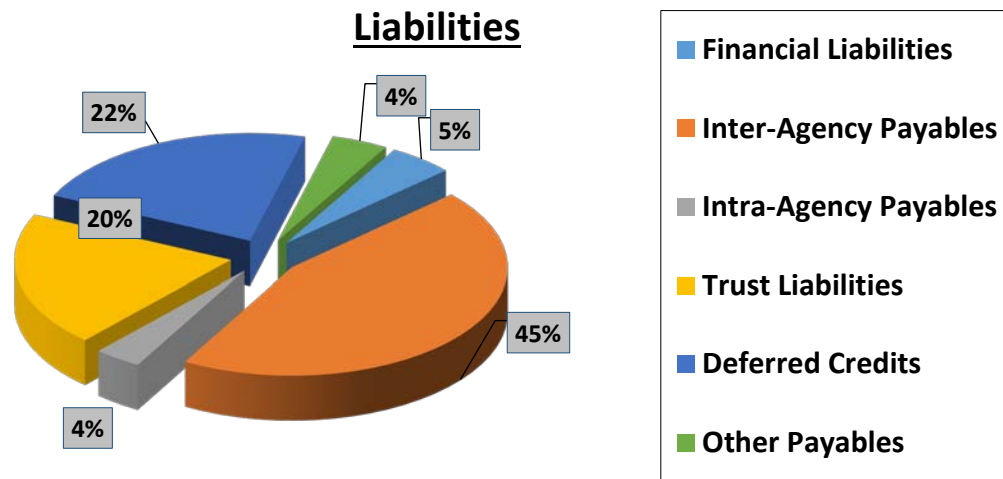
	2019	2018	Increase/ (Decrease)
Assets	₱142,282,145.27	₱127,253,943.35	₱15,028,201.92
Liabilities	30,071,055.96	26,916,942.73	3,154,113.23
Equity	112,211,089.31	100,337,000.62	11,874,088.69
Income	81,188,921.35	76,472,413.20	4,716,508.15
Expenses	72,890,545.24	62,693,669.82	10,196,875.42



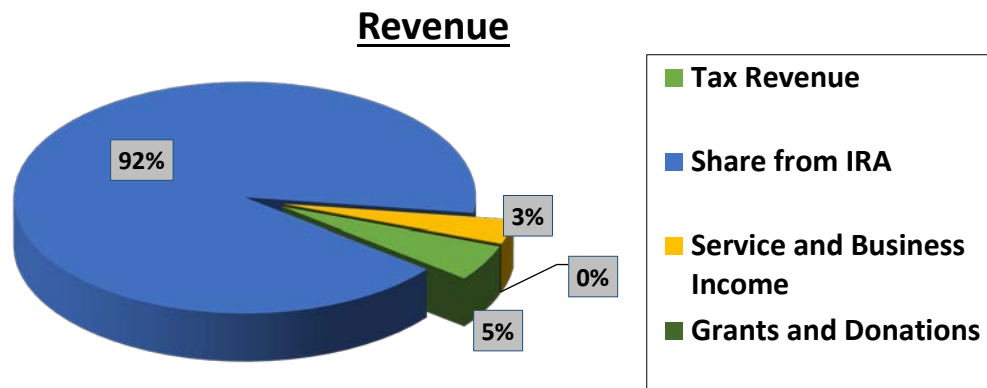
As shown in the above graph, everything increased in values for CY 2019. The largest increase of 16.26% is in expenses that is attributable to 30.33% increase in non-cash expenses as a result of the depreciation expense recognized for the properties acquired during the year, which also resulted to an increase of 16.48% in assets. Whereas, the Municipality's equity is composed of assets mainly financed from income from Internal Revenue Allotment and has low-reliance on liabilities.



Assets of the Municipality is comprised mainly of Property, Plant and Equipment (62 percent). For CY 2019, the Municipality has increased its PPE by 16 percent (₱75,989,504.29, 2018), largely from constructed buildings and infrastructure assets in barangays, and purchase of equipment implemented through fund transfers from national government agencies and foreign-assisted projects.



