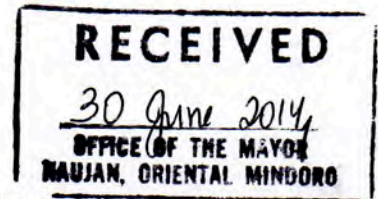


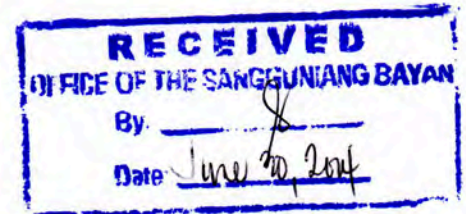


Republic of the Philippines
COMMISSION ON AUDIT
Regional Office No. IV – B (MIMAROPA)
Local Government Sector – Oriental Mindoro Province
Provincial Capitol Complex, Calapan City



June 30, 2014

Honorable Mark N. Marcos
Municipal Mayor
Naujan, Oriental Mindoro



Dear Mayor Marcos:

Pursuant to Section 2, Article IX-D of the Philippine Constitution and Section 43 of Presidential Decree No. 1445, otherwise known as the Government Auditing Code of the Philippines, we transmit herewith our report on the results of the audit of the accounts and operations of the Municipal Government of Naujan, Oriental Mindoro for the calendar year ended December 31, 2013.

The report prepared by Team No. 1 headed by Atty Emmerly Jane Masangkay, Audit Team Leader, and assisted by Ms. Amelia Go, Ms. Myrna Lunario, and Mr. Joseph Allan Mark Pajilla, Audit Team Members, was conducted in accordance with generally accepted state auditing standards, and we believe that it provided reasonable bases for the results of the audit.

We expressed a qualified opinion on the financial statements of the Municipal Government of Naujan, Oriental Mindoro in view of the exceptions noted in audit in the Independent Auditor's Report in Part I of the Report.

The significant findings and recommendations that require immediate action are as follows:

1. The validity and accuracy of the balances of Property, Plant and Equipment (PPE) accounts for the General, Special Education and Trust Fund amounting to P222,308,069.38, P8,639,891.08 and P7,658,797.24, respectively, could not be ascertained due to continuous failure of the Municipality to finish the physical inventory of property and to submit Inventory Reports in violation of Sections 119, 121 and 124 of the Manual on the New Government Accounting System for Local Government Units, Volume I.

We recommended and Management agreed that (a) the Local Chief Executive direct the Inventory Team to expedite the inventory of all property, plant and equipment under the General, Special Education and Trust Funds, and submit the Inventory Report to the Municipal Accountant and to the Office of the Auditor, and (b) the General Services Officer maintain property cards for reconciliation with the ledger cards maintained by the Accounting Office.

2. The setting up of Real Property Tax was based on estimates, and failure to recognize SET Receivable at the beginning of the year.

We recommended and Management agreed that the (a) Municipal Treasurer update the Real Property Tax Account Registers (RPTARs) and come up with the certified list of taxpayers as basis for the setting up of RPT and SET Receivables, and the (b) Municipal Accountant to set-up the RPT and SET Receivables in accordance with Section 20, Volume I of the NGAS Manual for LGUs.

3. Unutilized/remaining balance of Priority Development Assistance Fund (PDAF) under the Due to Other NGAs account in the Trust Fund totaling ₱5,949,317.80 remained unremitted to the Bureau of Treasury contrary to Supreme Court Decision G.R.Nos.208566, 208493 and 209251.

We recommended that the Municipal Treasurer return to the National Treasury the unutilized/remaining balance of PDAF for reversion to the unappropriated surplus of the General Fund of the National Government in compliance with the Supreme Court Decision.

4. In the review of contracts and inspection of projects, the COA Technical Audit Specialists (TAS) noted several deficiencies as discussed below:
 - a. The improvement of Mena G. Valencia Gymnasium at Barangay Poblacion I is found to be 79.27% actual work accomplishment or a disparity of 20.73%, thus, resulting in the total cost deficiency of ₱237,833.48.
 - b. Non-installation of various items in the program of works for the construction of Evacuation Center Phase 2 at Barangay, Inarawan, Naujan, resulting in a total cost deficiency of ₱63,203.14.
 - c. Unmaintained landscape, unaccomplished painting works and non-installation of door closer for the project construction of Naujan Municipal Police Station, Phase 2 at Barangay Santiago, Naujan, resulting in a total cost deficiency of ₱53,267.44.
 - d. Peripheral penetrating cracks on concrete flooring in the construction of one unit classroom, Phase 1 at Kalinisan Elementary School, Barangay Kalinisan, Naujan, resulting to a total cost deficiency of ₱47,719.10.
 - e. Skeletal structure of Legislative Building, Phase I at Barangay Santiago, Naujan which are considered not usable pursuant to the 3rd paragraph of Section 3.i, Annex "A" of RA 9184
 - f. Siltation on the canal flooring and vegetation on the canal wall for the project construction of drainage canal at Sitio Centro, Barangay Motoderazo, Naujan.


