

# EXECUTIVE SUMMARY

## Introduction

San Andres acquired its status as Municipality by virtue of Commonwealth Act No. 581 in 1920. It is located at the western coast of Tablas Island in Romblon group. Its land area is approximately measured at 112 sq. kilometers (km<sup>2</sup>) and its coastline is approximately 17.74 kilometers in length. The town is politically subdivided into thirteen barangays with 15,028 approximate number of population. People of San Andres are usually engaged in agricultural activities (crop production, land utilization, etc.).

The Municipality has three funds maintained namely: General, Special Education and Trust Funds. The consolidated financial statements of the LGU have been prepared in accordance with and comply with the Philippine Public Sector Accounting Standards (PPSAS).

## Highlights of Financial Operation

For Calendar Year (CY) 2019, the Municipality generated a total income of P80,860,349 which is higher by P8,102,504 or 11.14% compared with last year's P72,757,845. The share from Internal Revenue Collections of P76,946,928 represents 95.16% of the total income. Other major sources of income are local taxes, permits and licenses, service, business and other income.

The total assets, liabilities, government equity, income and expenses for CY 2019 are as follows:

	<u>CY 2019</u>	<u>CY 2018</u>	<u>Increase/ (Decrease)</u>
Total Assets	P262,860,587	P237,943,238	P 24,917,349
Total Liabilities	88,729,062	91,851,862	(3,122,800)
Total Equity	174,131,525	146,091,377	28,040,148
Total Income	80,860,349	72,757,845	8,102,504
Total Expenses	57,142,516	52,455,959	4,686,557

## Scope of Audit

Financial and Compliance as well as Value for Money Audits were conducted on the accounts and operations of the Municipality of San Andres for CY 2019. The objectives of the audit were to (a) determine whether Management presented fairly the financial statements in adherence to the Philippine Public Sector Accounting Standards; (b) ascertain the level of assurance that may be placed on management's assertions in the financial statements; (c) evaluate the extent of compliance with laws and regulations as well as the propriety and validity of transactions; (d) recommend agency improvement

opportunities; and (e) determine the extent of implementation of prior years' audit recommendations.

### **Audit Opinion on the Financial Statements**

The Audit Team rendered an adverse opinion on the fairness of the presentation of the financial statements of the Municipality of San Andres due to the following:

1. The validity, correctness and existence of the reported balances of Property, Plant and Equipment (PPE) valued at ₱55,941,974 could not be ascertained due to (a) failure of the Municipality to conduct physical count of all properties of the Municipality as of end of the year and prepare the corresponding inventory reports contrary to Section 124, Volume I of the Manual on the New Government Accounting System (MNGAS) for Local Government Units (LGUs), Volume I; (b) PPE accounts recorded in the Trust Fund books totaling ₱4,405,543 were not transferred to the General Fund; and (c) failure to provide depreciation for depreciable assets amounting to ₱55,941,974 contrary to pertinent provisions of Philippine Public Sector Accounting Standards (PPSAS) 17 thus, affecting the fair presentation of the PPE accounts in the financial statements. **(Observation No. 1)**
2. The validity and accuracy of the balance of Cash in Bank – Local Currency Current Account (LCCA) as at December 31, 2019 totaling ₱82,548,370 could not be relied upon due to incomplete and unreliable Bank Reconciliation Statements and failure to maintain separate ledger for each depository account contrary to Section 74 of Presidential Decree (P.D.) No. 1445 and Section 3 of COA Circular No. 96-011 dated October 2, 1996. **(Observation No. 2)**
3. The reported balances of the payable accounts as at December 31, 2019 totaling ₱85,561,456 could not be validated due to failure of the ICO-Municipal Accountant to prepare and submit schedule and /or aging of said payable accounts as required under Section 3.0 of COA Accounting Circular Letter No. 2007- 002 dated January 19, 2007, rendering the reported balances in the financial statements unreliable. **(Observation No. 3)**
4. The Accounting Office failed to properly monitor and account for the collections and deposits for CY 2019, rendering the balance of Cash – Local Treasury account as at December 31, 2019 totaling ₱434,181.04 unreliable. Moreover, the Municipal Treasurer's Office failed to deposit intact and within the prescribed period the collections for CY 2019 resulting in undeposited balance of ₱254,905 as at December 31, 2019 contrary to Section 307 of R.A. No. 7160, Section 69 of P.D. No. 1445 and Sections 29 and 32 of the National Government Accounting System (NGAS) Manual for LGUs thus, exposing government funds to possible loss and/or misappropriation. **(Observation No. 4)**
5. Cash Advances totaling ₱7,745,925 remained unliquidated as at December 31, 2019 contrary to Section 89 of Presidential Decree No. 1445 and the guidelines set in COA Circular No. 97-002 dated February 10, 1997 due to

inefficient and ineffective control over the granting, utilization and liquidation thereof thus, exposing government funds to risk of unsecured loss and resulting further in overstatement of receivable and government equity accounts as expenses drawn out from these cash advances were not recorded during the year of incurrence. **(Observation No. 5)**