Liabilities of the Municipality comprise mainly of inter-agency payables, which pertain to the remaining trust receipts from national government agencies which are intended for specific purposes and due for liquidation/implementation. Liabilities also include trust liabilities for the Local Disaster Risk Reduction and Management Fund (held intact within 5 years for disaster-related activities), as well as deferred income and payables of other types.



Composing 92 percent of its revenue, the Municipality is reliant on the receipts from Internal Revenue Allotment (IRA) which are released throughout the year. Five percent is generated from shares on the real property tax and special education tax imposed by the Provincial Government of Batangas while three percent is derived from local fees, permits and taxes locally imposed.

Independent Auditor’s Report on the Financial Statements

The Auditor rendered a qualified opinion on the fairness of presentation of the financial statements of the Municipality of Balete due to its failure to substantially address prior years’ issues on Property, Plant and Equipment (PPE), such as prioritization of a complete physical count of Municipal properties, inaccurate PPE account balances, and non-disposal of unserviceable properties. Hence, the existence, reliability, and fair presentation of the reported balance of the PPE accounts with a net book value of ₱88,514,439.31 as of

December 31, 2019 remains doubtful, contrary to the pertinent provisions of the New Government Accounting System (NGAS) Manual for LGUs, and Presidential Decree (P.D.) No. 1445.

Moreover, the Municipality's financial statement balance of Real Property Tax (RPT) Receivable and Special Education Tax (SET) Receivable totaling ₱4,597,136.64 were not reconciled with the delinquent taxes per Treasury records amounting to ₱3,640,856.86 as of December 31, 2019, thereby incurring a total difference of ₱956,279.78, thus raising doubts on its reliability and fair presentation in the financial statements.

Lastly, the Municipality failed to prepare and submit the Statement of Comparison of Budget and Actual Amounts (SCBAA) as of December 31, 2019 as an integral component of the Financial Statements contrary to Paragraph 21 of Philippine Public Sector Accounting Standard (PPSAS) 1 and Paragraph 47 of PPSAS 24. Thus, financial information was not adequately disclosed to users of the financial statements, and the disbursements of the Municipality for CY 2019 were not properly monitored.

Significant Audit Observations and Recommendations

For the exceptions cited above, the Audit Team recommended that the Municipal Mayor:

- a. Designate dedicated personnel under the supervision of the Municipal Treasurer to continue without interruption the count of all PPE items by account until completed;
- b. Direct the Inventory Committee to prepare the Report on the Physical Count of Property, Plant and Equipment in the prescribed format (Annex A) to be submitted to the Audit Team, and furnish a copy to the Municipal Accounting Office, not later than January 31 of each year;
- c. Require the Municipal Treasurer and Municipal Accountant to immediately reconcile the results of inventory per PPE account and make the necessary adjustments to their respective records, if any;
- d. Require the updated inventory of unserviceable PPE and order their immediate disposal in accordance with the applicable procedures on supply and property management in local government units;
- e. Instruct the Municipal Treasurer to prepare and submit to the Municipal Accounting Office the Certified List of Delinquent Taxpayers as of year-end in time for the closing of the books. Likewise, submit to the Provincial Treasurer the certified list of all real property tax delinquencies which remained uncollected or unpaid for at least one (1) year and a statement of the reason or reasons for non-collection or non-payment on or before December 31 of the year immediately succeeding the year in which the delinquencies were incurred;
- f. Require the Municipal Accountant and Municipal Treasurer to reconcile their records and adjust accordingly based on determined disparities between the set-up, payments, and any other adjustments made in both records;

- g. Direct the Municipal Treasurer to adopt measures to collect from delinquent taxpayers, and strengthen and intensify the tax collection campaign. Conduct information and education campaign/activities through social media, radio, or other means of communication to encourage land owners to settle their tax obligations on time. Issue letters of demand to delinquent taxpayers with information on the possible consequences for non-payment of taxes; and,
- h. Instruct the Municipal Accountant and the Municipal Budget Officer to immediately submit the SCBAA and disclose the reconciliation either on the face of the SCBAA or in the Notes to Financial Statements, in accordance with Paragraph 21 of PPSAS 1 and Paragraph 47 of PPSAS 24, to achieve transparency in financial reporting.