We recommended that the Municipal Engineer and the Accountant to demand payment from (a) REMM V Builders and Enterprises for the cost deficiency of P237,833.48 relative to the improvement of Mena G. Valencia Gymnasium at Barangay Poblacion I and P53,237.44 as regards construction of Naujan Municipal Police Station, Phase 2 at Barangay Santiago, Naujan; (b) LN Salvador Construction the cost deficiency of P63,203.14 relative to construction of Evacuation Center Phase 2 at Barangay Inarawan, Naujan; and (c) DK Construction the cost deficiency of P45,719.10 relative to the project construction of one unit classroom Phase I at Kalinisan Elementary School, Barangay Kalinisan, Naujan. The Municipal Engineer is likewise enjoined to comply with the provision of Section 3(i), 3rd paragraph of the Implementing Rules and Regulations of Republic Act No. 9184, and institute corrective measure on the observations by the COA TAS relative to the construction of drainage canal at Sitio Centro, Barangay Motoderazo, Naujan.

The audit findings together with the recommended courses of action which were discussed by the Audit Team with concerned Management officials and staff during the exit conference conducted on June 26, 2014 are discussed in Part II of the Report.

We request that the recommended measures contained in Part II and those which remained unimplemented or partially implemented in Part III of the attached report be immediately implemented and we will appreciate being informed of the action/s taken thereon by submitting the duly accomplished Agency Action Plan and Status of Implementation form, copy attached, within 60 days from receipt hereof.

We acknowledge the cooperation extended to the Audit Team by the official and staff of the Municipality of Naujan.

Very truly yours,


MARISSA ORCULLO-BAYOT
Supervising Auditor

Copy furnished:

- The Regional Director
Department of Interior and Local Government, Region IV-B
- The Regional Director
Department of Budget and Management, Region IV-B
- The Regional Director
Bureau of Local Government Finance, Region IV-B
- The Secretary, Sangguniang Bayan
Naujan, Oriental Mindoro
- The Director
National Library of the Philippines
- The Dean
UP Law Center

**AGENCY ACTION PLAN and
STATUS of IMPLEMENTATION
Audit Observations and Recommendations
For the Calendar Year 2013
As of**

Agency sign-off:

Date _____

Note: Status of Implementation may either be (a) Fully Implemented, (b) Ongoing, (c) Not Implemented, (d) Partially Implemented, or (e) Delayed

EXECUTIVE SUMMARY

Introduction

The Municipality of Naujan, Oriental Mindoro is under the able leadership of Honorable Atty. Mark N. Marcos, Municipal Mayor assisted by Honorable Henry Joel C. Teves, Municipal Vice Mayor, and the nine members of the Sangguniang Bayan.

Financial Highlights

For CY 2013, the Municipality generated a total income of ₱167,593,438 from local taxes, permits and licenses, service and business income, internal revenue allotment and other receipts showing an increase of ₱14,477,587 or 9.46% from last year's ₱153,115,851. The obligated expenses for the year totalled ₱165,119,692 out of current and continuing appropriations of ₱238,392,057.

The Municipality's total assets, liabilities, government equity, income and expenses for CY 2013 compared with that of the preceding year are as follows:

	<u>2013</u>	<u>2012</u>	<u>Increase/ Decrease</u>
Assets	P 313,462,401	P304,287,988	P 9,174,413
Liabilities	54,256,882	34,022,116	20,234,766
Equity	259,205,519	270,265,872	(11,060,353)
Income	167,593,438	153,115,851	14,477,587
Expenses	153,908,147	132,098,102	21,810,045

Scope of Audit

A financial and compliance audits were conducted on the accounts and operations of the Municipality of Naujan for Calendar Year 2013. The audit was conducted to ascertain the fairness of the presentation of the financial statements and compliance of the agency to laws, rules and regulations as well as the economical, efficient and effective utilization of resources.

Audit Opinion on the Financial Statements

The Auditor rendered a qualified opinion on the fairness of the presentation of the financial statements due to inaccurate and unreliable balance of Property, Plant and Equipment account for the General, Special Education and Trust Fund amounting to ₱222,308,069.38, ₱8,639,891.08 and ₱7,658,797.24, respectively, could not be ascertained due to continuous failure of the Municipality to finish the physical inventory of property and

to submit Inventory Reports in violation of Sections 119, 121 and 124 of the Manual on the New Government Accounting System for Local Government Units, Volume I.

Significant Audit Observations and Recommendations

For the exception cited above, we recommended and Management agreed that (a) the Local Chief Executive direct the Inventory Team to expedite the inventory of all property, plant and equipment under the General, Special Education and Trust Funds, and submit the Inventory Report to the Municipal Accountant and to the Office of the Auditor, and (b) the General Services Officer maintain property cards for reconciliation with the ledger cards maintained by the Accounting Office.

In addition, the audit observations and recommendations in the audit of the Municipal Government of Naujan for the year 2013 are presented below:

1. The setting up of Real Property Tax was based on estimates, and failure to recognize SET Receivable at the beginning of the year.

We recommended and Management agreed that the (a) Municipal Treasurer update the Real Property Tax Account Registers (RPTARs) and come up with the certified list of taxpayers as basis for the setting up of RPT and SET Receivables, and the (b) Municipal Accountant to set-up the RPT and SET Receivables in accordance with Section 20, Volume I of the NGAS Manual for LGUs.

2. Unutilized/remaining balance of Priority Development Assistance Fund (PDAF) under the Due to Other NGAs account in the Trust Fund totaling ₱5,949,317.80 remained unremitted to the Bureau of Treasury contrary to Supreme Court Decision G.R.Nos.208566, 208493 and 209251.