6. The Accounting Office incurred lapses in recording financial transactions of the Municipality for CY 2019 resulting in incorrect journal entries and unrecorded transactions of atleast ₱20,700,843 and ₱14,179,736, respectively, which is not in compliance with Sections 111 and 112 of Presidential Decree No. 1445, COA Circular No. 2015-009 dated December 1, 2015, COA Circular 2009-006 dated September 15, 2009 and Paragraph 27 of PPSAS 1 thereby, affecting the fair presentation of various accounts in the financial statements. **(Observation No. 6)**
7. The Statement of Comparison of Budget and Actual Amounts (SCBAA) for CY 2019 of the Municipality is unreliable due to: (a) failure to adjust the original appropriations per budget item for any changes in appropriations totaling to at least ₱2,884,365; (b) unreconciled actual amount per SCBAA, SAAOB and Financial Statements resulting to a net discrepancy of ₱4,831,684; (c) appropriations for 18 PPAs totaling ₱36,301,370 were not categorized as to class of expenditure; (d) actual expenses of ₱1,503,578 incurred without appropriation was not reflected; and (e) failure to disclose in the Notes to Financial Statements the material differences between the budget and actual amounts as well as the reconciliation of actual amounts per SCBAA and Financial Statements thus, misleading the readers as the report does reflect the true financial status of the Municipality contrary to the provisions of Philippine Public Sector Accounting Standards (PPSAS) 24. **(Observation No. 7)**

### **Significant Observations and Recommendations**

For the first exception cited above, we recommended and the management agreed that the Municipal Mayor (a) designate new members of the Inventory Committee who will see to it that requirements relative to the conduct of complete physical count of all the property, plant and equipment of the Municipality at year-end are duly complied with to determine the validity, reliability and existence of its properties. The committee shall reconcile the results of the count with the property and accounting records and submit the complete and accurate RPCI and RPCPPE to the Audit Team pursuant to Section 124 of the Manual on NGAS for LGUs, Volume I; and (b) require the ICO-Municipal Accountant to effect the prompt transfer of the cost of completed project from the Trust Fund to the General Fund and provide depreciation for all depreciable PPE as provided under PPSAS 17 to establish proper valuation of PPE accounts.

For the second exception, we reiterated our recommendation and the management agreed that the ICO-Municipal Accountant (a) strictly observe the monthly preparation of Bank Reconciliation Statements to validate the balance of the Cash in Bank account in the financial statements, in compliance with Section 3 of COA Circular No. 96-011 dated

October 2, 1996; (b) exert diligent effort in identifying the individual reconciling items presented in the BRS by preparing schedules and/or details of the amount presented in lump sum; (c) submit the bank statements and other relevant documents showing that the identified reconciling items were properly recorded and adjusted in the books of accounts; and (d) maintain separate subsidiary ledgers for each depository account to substantiate the validity and correctness of balances of each account and to easily monitor the transactions affecting those accounts.

For the third exception, we recommended and the management agreed that the Municipal Accountant prepare and submit the necessary schedule/aging of the above-mentioned payable accounts as required under Section 3.0 of COA Accounting Circular Letter No. 2007-002 for the Audit Team to validate the balances reported in the financial statements.

For the fourth exception, we recommended and the management agreed that the Municipal Mayor direct (a) the ICO-Municipal Treasurer and the Collecting Officers to strictly observe the existing rules and regulations governing collections and deposits of government funds to avoid the possible loss and misuse of government funds; (b) the ICO-Municipal Treasurer to regularly update cashbook and reconcile records with the cash on hand daily or as necessary. Also, reconcile the cashbooks with the accounting records at least monthly to ensure the completeness and accuracy of the recorded transactions; and (c) the ICO-Municipal Accountant review the recorded transactions and make the necessary adjustments, where necessary.