In addition, the following are other significant findings and recommendations:

1. An unreleased check as of December 31, 2019 amounting to ₱3,258,969.93 was considered paid and deducted from the cash and liability accounts and remained a bank reconciling item for LBP Current Account No. 1602-1008-35 in violation of Section 2.4 and 2.5 of GAFMIS Circular Letter No. 2001-001 dated December 16, 2002, thereby misstating the Cash in Bank and the related liability account balance in the financial statements as of December 31, 2019.

We recommended that the Municipal Mayor instruct:

- a. the Municipal Treasurer to prepare and submit to the Municipal Accounting Office the List of Unreleased Checks in time for the closing of the books to enable the reversion back to cash in bank and payable accounts of the amount of unreleased checks in order to fairly present the cash in bank and other affected accounts in the financial statements; and,
 - b. the Municipal Accountant to prepare the Journal Entry Vouchers (JEVs) for adjustments to the cash in bank and payable accounts for any unreleased check at year-end. In the ensuing year, prepare a JEV to reverse the entries made by debiting the payable accounts and crediting Cash in Bank-Local Currency Current Account.
2. The Municipality's financial statement balance of Loans Payable - Domestic amounting to ₱1,231,819.62 was overstated by ₱194,045.14 due to the erroneous recording of interest, contrary to COA Circular No. 2015-009, while the non-current portion of the loan amounting to ₱658,533.72 as of December 31, 2019 was classified as current even if it did not satisfy the criteria set forth in Philippine Public Sector Accounting Standards (PPSAS) No. 1, thus affecting the fair presentation of the financial statements.

We recommended that the Municipal Mayor require the Municipal Accountant to draw the Journal Entry Voucher to reduce the amount of Loans Payable - Domestic recorded in the books by the remaining amount of interest payable on the loan. Likewise, reclassify the loan amortizations due beyond twelve months from reporting date on all long-term debts to non-current liabilities.

3. Infrastructure projects totaling ₱13,250,023.00 sourced from Assistance to Disadvantaged Municipalities (ADM) Programs in CY 2017 and Assistance to Municipalities (AM) Programs in CY 2018 were not implemented on time, while projects totaling

₱10,232,000.00 funded from AM Programs in CY 2019 were not implemented due to deficiencies in the planning process and late preparation of technical documents for the projects leading to delayed delivery of the intended basic services as contemplated in Joint Memorandum Circular No. 7 dated November 3, 2015 of the DBM, DILG, DSWD and NAPC. Furthermore, the unexpended balances of Fund Transfers from National Government Agencies totaling ₱3,275,205.38 were not returned to source agencies after completion/abandonment of the projects, contrary to Commission on Audit Circular No. 94-013.

We recommended that the Municipal Mayor:

- a. require the Municipal Planning and Development Officer in coordination with other municipal officials concerned to faithfully monitor the receipt of funds and evaluate the implementation of the projects to avoid unnecessary delays;
 - b. cause the immediate implementation of the programmed potable water and establishment of MRF projects amounting to ₱9,757,000.00 and ₱475,000.00, respectively, to allow the early enjoyment of benefits by the general public; and,
 - c. require the Municipal Accountant and Municipal Treasurer to immediately refund/return the unexpended balances of the completed projects to source agencies.
4. Misclassification of accounts in recording the receipt and other related transactions pertaining to the purchase of medical equipment funded thru the Grant Assistance for Grassroots Human Security Projects (GGP) has affected the fair presentation of accounts in the financial statements. Likewise, non-recognition of income and expense in the books of the LGU for the receipt of grant leads to understatement of the affected accounts in the Financial Statements.