We recommended that the Municipal Treasurer remit to the Bureau of Treasury the unutilized/remaining balance of PDAF for reversion to the unappropriated surplus of the General Fund of the National Government in compliance with the Supreme Court Decision.

3. In the review of contracts and inspection of projects, the COA Technical Audit Specialists (TAS) noted several deficiencies as discussed below:
 - a. The improvement of Mena G. Valencia Gymnasium at Barangay Poblacion I is found to be 79.27% actual work accomplishment or a disparity of 20.73%, thus, resulting in the total cost deficiency of ₱237,833.48.
 - b. Non-installation of various items in the program of works for the construction of Evacuation Center Phase 2 at Barangay, Inarawan, Naujan, resulting in a total cost deficiency of ₱63,203.14.

- c. Unmaintained landscape, unaccomplished painting works and non-installation of door closer for the project construction of Naujan Municipal Police Station, Phase 2 at Barangay Santiago, Naujan, resulting in a total cost deficiency of ₱53,267.44.
- d. Peripheral penetrating cracks on concrete flooring in the construction of one unit classroom, Phase 1 at Kalinisan Elementary School, Barangay Kalinisan, Naujan, resulting to a total cost deficiency of ₱47,719.10.
- e. Skeletal structure of Legislative Building, Phase I at Barangay Santiago, Naujan which are considered not usable pursuant to the 3rd paragraph of Section 3.i, Annex “A” of RA 9184
- f. Siltation on the canal flooring and vegetation on the canal wall for the project construction of drainage canal at Sitio Centro, Barangay Motoderazo, Naujan.

We recommended that the Municipal Engineer and the Accountant to demand payment from (a) REMM V Builders and Enterprises for the cost deficiency of ₱237,833.48 relative to the improvement of Mena G. Valencia Gymnasium at Barangay Poblacion I and ₱53,267.44 as regards construction of Naujan Municipal Police Station, Phase 2 at Barangay Santiago, Naujan; (b) LN Salvador Construction the cost deficiency of ₱63,203.14 relative to construction of Evacuation Center Phase 2 at Barangay Inarawan, Naujan; and (c) DK Construction the cost deficiency of ₱45,719.10 relative to the project construction of one unit classroom Phase I at Kalinisan Elementary School, Barangay Kalinisan, Naujan. The Municipal Engineer is likewise enjoined to comply with the provision of Section 3(i), 3rd paragraph of the Implementing Rules and Regulations of Republic Act No. 9184, and institute corrective measure on the observations by the COA TAS relative to the construction of drainage canal at Sitio Centro, Barangay Motoderazo, Naujan.

- 4. Non-submission of LDRRMFIP and Monthly Reports of Source and Utilization of LDRRMF as required under COA Circular No. 2012-002 dated September 12, 2012.

We recommended and Management agreed that the LDRRMO submit the LDRRMFIP and monthly Report of Sources and Utilization of DRRMF duly certified correct by the Municipal Accountant on or before the 15th day after the end of each month.

The above were discussed with the concerned municipal officials and staff in an exit conference conducted on June 13, 2014. Management’s views and reactions were considered in the report, where appropriate.

Status of Implementation of Prior Year’s Audit Recommendations

Of the six prior year’s audit recommendation embodied in the 2012 and prior year’s Annual Audit Report and 2013 Interim Audit Report, two were fully implemented, three were

partially implemented and one remained unimplemented by the Municipality. Details of these are presented in Part III of the report.

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PART I - AUDITED FINANCIAL STATEMENTS

PART II - OBSERVATIONS AND RECOMMENDATIONS

**PART III - STATUS OF IMPLEMENTATION OF PRIOR
YEARS' AUDIT RECOMMENDATIONS**

PART IV - ANNEXES



REPUBLIC OF THE PHILIPPINES
COMMISSION ON AUDIT
Commonwealth Avenue, Quezon City

INDEPENDENT AUDITOR'S REPORT

Honorable Mark N. Marcos
Municipal Mayor
Naujan, Oriental Mindoro

We have audited the accompanying financial statements of the Municipal Government of Naujan, Oriental Mindoro which comprise the Balance Sheet as at December 31, 2013 and the Statement of Income and Expenses and the Statement of Cash Flows for the year then ended and a summary of significant accounting policies and other explanatory information.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with state accounting principles generally accepted in the Philippines and for such internal control as management may determines is necessary to enable the preparation of financial statements that are free from material misstatements whether due to fraud or error.

Auditor's Responsibility

Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with generally accepted state auditing standards. These standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance whether the financial statements are free of material misstatements.

An audit involves performing procedures to obtain evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by management, as well as evaluating the overall presentation of the consolidated financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provides a basis for our audit opinion.

Basis for Qualified Opinion

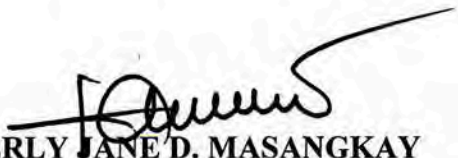
The validity and accuracy of the balances of Property, Plant and Equipment (PPE) accounts for the General, Special Education and Trust Fund amounting to P222,308,069.38, P8,639,891.08 and P7,658,797.24, respectively, could not be ascertained due to continuous failure of the Municipality to finish the physical inventory of property and to submit Inventory Reports in violation of Sections 119, 121 and 124 of the Manual on the New Government Accounting System for Local Government Units, Volume . Due to nature of the Municipality's record, we were unable to apply alternative audit procedures to determine the carrying value of property.