For the fifth exception, we recommended that the Municipal Mayor (a) require all accountable officers and employees to immediately settle their outstanding cash advances; (b) exert extra efforts to recover outstanding cash advances from accountable officers who are no longer in the service nor connected with the municipality; (c) direct the Municipal Accountant to refrain from granting additional cash advances to any official or employee unless previous cash advance given to him is first settled or a proper accounting thereof is made, pursuant to Section 4.1.2 of COA Circular No. 97-002 dated February 10, 1997; (d) stop the grant of special cash advances to elected officials and employees not designated as disbursing officer; (d) require the officials and employees to liquidate their cash advances within the prescribed period provided in Section 5 of COA Circular 97-002; and (e) submit the documents supporting the liquidation of cash advances totaling ₱6,508,500.

For the sixth exception, we recommended that the ICO-Municipal Accountant be cautious in recording the financial transactions of the Municipality and ensure the proper use of accounts prescribed under COA Circular No. 2015-009 in recording financial transactions. Carefully review all accounting entries before approving JEVs and recording the same in the special and general journals. Moreover, ensure that all transactions of the Municipality are duly accounted for in the books of accounts so as to present reliable data in the financial statements.

On the case of unrecorded disbursements, all possible means should be exhausted to locate and secure the documents to support the above unrecorded disbursements as

well as those which are already recorded but corresponding disbursement vouchers and supporting documents are not yet submitted to the Audit Team.

For the seventh and last exception, we recommended and the management agreed that the Municipal Mayor require (a) the ICO-Municipal Accountant and ICO-Municipal Budget Officer to (i) comply with the provisions of PPSAS 24 on the preparation of Statement of Comparison of Budget and Actual Amounts; and (ii) reconcile their records on allotments and obligations monthly so that any resulting discrepancies can be immediately verified and corrected; (b) the Local Finance Committee ensure that budget for the ensuing years are prepared in accordance with the procedures, schedules and local budget preparation forms prescribed under the Budget Operation Manual for LGUs; and (c) the Municipal Accountant to provide disclosures on the face of the SCBAA and/or in the Notes to FS the (i) changes between the original and final budgets; (ii) material discrepancies between the budget and actual amounts; and (iii) reconciliation of actual amounts per SCBAA and per financial statements, to enhance the transparency of the Municipality's financial statements.

For calendar year 2019, the following are the other significant observations and recommendations:

1. The Bids and Awards Committee (BAC) and its Technical Working Group (TWG) and Secretariat committed procedural lapses in their procurement activities, exposing the Municipality to various risks in project implementation contrary to the 2016 Revised Implementing Rules and Regulations (IRR) of Republic Act (R.A.) No. 9184. **(Observation No. 8)**

We recommended and the management agreed that the BAC (a) furnish the Audit Team with a copy of the Contract Agreement and its attachments within five calendar days from execution thereof as required under Section 3.1.1 of COA Circular No. 2009-001 dated February 23, 2009; (b) observe strictly the provisions of the 2016 Revised IRR of R.A. No. 9184 to ensure adherence to the principles of transparency, competitiveness and public monitoring; (c) strengthen internal control over the evaluation of bids and post-qualification of bidders; (d) prepare the required documents/reports with extra care to avoid errors which could mislead reader and users of the reports; and (e) submit the lacking documents cited above to the Audit Team to comply with the requirements of the 2016 Revised IRR of R.A. No. 9184 and address the deficiencies enumerated.

2. The beginning available cash balance of ₱11,547,187 declared by the Municipality in its CY 2019 Annual Budget was excessive by at least ₱8,022,275 owing to the inaccuracies in the computation of the total savings for CY 2018 contrary to Section 305 of Republic Act (R.A.) No. 7160 and pertinent provisions of the Budget Operations Manual (BOM) for Local Government Units (LGUs) thus, the Annual Budget of the Municipality for CY 2019 was bereft of sufficient funding thereby impairing its ability to meet financial obligations and hampering the efficient delivery of necessary services to its constituents. **(Observation No. 10)**

We recommended and the management agreed that the Municipal Mayor enjoin coordination between the Accounting, Treasurer and Budget Offices during the preparation of Annual Budget so as to ensure that the amount provided therein are accurately declared based on their existing records and reports.