In view of the foregoing, the audit team recommended that the Municipal Mayor instruct the Municipal Accountant to prepare the necessary adjusting entries.

5. Improper charging of disbursements to funds other than the fund account created specifically for the grant assistance from the Embassy of Japan misstated the bank balance maintained for the purpose.

In view of the foregoing, we recommended that the Municipal Mayor instruct the Municipal Treasurer to issue check/bank transfer in favor of the Trust Fund Proper to restore the amount of ₱294,000.00.

6. Deviations from prescribed procurement procedures for the purchase of medical equipment for the Rural Health Unit (RHU) of the Municipality amounting to ₱5,488,000.00 led to the awarding of the contract to an ineligible supplier, in violation of Republic Act (R.A.) No. 9184, known as the Government Procurement Reform Act, and its Revised Implementing Rules and Regulations (RIRR), thereby rendering the legality and propriety of the contract doubtful and questionable.

a. Non-preparation of the Annual Procurement Plan

We recommended that the Municipal Mayor require the:

- i. End-users or implementing units of the Municipality to prepare and submit the Project Procurement Management Plans (PPMPs) for their different programs, projects and activities, and any changes thereon to the Bids and Awards Committee (BAC) Secretariat for consolidation.
- ii. BAC to meticulously and judiciously plan the procurement activities to be undertaken and incorporate them in the Annual Procurement Plan (APP) in order to streamline and properly monitor the procurement process of the Municipality. Henceforth, no procurement shall be undertaken unless it is in accordance with the approved APP of the procuring entity.

b. Reference to brand names limited the pool of prospective bidders

We recommended that the end-users or implementing units, in conjunction with the BAC, refrain from referring to specific brands, manufacturers and product models in the procurement of goods. Prepare the Request for Quotation/Canvass and Technical Specifications based on relevant characteristics and/or performance requirements. Use generic descriptions of the goods to be procured.

c. Uncertainty about the reasonableness of the Approved Budget for the Contract (ABC)

We recommended that the Municipal Mayor direct the:

- i. end-users, implementing units, and the BAC to conduct market research and to gather information about the products, its specifications and prices, among others, as inputs to the ABC. Support the computation of ABC with proof of canvass conducted; and,
- ii. BAC to ensure that the ABCs of items to be bid are based on careful determination of price reasonableness as circumstances warrant. Update the prices of items in the ABC before the conduct of actual bidding/procurement.

d. Incomplete bidding documents

We recommended that the Municipal Mayor direct the:

- i. Concerned end-users and the BAC to adhere to the prescribed guidelines in the preparation of the ABC;
- ii. BAC to set precise, complete and clear technical specifications, and a clear statement of the required standards of workmanship, materials and performance of the goods to be procured;
- iii. BAC to ensure that all Bidding Documents are prepared in accordance with the prescribed form and content.

e. Non-conduct of Pre-procurement Conference and Pre-bid Conference

We recommended that the Municipal Mayor instruct the Bids and Awards Committee to observe the required pre-procurement conference for goods with an ABC above