Qualified Opinion

In our opinion, except for the possible effects of the matter described in the Basis for Qualified Opinion paragraph, the financial statements presents fairly, in all material respects, the financial position of the Municipal Government of Naujan, Oriental Mindoro as at December 31, 2013, and of their financial performance and cash flows for the year then ended in accordance with state accounting principles generally accepted in the Philippines.

COMMISSION ON AUDIT

By:


ATTY. EMMERLY JANE D. MASANGKAY
Audit Team Leader

June 26, 2014

Republic of the Philippines
Province of Oriental Mindoro

MUNICIPALITY OF NAUJAN

OFFICE OF THE MUNICIPAL MAYOR

Naujan 5204, Oriental Mindoro, Philippines




Statement of Management Responsibility for Financial Statements

The Management of the Municipal Government of Naujan, Oriental Mindoro is responsible for all information and representation contained in the Balance Sheet as of December 31, 2013 and the related Statement of Income and Expenses and Statement of Cash Flows for the period then ended. The Financial Statements have been prepared in conformity with generally accepted accounting principles and reflect amounts that are based on best estimates and informed judgement of management with an appropriate consideration of materiality.

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


CARINA A. CORRO
Municipal Accountant


Atty. MARK N. MARCOS
Municipal Mayor

Municipality of Naujan
Consolidated Balance Sheet
As of December 31, 2013
(With Comparative Figures for CY 2012)

	2013
ASSETS	
CURRENT ASSETS	
CASH	
Cash on Hand	
Cash in vault	P 36,184.16 P
Cash - Collecting officer	
Cash - Disbursing Officer	173,310.00
Cash in Bank-Local Currency	
Cash in Bank - Local Currency,Current Account	33,687,772.53
Cash in Bank - Local Currency,Time Deposits	86,600,946.39
Total Cash (<i>Note 5</i>)	<u>120,498,213.08</u>
RECEIVABLES	
Receivable Accounts	
Accounts Receivable	185,004.61
Real Property Tax Receivable	472,443.09
Special Education Tax Receivable	
Inter-agency Receivables	
Due from NGAs	961,925.90
Due from LGUs	674,824.50
Due from NGOs/POs	35,500.00
Intra-agency Receivables	
Due from Other Funds	6,436,937.85
Other Receivables	
Receivables-Disallowances/Charges	104,816.36
Other Receivables	105,087.73
Total Receivables (<i>Note 6</i>)	<u>8,976,540.04</u>
INVENTORIES	
Office Supplies Inventory	237,378.81
Accountable Forms Inventories	44,122.51
Drugs and Medicine Inventory	29,096.60
Total Inventories	<u>310,597.92</u>
OTHER CURRENT ASSETS	
Guaranty Deposits	902,156.95
Other Current Assets	40,000.00
Total Other Current Assets	<u>942,156.95</u>
TOTAL CURRENT ASSETS	<u>130,727,507.99</u>
PROPERTY, PLANT AND EQUIPMENT (Net of Depreciation)	
LAND AND LAND IMPROVEMENT	
Land	9,720,365.46
Land Improvements	22,121,937.39
Electrification,Power and Energy Structures	11,853,650.72
Total Land and Land Improvements	<u>43,695,953.57</u>
BUILDINGS	
Office Buildings	31,080,385.19
School Buildings	15,480,990.91
Hospitals and Health Centers	4,368,644.67
Markets and Slaughterhouses	7,655,806.83
Other Structures	19,242,972.37
Total Buildings	<u>77,828,799.97</u>

2013

OFFICE EQUIPMENT, FURNITURES AND FIXTURES	
Office Equipment	3,188,641.78
Furniture and fixtures	7,674,193.34
IT Equipment and Software	4,238,396.14
Library Books	7,707.47
Total Office Equipment, Furniture and Fixtures	<u>15,108,938.73</u>
MACHINERIES AND EQUIPMENT	
Agricultural, Fishery and Forestry Equipment	604,500.92
Communication Equipment	1,528,344.05
Construction and Heavy equipment	14,423,177.62
Firefighting Equipment and Accessories	3,283,263.28
Medical, Dental and Laboratory Equipment	499,510.66
Military and Police Equipment	9,293.52
Sports Equipment	24,911.25
Technical And Scientific Equipment	1,421,881.87
Other Machineries and Equipment	1,401,226.65
Total Machineries and Equipment	<u>23,196,109.82</u>
TRANSPORTATION EQUIPMENT	
Motor Vehicles	9,381,873.82
Watercrafts	2,060,713.21
Other Transportation Equipment	3,515.00
Total Transportation Equipment	<u>11,446,102.03</u>
OTHER PROPERTY, PLANT AND EQUIPMENT	
Other Property, Plant and Equipment	2,186,252.38
Total Other Property, Plant and Equipment	<u>2,186,252.38</u>
PUBLIC INFRASTRUCTURES	
Reforestation Project	
Reforestation- Upland	24,222.00
Total Reforestration Projects	<u>24,222.00</u>
CONSTRUCTION IN PROGRESS	
Construction in Progress - Roads, Highways and Bridges	1,755,936.00
Construction in Progress-Parks, Plazas and Monuments	193,755.00
Construction in Progress-Artesian Wells, Reservoirs, Pumping Stations and Conduits	3,820,202.30
Construction in Progress-Irrigations,Canals and Laterals	1,435,890.32
Construction in Progress-Flood Controls	844,936.50
Construction in Progress-Waterways,Aqueducts, Seawalls, River Walls and Others	1,064,924.97
Total Construction in Progress	<u>9,115,645.09</u>
Total Property, Plant and Equipment (<i>Note 7</i>)	<u>182,602,023.59</u>
OTHER ASSETS	
Other assets (<i>Note 8</i>)	132,869.56
Total Other Assets	<u>132,869.56</u>
TOTAL ASSETS	<u>313,462,401.14</u>