3. The propriety and legality of the financial/livelihood assistance granted in CY 2019 were doubtful due to the failure of the Municipality to: (a) observe the guidelines, policies and procedures in the grant of financial assistance to prospective clients; (b) institute essential controls in the grant of livelihood assistance; and (c) strictly observe the required procedures in the disbursements of funds contrary to Section 2 of Presidential Decree (P.D.) No. 1445, Sangguniang Bayan (SB) Resolution No. 2018-18 dated March 5, 2018, DSWD Memorandum Circular (MC) No. 02 dated February 17, 2014 and COA Circular No. 2006-002 dated January 31, 2006 thus, it could not be ascertained whether or not the desired outputs envisioned in the implementation of the Aid to Individuals in Crisis Situation (AICS) program were attained. **(Observation No. 11)**

We recommended that the (a) Municipal Mayor, MSWDO and Municipal Accountant submit written explanation and/or pertinent documents to prove that a mere referral letter from one of the members of the SB fully satisfy the requirement of SB Resolution No. 2018-08 and if it constitutes a valid authorization in the grant of cash assistance in excess of the maximum limit, otherwise, observe the maximum limit of cash assistance to be granted to the recipients or request appropriate SB proceedings to authorize the grant of same; (b) Municipal Mayor request the SB to establish a clear cut guidelines, policies and procedures on the selection and grant of livelihood assistance within the Municipality and adopt a system of monitoring and inspection of the projects; (c) MSWDO indicate in the assessment/evaluation report the amount of cash assistance to be given to the individuals in crisis situation in compliance with the existing guidelines; (d) Municipal Mayor and MSWDO ensure that financial assistance shall be immediately released once the amount has been determined based on the interview/assessment and submitted supporting documents as provided under DSWD Memorandum Circular No. 2; and (e) Municipal Mayor, Municipal Accountant and Municipal Treasurer strictly observed the required procedures in the disbursements of funds.

4. The Municipality, despite conscientious efforts, still failed to sufficiently carry out the implementation of the ecological solid waste management program as mandated under Republic Act (R.A.) No. 9003 also known as the Ecological Solid Waste Management Act of 2000 as manifested by the: (a) non-approval of the 10-year Municipal Solid Waste Management Plan; (b) non-compliance with the provision of the Act relative to the Municipal Solid Waste Management Board composition; (c) non-enforcement of mandatory segregation of wastes; and (d) operation of an open dump site as final garbage disposal facility instead of a sanitary landfill thus, the total protection of the environment and the general welfare of the constituents in harmony with economic development may not be substantially attained. **(Observation No. 13)**

We recommended and the management agreed to (a) conduct regular monitoring of the implementation of the plan and other relevant laws/ordinances within the Municipality's jurisdiction to ensure the effectiveness of the solid waste management programs. Impose appropriate sanction where necessary; (b) through the Liga ng mga Barangay, encourage active participation of barangay officials to support the solid waste management program of the Municipality by educating their respective constituents through Information Education Campaign (IEC) on the proper segregation of reusable or recyclable materials from compostable wastes and the importance of their participation in the implementation various SWM programs; (c) evaluate the current composition of the MSWMB and look for possible members that could qualify to complete the line up; and (d) through SWMB, stop the operation in an open dump site as final garbage disposal facility, instead prioritize the processing of various requirements for its conversion into a sanitary landfill in compliance with Sections 40 and 41 of R.A. No. 9003 the soonest possible time to avert adverse environmental consequences.

5. For CY 2019, the Municipality failed to (a) secure a DILG – endorsed GAD Plan and Budget (GPB); (b) submit the GAD Accomplishment Report; (c) establish and maintain a GAD database; and d) ensure the attainment of two specific GAD objectives provided in the GPB contrary to the provisions of the PCW-DILG-DBM-NEDA Joint Memorandum Circular No. 2013-01 dated July 18, 2013 as amended by PCW-DILG-DBM-NEDA Joint Memorandum Circular No. 2016-01 dated January 12, 2016 and Section V of COA Circular No. 2014-001 dated March 18, 2014 thereby, exposing the Municipality to various risks in the implementation of the projects charged against the fund. (**Observation No. 14**)