- ₱2,000,000.00, and pre-bid conference for projects with an ABC above ₱1,000,000.00.
- f. Improper posting of Invitation to Bid in the Philippine Electronic Procurement System (PhilGEPS) website
- We recommended that the Municipal Mayor direct the Bids and Awards Committee to ensure that files are kept of bid notices posted in the PhilGEPS website with the “Active” status.
- g. Inconsistencies in the date and time of opening of bids in supporting documents
- We recommended that the Municipal Mayor direct the Bids and Awards Committee to carefully evaluate all pertinent bidding documents contain the correct date and time of opening of bids. Bid closing date and time should be strictly adhered to, so that no proposals are accepted after the specified closing time.
- h. Failure to invite at least three (3) independent observers in each stage of the procurement process
- We recommended that the Municipal Mayor require the BAC to invite at least three (3) observers, including the COA representative, to all stages of the procurement process. Ensure that written invitations are sent to observers at least five (5) calendar days before the procurement stage/activity, and immediately notify the observers in writing of any changes in the schedule.
- i. Contract was awarded to ineligible supplier
- We recommended that the Municipal Mayor direct the BAC to fully document compliance of documents submitted by bidders with procurement regulations. Be diligent in the conduct of eligibility screening, bid evaluation and post-qualification to ensure that contracts are awarded only to eligible bidders.
- j. Non-withholding of 1% retention money for warranty
- We recommended that the Municipal Mayor require the Municipal Accountant to strictly implement the withholding of one percent (1%) retention money on all payments for the purchase of non-expendable goods, in the absence of a special bank guarantee covering the purchase.
7. Medical equipment of the Rural Health Unit (RHU) totalling ₱5,488,000.00 funded under the Grant Assistance for Grassroots Human Security Projects (GGP) were not fully utilized, specifically the ultrasound machine amounting to ₱2,500,000.00, due to inadequate planning, lack of trained personnel to operate the equipment, and absence of contingency plans to secure the equipment in times of emergency, thus depriving prospective patients of efficient and quality health care services which may lead to the non-attainment of the program objectives contemplated by the GGP.

We recommended that Management:

- a. Consider increasing the amount of fees charged for the Chemistry 8 and Ultrasound procedures to ensure the availability of funds to cover operational costs throughout the lifespan of the equipment. Alternatively, incorporate the cost of operation and maintenance of the medical equipment and purchase of necessary medical supplies in the Annual Budget of the Municipality;
 - b. Ensure the availability of trained personnel to handle/operate the equipment by requiring health workers to undertake the necessary capability building trainings/seminars on the proper use and maintenance of the equipment;
 - c. Properly plan, assess and evaluate the medical equipment to be procured in terms of availability of space, facilities, and immediate needs of the Rural Health Unit (RHU);
 - d. Develop a written contingency plan for power failure, natural disasters and other interruptions to maintain the proper cold chain for preserving reagents and secure the medical equipment. Assign responsibility for carrying out the procedures and policies laid out in the plan;
 - e. Device mechanisms to protect and secure the medical equipment and other properties within the RHU compound, such as:
 - Install window grills, durable doors and locks for both doors and windows;
 - Limit and monitor access to equipment areas;
 - Consider hiring watch men to secure the RHU compound especially at night and during holidays.
8. Various lapses in the handling, accounting and reporting of collections and disbursements of the Rural Health Unit (RHU) pertaining to medical equipment funded under the Grant Assistance for Grassroots Humanity Security Projects (GGP) manifested weak internal controls by the Municipality that resulted in cash overdraft of ₱87,055.92, unreported collections totaling ₱89,600.00 and unauthorized disbursements amounting to ₱258,900.00, contrary to the 1987 Philippine Constitution, Republic Act (R.A.) No. 9184, Presidential Decree (P.D.) No. 1445, Republic Act (R.A.) No. 7160, and COA Circular No. 2012-001, thus exposing government funds to possible loss, misuse, or misappropriation and casting doubts on the legality, propriety and validity of the transactions.

❖ Unreported Collections totaling ₱89,600.00

We recommended that the Municipal Mayor:

- a. Direct the Rural Health Unit (RHU) to immediately stop the practice of collecting the laboratory fees without authority from the Sangguniang Bayan (SB), as well as granting of discounts without an approved written policy and sufficient documentation;
- b. Compel the concerned officials to submit written justification on the reason why collections of laboratory fees for the use of the medical equipment funded under the Grant Assistance for Grassroots Human Security Projects (GGP) were made

despite the absence of an authority or ordinance enacted by the Sangguniang Bayan;