LIABILITIES**CURRENT LIABILITIES**

Payable Accounts	
Accounts Payable	10,786,740.30
Due to Officers and Employees	1,671,854.49

	2013
Inter-Agency Payables	
Due to National Treasury	9,172.50
Due to BIR	953,878.54
Due to GSIS	1,278,416.90
Due to PAGIBIG	246,821.74
Due to PHILHEALTH	93,032.03
Due to other NGAs	18,436,648.88
Due to other GOCCs	400,011.30
Due to LGUs	3,694,940.04
Intra-Agency Payables	
Due to Other Funds	14,260,064.22
Other Liability Accounts	
Guaranty Deposits Payable	1,227,344.04
Performance/Bidders/Bail Bonds Payable	377,086.94
Other Payables	111,047.86
Total Current Liabilities (<i>Note 9</i>)	<u>53,547,059.78</u>
DEFERRED CREDITS	
Deferred Real Property Tax Income	472,443.09
Deferred Special Education Tax Income	
Other Deferred Credits	237,378.81
Total Deferred Credits	<u>709,821.90</u>
TOTAL LIABILITIES	<u>54,256,881.68</u>
EQUITY	
Government Equity Beginning	270,265,871.64
Add: Retained Operating Surplus	
Current Operations	13,685,291.04
Prior Years' Adjustment	215,521.81
Other Adjustments	736,228.19
Total	<u>284,902,912.68</u>
Less: Transfer to Registry	
Public Infrastructure	25,697,393.22
Government Equity End (<i>Note 10</i>)	<u>259,205,519.46</u>
TOTAL LIABILITIES AND EQUITY	<u><u>P 313,462,401.14 P</u></u>

2012

8,823.66
49,254.59

9,593,217.50
97,100,946.39

106,752,242.14

187,234.04
735,584.49
1,393,431.35

961,925.90
556,730.44
35,500.00

335,040.00

104,816.36
106,174.38

4,416,436.96

237,378.81

237,378.81

902,156.95
40,000.00

942,156.95

112,348,214.86

6,655,365.46
23,341,484.10
12,671,941.25

42,668,790.81

29,697,070.82
12,892,742.19
3,458,740.45
7,748,362.23
14,988,976.54

68,785,892.23

2012

3,100,670.79
7,808,551.03
3,919,836.80
9,715.67
14,838,774.29

669,130.40
1,613,485.98
17,937,367.76
3,630,557.80
99,153.11
10,840.20
14,356.25
1,772,043.07
1,483,978.84
27,230,913.41

21,807,084.70
2,267,020.33
4,847.00
24,078,952.03

2,379,465.02
2,379,465.02

24,222.00
24,222.00

3,618,116.50
193,755.00

2,877,882.85
3,200,277.92
844,936.50

1,064,924.97
11,799,893.74
191,806,903.53

132,869.56
132,869.56
304,287,987.95

10,439,371.82
1,411,993.88

2012

6,005.30
1,365,848.45
1,193,026.39
188,597.45
86,781.03
7,124,182.42
208,473.48
3,533,742.59
456,232.93
1,064,093.17
437,297.67
4,140,075.08
<u>31,655,721.66</u>
735,584.49
1,393,431.35
237,378.81
<u>2,366,394.65</u>
<u>34,022,116.31</u>
247,742,387.04
21,017,748.72
1,505,735.88
<u>270,265,871.64</u>
-
<u>270,265,871.64</u>
<u>304,287,987.95</u>

Municipality of Naujan
Consolidated Statement of Income and Expenses
For the Year Ended December 31, 2013
(With Comparative Figures for CY 2012)

2013

TAX REVENUE

Local Taxes

Business Taxes	P 2,520,233.58 P
Community Tax	1,260,260.59
Franchise Tax	28,950.00
Real Property Tax	2,859,800.29
Discount on Real Property Taxes	(194,270.84)
Special Education Tax	4,091,446.22
Discount on Special Education tax	(303,255.72)
Tax on Sand, Gravel and Other Quarry Products	1,013,338.88
Fines and Penalties - Local Taxes	151,327.22
Total Local Taxes	<u>11,427,830.22</u>

GENERAL INCOME ACCOUNTS

Internal Revenue Allotment

148,134,259.00

Permit and Licenses

Fees on Weights and Measures	66,575.00
Permit Fees	1,248,102.41
Registration Fees	668,082.00
Total Permits and Licences	<u>1,982,759.41</u>

Service Income

Clearance and Certification Fees	759,245.00
Garbage Fees	84,355.00
Inspection Fees	526,389.50
Other Services Income	175,554.37
Total Service Income	<u>1,545,543.87</u>