We recommended and the management agreed to the following (a) The LGU GFPS Technical Working Group (TWG) submit the GPB to the PPDO to ensure the alignment of the GAD PPAs to the priorities of the province and DILG Provincial Office for review and endorsement in accordance with the schedule to be observed in GAD Planning and Budgeting as provided under Section 4.0 of the PCW-DILG-DBM-NEDA JMC No. 2016-01 amending Section C.5 of PCW-DILG-DBM-NEDA JMC No. 2013-01. Likewise, compliance with the recommendations of the DILG Provincial Office which is mandated to review the GPB of the Municipality be strictly observed to ensure the gender-responsiveness of the identified GAD PPAs; (b) The GAD Focal Person furnish the Audit Team a copy of the GAD Accomplishment Report for proper evaluation. Thereafter, ensure that a copy of Accomplishment Report be submitted to the Audit Team within five working days from the end of January of the preceding year, pursuant to COA Circular No. 2014-001; (c) The Municipal Planning and Development Coordinator (MPDC) spearhead the setting up and maintenance of the GAD database to serve as basis for gender-responsive planning, programming and policy formulation and to undertake thorough gender analysis based on relevant data for proper identification of existing gender issues to ensure that the approved PPAs to be incorporated in the GPB are responsive to address the same; and (d) The GAD Focal Person ensure that all the expenditures charged against the GAD Fund have been properly verified if they relate or correspond to the objectives of the PPAs identified in the GPB.

6. The Municipality was not fully compliant with the provisions of Republic Act (R.A.) No. 10121 or the “The Philippine Disaster Risk Reduction and Management Act of 2010”, COA Circular No. 2012-002 dated September 12, 2012 and NDRRMC-DBM-DILG Joint Memorandum Circular No. 2013-1 dated March 25, 2013 thus, posing risk on the attainment of the objective of LDRRM to enhance the capabilities of the Municipality and its constituents to effectively prepare, respond and recover from the impact of calamities/ disasters. Moreover, the Municipality incurred lapses in the procurement and documentation of various expenditures charged to LDRRMF in violation of the 2016 Revised IRR of R.A. No. 9184 and Section 4(6) of Presidential Decree (P.D.) No. 1445 thereby, exposing the Municipality to various risks in the implementation of the projects and rendering the propriety of the disbursements doubtful. **(Observation No. 15)**

We recommended that the Municipal Mayor direct the (a) Municipal Disaster Risk Reduction and Management Officer (MDRRMO) to be guided by the provisions of COA Circular 2012-002 in the preparation of the LDRRMFIP. Proper classification of PPAs in the LDRRMFIP should also be given careful attention such that PPAs which fall under the ambit of capital expenditures and are intended to be implemented in the ensuing years be properly classified as Capital Outlay; (b) ICO-Municipal Accountant to (i) comply with the accounting and reporting guidelines for LDRRM Fund set forth under COA Circular No. 2012-002 dated September 12, 2012; (ii) review the regularity and completeness of supporting documents of disbursement vouchers prescribed under Section 9.1.3 of COA Circular No. 2012 - 001 before processing claims for payment; (iii) ensure that all disbursements are recorded/ accounted in the book of accounts to present reliable financial statements; (iv) submit the aforementioned lacking documents to the Audit Team to prove the transaction’s validity, accuracy, regularity and propriety; and (v) submit the notes comprising a summary of significant accounting policies and other explanatory notes; and (c) BAC to strictly adhere to the provisions of the 2016 Revised IRR of R.A. No. 9184 for the procurement activities of the Municipality.

7. The Municipality: (a) incurred significant delays in the submission of monthly, quarterly and year-end financial and accounting reports and statements together with the Official Receipts/Disbursements Vouchers/Payrolls and their supporting documents to the Audit Team ranging from 3 to 319 days; and (b) failed to submit Disbursements Vouchers/Payrolls totaling to at least ₱21,071,997 thus, precluding the timely review and post audit of the transactions and accounts, thereby affecting the management’s assertions as to existence or occurrence, validity, accuracy and completeness of the recorded transactions contrary to relevant provisions of COA Circular No. 95-006 dated May 18, 1995, COA Circular No. 2002-003 dated June 20, 2002, COA Circular No. 2010-001 dated March 2, 2010 and the Revised Rules and Regulations on Settlement of Accounts (RRSA). **(Observation No. 16)**

We recommended and the management agreed that the Municipal Mayor (a) require the ICO-Municipal Accountant to give priority to the timely submission of the accounts within the period required under COA Circular No. 2009-006 dated



September 15, 2009 and COA Circular No. 95-006 dated May 18, 1995 to enable the Audit Team to conduct timely audit thereof; (b) require the former and incumbent ICO-Municipal Accountants to work hand in hand and set aside their differences as such lapses incurred would not only redound to their personal loss but of the Municipality and the people whom they are mandated to serve. Submit immediately the unsubmitted accounts and financial reports, otherwise, enforce the suspension of salaries of erring personnel pursuant to Section 122 of PD No. 1445. It is to be emphasized that non-submission of the lacking disbursement vouchers and payroll as well as relevant supporting documents shall warrant the outright issuance of Notices of Disallowance without prejudice to any administrative disciplinary action that may be instituted against the accountable officers as provided under Section 39 (3) of PD No. 1445; (c) require proper turn-over of all documents and reports from the outgoing to incoming officers/employees so as to establish proper accountability and to secure all documents for future references and proper reporting; and (d) ensure that appropriate actions are taken on the deficiencies noted in audit as well as on various communications received.