- c. Henceforth, ensure that the imposition of reasonable fees or charges for the use of the said medical equipment are authorized by the Sangguniang Bayan through an appropriate ordinance;
 - d. Require that all payments for laboratory and other fees charged by the RHU be made at the Municipal Treasurer's Office;
 - e. Ensure that only duly designated and bonded accountable officers handle the collection of laboratory and other fees of the Municipality;
 - f. Direct Municipal collectors/cashiers to issue official receipts (ORs) to acknowledge all forms of collections, in chronological order and in strict numerical sequence of the pre-numbered ORs. In preparing the ORs, all copies shall be exact copies or carbon reproductions in all respects of the original. All ORs shall be prepared with a date, number, and the amount of collection together with the purpose for which the payment was received. The address of the payor shall also be indicated on the official receipt to facilitate communication with him if necessary;
 - g. Encourage each payer to demand an official receipt every time payment is made and to immediately report any collector who will not issue ORs by posting a notice to this effect in the vicinity of the collector's place of assignment;
 - h. Instruct the Municipal Accountant to take up in the books all collections of the RHU and ensure that periodic reconciliation be made between the records of the Accounting Office and Treasurer's Office;
 - i. Direct the concerned officials to create a written policy for the grant of discounted and free medical procedures to constituents, detailing the persons who are eligible for such discounts as well as the requirements for availing of such discounted prices such as certificate of indigency or low income, senior citizen identification card, persons with disability identification card, etc.; and,
 - j. Require the concerned officials to immediately cause transfer of funds held in trust for the RHU from the personal bank account of the Head Midwife to the bank account of the Municipality of Balete in an Authorized Government Bank.
- ❖ Unauthorized disbursements amounting to ₱258,900.00

We recommended that the Municipal Mayor:

- a. Require the concerned officials to submit written justification on the reason why disbursements were made despite the absence of an appropriation ordinance enacted by the Sangguniang Bayan, lack of approval by the proper officials, and incomplete documentation;
- b. Direct the concerned officials to stop all payments for expenditures without an approved appropriation ordinance. Include the collections from laboratory fees in the regular sources of income for the budget year and carefully plan the

expenditures/obligations that will be charged therein, in compliance with existing budgeting rules;

- c. Require the Rural Health Unit (RHU) to meticulously and judiciously plan the procurement activities to be undertaken within the calendar year and incorporate them in the Annual Procurement Plan (APP) in order to streamline and properly monitor the procurement process of the Municipality;
 - d. Instruct the Municipal Accountant to take up in the books all disbursements of the RHU;
 - e. Ensure that all disbursements from the fund are covered by existing cash allocations, as evidenced by a Certificate of Availability of Funds (CAF) issued by the Municipal Accountant; and,
 - f. Ensure that all disbursements adhere to prescribed procurement procedures, bear the approval of the proper officials and are supported with the complete documentation required in COA Circular No. 2012-001 for control purposes and also to ensure payment of appropriate taxes due to the national government.
- ❖ Inadequate oversight and internal control mechanisms in the RHU

We recommended that the Municipal Mayor:

- a. Direct the concerned officials to design and implement a process workflow governing the operations of the RHU to streamline the processing of transactions. Such process workflow should include the detailed step by step procedure for each activity/medical procedure in the RHU, the personnel assigned for each identified procedure, and the amount of fees to be paid, if any. The approved process workflow should be posted on conspicuous locations in the RHU.
 - b. Ensure the design and implementation of a system of internal control to safeguard the funds and properties of the Municipal government, timely reporting of revenues and expenditures of the RHU, and address the risk of errors and fraud in the operations of the RHU.
 - c. Ensure the availability of adequate funding for the RHU. This would entail curtailing costs and/or increasing revenues. This means purchasing supplies in bulk in accordance with the quarterly requirements of the RHU, as well as regularly reviewing and updating the prices of medical services provided by the RHU to reflect current costs and competitive conditions in the locality. Collections from laboratory fees should be used exclusively to cover the cost of providing health services in accordance with existing budgetary and procurement procedures. Meanwhile, to cover the remaining cost of rendering services to the charity patients, the Municipality will have to make allocations of funds from its annual budget.
9. Only ₱8,940,228.64 or 60.19% of the current appropriations of ₱14,853,011.20 for the 20% Development Fund was expended by the Municipality, in violation of DILG and DBM Joint Memorandum Circular No. 2011-1 dated April 13, 2011 thus, defeating the purpose of the fund and depriving the constituents of the benefits that could be derived therefrom.