Business Income

Income from Cemetery Operations	125,400.00
Income from Dormitory Operations	474,750.00
Income from Markets	1,089,449.25
Income from Slaughterhouses	603,409.50
Income from Transportation Systems	64,980.00
Land and Parking Fees	256,548.00
Rent Income	27,250.00
Tuition Fees	38,290.00
Other Business Income	187,140.50
Total Business Income	<u>2,867,217.25</u>

Other Income

Income from Grants and Donations	144,900.00
Interest Income	1,018,081.63
Share from national Wealth	-
Share of PAGCOR/ PCSO	121,624.54
Miscellaneous Income	351,222.05
Total Other Income	<u>1,635,828.22</u>
TOTAL OPERATING INCOME (Note 11)	<u>167,593,437.97</u>

EXPENSES (Note 12)

PERSONAL SERVICES

Salaries and Wages

Salaries and wages - Regular	40,885,132.90
Salaries and Wages - Casual	1,016,895.00

	2013
Other Compensation	
Personnel Economic Relief Allowance	4,388,537.61
Representation Allowance(RA)	2,019,107.50
Transportation Allowance(TA)	1,856,802.24
Clothing/ Uniform Allowance	920,000.00
Subsistence, Laundry And Quarter Allowance	230,520.00
Productivity Incentive Allowance	310,000.00
Hazard Pay	1,362,167.99
Overtime and Night Pay	396,895.64
Cash Gift	1,017,500.00
Year End Bonus	3,623,858.20
Personal Benefits Contribution	
Life and Retirements Insurance Contributions	4,894,624.35
PAGIBIG Contributions	906,280.44
PHILHEALTH Contributions	458,965.38
ECC Contributions	213,806.42
Other Personnel Benefits	
Terminal Leave Benefits	2,626,449.04
Other Personnel Benefits	4,010,632.25
TOTAL PERSONAL SERVICES	<u>71,138,174.96</u>
MAINTENANCE AND OTHER OPERATING EXPENSES	
Travelling Expenses	
Travelling Expenses - Local	1,607,840.22
Training and Scholarship Expenses	
Training Expenses	472,100.00
Supplies and Material Expenses	
Office Supplies Expenses	3,080,454.03
Accountable forms Expenses	121,306.99
Animal/Zoological Supplies Expenses	120,967.00
Drugs and Medicines Expenses	902,740.76
Medical, Dental and Laboratory Supplies Expense	345,334.00
Gasoline, Oil and Lubricants Expenses	8,146,094.95
Agricultural Supplies Expenses	166,499.00
Tetxbooks and Instructional materials Expense	806,588.00
Other Supplies Expenses	2,222,469.74
Utility Expenses	
Water Expenses	361,575.95
Electricity Expenses	3,450,547.92
Cooking Gas Expenses	9,320.00
Communication Expenses	
Postage and Deliveries	975.00
Telephone Expenses - Landline	198,175.26
Telephone Expenses- Mobile	721,947.80
Internet Expenses	107,301.13
Cable, Satellite, Telegraph, and Radio Expenses	16,632.00
Membership Dues and Contributions to Organizations	129,600.00
Advertising Expenses	233,960.00
Printing nad Binding expense	265,248.00
Transportation and Delivery Expenses	33,000.00

2013

Professional Services	
Auditing Services	32,950.80
Environment/Sanitary Services	830,549.58
General Services	1,521,892.99
Janitorial Services	827,683.88
Security Services	769,525.88
Other Professional Services	2,369,013.14
Repairs and Maintenance	
Land and Improvements	
Repairs and Maintenance - Land Improvements	
Repairs and Maintenance - Electrification, Power and energy Structures	163,873.50
Buildings	
Repairs and Maintenance - Office Buildings	282,808.00
Repairs and Maintenance - School Buildings	640,901.00
Repairs and Maintenance - Hospital and Health Centers	61,913.00
Repairs and Maintenance - Markets and Slaughterhouses	52,267.56
Repairs and Maintenance - Other Structures	360,809.00
Office Equipment, Furniture and Fixtures	
Repairs and Maintenance - Office Equipments	69,934.82
Repairs and Maintenance - Furniture and Fixtures	64,055.00
Repairs and Maintenance - IT equipment and Software	121,020.00
Machineries and Equipment	
Repairs and Maintenance - Agricultural, Fishery and Forestry Equipment	4,883.00
Repairs and Maintenance - Communication Equipment	10,810.00
Repairs and Maintenance - Construction and Heavy Equipment	2,181,274.70
Repairs and Maintenance - Firefighting Equipment and Accessories	27,988.50
Repairs and Maintenance - Medical, Dental and Laboratory Equipment	1,320.57
Repairs and Maintenance - Technical and Scientific Equipment	22,050.00
Repairs and Maintenance - Other Machineries and Equipment	31,191.85
Transportation Equipment	
Repairs and Maintenance - Motor Vehicles	887,245.26
Repairs and Maintenance - Watercrafts	49,644.35
Other Property, Plant and Equipment	
Repairs and Maintenance -Other Property, Plant and Equipment	14,900.00
Public Infrastructures	
Repairs and Maintenance - Roads, Highways, and Bridges	2,450,864.45
Repairs and Maintenance - Parks, Plazas and Monuments	124,888.00
Repairs and Maintenance - Irrigation, Canals and Laterals	130,072.00
Confidential, Intelligence, Extraordinary and Miscellaneous Expenses	
Confidential Expenses	57,415.00
Taxes, Insurance Premiums and Other Fees	
Taxes, Duties and Licenses	16,804.10
Fidelity Bond Premiums	27,684.75
Insurance Expenses	582,097.91
Non-Cash Expenses	
Depreciation	
Land Improvements	
Depreciation- Land Improvements	2,371,582.71
Depreciation-Electrification, Power and Energy Structures	1,261,679.03