8. Responsive planning and budgeting, optimal utilization and/or proper implementation of the 20% Development Fund (DF) for CY 2019 were not strictly ensured contrary to the Department of the Interior and Local Government (DILG) and Department of Budget and Management (DBM) Joint Memorandum Circular (JMC) No. 2017-1 dated February 22, 2017, 2016 Revised Implementing Rules and Regulations (IRR) of Republic Act (R.A.) No. 9184 and COA Circular No. 2009-001 dated February 12, 2009 thus, exposing the Municipality to risk of non-attainment of the desired socio-economic development and environmental outcomes. Moreover, the Municipality incurred lapses in the processing of payments and recording of disbursements charged against the 20% DF contrary to pertinent provisions of Presidential Decree (P.D.) No. 1445, COA Circular 2012-001 dated June 14, 2012 and COA Circular No. 2015-009 dated December 1, 2015, thereby casting doubt on the propriety of the disbursements and the reliability of the affected accounts in the financial statements.

We recommended and the management agreed that (a) The Municipal Budget Officer prepare and attached in the Annual Budget the AIP Summary Form prescribed under Annex E of the BOM for LGUs to ensure that PPAs to be implemented during the year shall reflect the actual amount provided in the approved budget; (b) The Municipal Mayor along with the Municipal Planning and Development Coordinator (MPDC) and Municipal Engineer strictly follow the provisions of DILG-DBM JMC No. 2017-1 in planning the PPAs funded under the 20% DF and their implementation. Closely monitor the implementation of development projects and see to it that priority projects identified in the AIP are promptly implemented in order to deliver satisfactory benefits to the constituents; (c) The MPDC ensure that PPAs incorporated in the AIP partake the nature of investment or capital expenditure and that the same would contribute to the attainment of socio-economic development and environmental management outcomes of the Municipality; (d) The BAC to (i) furnish the Audit Team with a copy of Contracts/Purchase Orders and their attachments within five working days from execution/issuance as required under Sections 3.1.1 and 3.2.1 of COA Circular No. 2009-001; (ii) observe strictly the provisions of the 2016 Revised IRR of

R.A. No. 9184 so as to avoid doubts on the integrity of its bidding process; (iii) prepare the required reports/documents with extra care to avoid errors which could mislead readers and users of the reports; and (iv) submit written explanations relative to the deficiencies noted above; and (e) The ICO-Municipal Accountant (i) be guided by the requirements of Section 4(6) of PD No. 1445, COA Circular No. 2012-001 and Section 474 b(5) of R.A. No. 7160 for proper documentation of claims against government funds; (ii) submit the lacking documents mentioned above to establish the propriety of the disbursements; and (iii) observe the proper use of account in recording transactions and effect the necessary correcting entry for proper presentation of the accounts in the financial statements. **(Observation No. 17)**

Other observations are presented in Part II of the Report.

The above, together with the other findings and recommendations contained in the report were discussed with concerned municipal officials and staff. When appropriate, management's views and reactions were considered in the report.

### **Summary of Audit Suspensions, Disallowances and Charges**

The Management failed to enforce the full settlement of the audit disallowances in violation of pertinent sections of COA Circular No. 2009-006 dated September 15, 2009, otherwise known as the 2009 Rules and Regulations on Settlement of Accounts (RRSA). Likewise, the management allowed the settlement of disallowed claims on installment basis even without the approval from the Commission on Audit contrary to COA Circular 2009-006 and COA Resolution No. 2015-031 dated September 15, 2009 and August 20, 2015, respectively, thus, the recovery of the government's irregularly utilized funds were significantly delayed which is prejudicial to the best interest of the government.

For the quarter ended December 31, 2019, there were unsettled Audit Suspensions and Disallowances of ₱18,864,207 and ₱6,778,316, respectively, as shown in the Statement of Audit Suspensions, Disallowances and Charges (SASDC).

### **Status of Implementation of Prior Years' Audit Recommendations**

Out of the 22 prior year's audit recommendations embodied in the CY 2018 and prior years' Annual Audit Reports, none was fully implemented, nine were partially implemented while 13 were not implemented.