Moreover, materials and labor for the improvement of a barangay hall amounting to ₱997,647.76 was charged against the 20% Development Fund, hence, depleting funds intended for development projects.

We recommended that Municipal Mayor:

- a. Require the Municipal Planning and Development Officer to justify the non-implementation of projects listed in the 20% Development Plan despite the availability of funds. Likewise, we recommend that the Municipal Development Council, headed by the Municipal Mayor, to evaluate and study the feasibility of the projects to ensure delivery of the intended services to the public. Require the specification in the plan as to quarter on which projects are to be implemented.
 - b. Direct the Municipal Engineer to cause the immediate implementation of the projects that had been allocated funds in order to fully attain the purpose and intent for establishing the fund at the soonest possible time, thereby, maximizing the real value of the money on hand.
 - c. Ensure that only programs and projects geared towards the attainment of socio-economic development and environmental management outcomes that partake the nature of investment or capital expenditures, as mandated by law, will be given allocation under the 20% Development Fund.
10. Only ₱2,720,507.10 or 31.86% of the total available appropriations of ₱8,539,406.99 for the Local Disaster Risk Reduction and Management Fund was expended by the Municipality while available funds from previous year balances were not maximized due to lapses in planning, thereby weakening the Municipality and its constituents' capability to respond to disasters and emergencies, and possibly endangering their lives and properties, in violation of Republic Act (R.A.) No. 10121, COA Circular No. 2012-002 and NDRRMC, DBM, and DILG Joint Circular No. 2013-1, thus, defeating the purpose of the fund.

We recommended that the Municipal Mayor:

- a. Direct the Local Disaster Risk Reduction and Management Council and Local Development Council to undertake vulnerability assessment, hazard mapping and capacity building research activities to identify high disaster risk areas in the Municipality and accordingly plan and implement necessary mitigating projects and activities. Strengthen the rescue and recovery facilities, manpower and equipment to ensure readiness in case of urgency.
- b. Require the LDRRMO to prepare and submit to the local sanggunian through the Local Disaster Risk Reduction and Management Council and Local Development Council the annual LDRRMF Investment Plan (Annex B) specifying in detail the list of programs, activities and projects which include under a separate caption those projects and programs charged to the continuing appropriations as well as unexpended LDRRMF of previous years, and implement such projects at the intended period of its implementation.

13. The desired goals and objectives of gender and development in the Municipality were not optimally achieved due to the failure to establish a GAD database, thus rendering no basis for its gender planning, programming, and policy formulation; and inadequate monitoring and evaluation of GAD projects, contrary to PCW-DILG-DBM-NEDA Joint Memorandum Circular (JMC) No. 2013-01.

We recommended that the Management ensure that planned activities are geared towards the attainment of gender equality and women empowerment and ensure full utilization of the fund to fully address gender issues.

We also recommended that the GAD Focal Point Person and the members of the Technical Working Group: (a) establish the GAD database which will serve as basis for planning, implementing, and formulating GAD responsive activities; (b) use monitoring tools such as the HGDG and PIMME in monitoring and evaluating GAD activities.

Unsettled Suspensions, Disallowances and Charges

As at December 31, 2019, the total outstanding audit suspensions, disallowances and charges of the Municipal Government of Balete based on the Notice of Suspension (NS), Notice of Disallowances (ND), Notice of Charges (NC) and Notice of Settlement of Suspensions, Disallowances and Charges (NSSDC) issued by this Commission totaled ₱20,660,924.75.

Status of Implementation of Prior Years' Recommendations

Of the 47 audit recommendations embodied in the prior years' reports, 12 were fully implemented, 14 were partially implemented and the remaining 21 were not implemented by the Municipality.