	2013
Buildings	
Depreciation-Office Buildings	765,956.63
Depreciation-School Buildings	468,466.17
Depreciation-Hospitals and Health Centers	89,099.84
Depreciation-Markets and Slaughterhouses	92,555.40
Depreciation-Other Structures	1,233,460.60
Office Equipment, furniture and Fixture	
Depreciation-Office Equipment	235,026.01
Depreciation-Furniture and Fixtures	523,404.69
Depreciation-IT Equipment	1,102,627.24
Depreciation-Library books	2,008.20
Machineries and Equipment	
Depreciation-Agricultural,Fishery and forestry Equipment	64,629.48
Depreciation-Communication Equipment	120,024.93
Depreciation-Construction and Heavy equipment	2,007,932.45
Depreciation-Firefighting Equipment and Accessories	347,294.52
Depreciation-Medical, Dental and Laboratory Equipment	99,530.45
Depreciation-Military and Police Equipment	1,546.68
Depreciation-Sports Equipment	2,445.00
Depreciation-Technical and Scientific Equipment	350,161.20
Depreciation-Other Machineries and Equipment	218,102.19
Transportation and Equipment	
Depreciation-Motor Vehicles	655,636.78
Depreciation-Watercrafts	217,107.12
Depreciation-Other Transportation Equipment	1,332.00
Other Property, Plant and Equipment	
Depreciation-Other Property, Plant and Equipment	261,002.64
Other Maintenance and Other Operating Expenses	9,202,990.16
TOTAL MAINTENANCE AND OTHER OPERATING EXPENSES	<u>60,006,612.46</u>
TOTAL OPERATING EXPENSES	<u>131,144,787.42</u>
INCOME FROM OPERATIONS	<u>36,448,650.55</u>
FINANCIAL EXPENSES	
Other Financial Charges	35,912.72
Income before Subsidies, Donations and Extraordinary Items	<u>36,412,737.83</u>
Add: Subsidy from Other National Government Agencies	380,121.58
Total	<u>36,792,859.41</u>
Less: Subsidy to Local Government Units	70,000.00
Subsidy to Other Funds	5,088,832.63
Donations	5,295,666.95
Total	<u>10,454,499.58</u>
Income before Extraordinary Items	<u>26,338,359.83</u>
Add (Less) Extraordinary Items	
Gain/Loss on Sale of Disposed Assets	12,653,068.79
NET INCOME	<u><u>P 13,685,291.04 P</u></u>

2012

2,205,758.50
1,193,585.64
28,200.00
2,689,132.42
(177,306.20)
4,041,170.01
(233,718.19)
803,366.83
177,036.32

10,727,225.33

131,800,242.00

59,575.00
1,310,910.24
642,273.75

2,012,758.99

569,530.00
78,565.00
389,169.66
207,485.55

1,244,750.21

124,150.00
617,620.00
1,143,854.25
727,711.50
64,980.00
288,651.00
22,000.00
35,340.00
296,603.00

3,320,909.75

1,800,000.00
1,577,682.22
33,315.00
188,083.33
410,884.48

4,009,965.03

153,115,851.31

36,549,368.54
2,435,933.99

2012

4,313,994.37
1,585,040.00
1,436,400.00
894,000.00
328,605.00
314,000.00
1,379,411.55
298,362.80
1,010,625.00
3,115,908.32

4,386,008.15
817,594.47
411,399.50
206,263.66

439,482.17
1,803,000.00

61,725,397.52

1,971,528.99

514,550.00

2,741,044.77
172,096.00
61,277.00
942,891.06
398,193.30
8,222,906.76
173,584.00
1,393,877.75
1,891,471.29

695,129.50
3,967,015.28
3,729.00

610.00
212,052.26
838,765.04
81,480.42
20,305.60
9,900.00
265,000.00
257,400.00

-

2012

56,569.00
1,018,903.25
894,799.26
1,040,029.78
586,904.55
1,900,539.14

9,819.50

113,723.50

227,649.59
545,145.48
118,182.50
79,039.00
630,430.08

6,257.00
92,830.00
82,020.00

30,000.00
15,189.50
3,274,570.32

2,900.00

36,730.00

946,087.30
13,290.50

2,485,188.47
95,234.50
86,285.50

42,651.00

28,742.16
20,429.00
470,596.33

2,362,177.92
1,044,523.37

2012

698,653.12

381,422.94

43,755.64

126,511.08

900,077.96

238,462.85

435,258.02

962,964.43

1,589.76

64,629.48

123,777.86

1,943,957.01

49,057.02

17,520.00

3,369.18

2,250.00

357,257.98

220,043.71

637,034.88

65,153.70

1,332.00

245,903.50

9,677,140.04

60,389,367.68

122,114,765.20

31,001,086.11

-

31,001,086.11

609,246.00

31,610,332.11

70,000.00

4,439,334.30

6,083,249.09

10,592,583.39

21,017,748.72

-

21,017,748.72

Municipality of Naujan
Consolidated Statement of Cash Flows
For the Year Ended December 31, 2013
(With Comparative Figures for CY 2012)

2013

Cash Flows From Operating Activities:

Cash Inflows

Share from Internal Revenue Allotment	P	148,134,259.00	P
Collection from Taxpayers		30,820,594.19	
Receipts from sale of goods and services		1,018,081.63	
Other Receipts		38,128,508.81	
Total Cash Inflows		<u>218,101,443.63</u>	

Cash Outflows

Payments to -

Suppliers/Creditors	37,696,846.64
Employees	67,613,180.80
Other Disbursements	<u>61,408,121.56</u>
Total Cash Outflows	<u>166,718,149.00</u>

Cash Provided by Operating Activities

51,383,294.63

Cash Flows From Investing Activities:

Cash Outflows

Purchase of Property, Plant and Equipment and Public Infrastructures	<u>37,637,323.69</u>
Total Cash Outflows	<u>37,637,323.69</u>

Cash Provided by Investing Activities

(37,637,323.69)

Net Cash Provided By Operating, Investing & Financing Activities

13,745,970.94

Cash at the Beginning of the Period

106,752,242.14

Cash at the End of the Period

P 120,498,213.08 P

2012

131,800,242.00
29,250,501.90
1,577,682.22
11,661,444.84
<u>174,289,870.96</u>

38,689,132.01
61,024,239.42
48,109,146.13
<u>147,822,517.56</u>
<u>26,467,353.40</u>

<u>28,449,310.68</u>
<u>28,449,310.68</u>
<u>(28,449,310.68)</u>
<u>(1,981,957.28)</u>
<u>108,734,199.42</u>
<u>106,752,242.14</u>

NOTES TO FINANCIAL STATEMENT

1. Agency Profile

Naujan, previously called *Nauhang* by Europeans was established as a town in 1639 by virtue of a Royal Decree promulgated by King Philip II of Spain. The Philippine Commission confirmed it on January 4, 1905 under Act No. 1280.

Naujan, a first class municipality, consists of 70 barangays, five of which are inhabited by cultural minorities with a total of 4,076 indigenous people. It has a total land area of 52,804.15 hectares that is composed of 94,497 total population based on the 2010 statistical data provided by NSO.

The Municipality is under the able leadership of Honorable Atty. Mark N. Marcos, Municipal Mayor assisted by Honorable Henry Joel C. Teves, Municipal Vice Mayor, and the nine members of the Sangguniang Bayan.

Like any other LGUs, the Municipal Government of Naujan thrust on programs and projects that will continuously uphold the promotion of municipal-wide or countryside development aimed at uplifting the quality of life of its constituents. These priority projects are divided into sectoral components like economic sector, social services, social services, infrastructure and local administration. Economic sector includes agriculture and livelihood projects, tourism, environment related projects, and projects which are related to commerce and industry, thereby increasing family income thru farming and fishing using environment-friendly technologies, as well as empowering the people toward sustainable technical and managerial assistance. Social services include projects, which respond to needs of indigent families as victim of man-made and natural calamities; provision of livelihood projects for the upliftment of the socio-economic status of the constituents, as well as involvement and concern of the elderly toward development; provision of financial assistance to needy and deserving entrepreneurs; ensuring delivery of health services and promote sanitation and nutrition in the grassroots level; provide facilities for sports and other recreational activities, and involvement of children, youth and the private sector to ensure the sustainability of Sports Development Program. On the other hand, Infrastructure includes various projects, which will facilitate the transport of prime commodities from the barangay to the nearest commercial center, maintenance and safety of heavy equipment and other equipments, and flood control facilities. It also includes construction of school buildings for elementary and secondary, as well as other structures necessary for the good of the community. Lastly, the Local Administration aims to ensure that the LGU provided effective fiscal management and administration.

The Municipality's fund is composed of the General, Special Education, and Trust Funds. Under the General Fund are five special accounts, namely, the 20% Development Fund, Market, Slaughterhouse, Cemetery and Bahay Tuklasan.

2. Basis of Financial Statement Presentation

The financial statement was prepared based on the New Government Accounting System, and is in accordance with generally accepted state accounting principles and standards. Since February 2007, the Municipality adopted the electronic NGAS (e-NGAS).

3. Summary of Significant Accounting Policies

- 3.1 The Municipality uses accrual basis of accounting. All expenses are recognized when incurred and reported in the financial statements in the period to which they relate. Income is on accrual basis except for transactions where accrual basis is impractical or when other methods are required by law.
- 3.2 Cash are recorded upon receipt with the issuance of Official Receipt and Bank's Credit Advice, and deductions were effected upon issuance of check and cash payment to petty operating expenses.
- 3.3 Real Property Taxes are accounted based on accrual accounting, while other income accounts are accounted following the cash method of accounting.
- 3.4 The Modified Obligation System is used to record allotment received and obligation incurred. Registries are maintained using the E-NGAS budget system.
- 3.5 Plant, property and equipment are carried at historical cost. Infrastructures under construction-in-progress are valued following the construction period theory. The cost of public infrastructure such as roads, bridges and other infrastructure for general public use are not carried in the books.
- 3.6 Properties of the government which are used by the general public are accounted for under the Public Infrastructures/Reforestation Projects. These are dropped from Property, Plant & Equipment account and recorded in the Registry of Public Infrastructure/Reforestation Projects.
- 3.7 The Straight Line method of depreciation is followed. For equipment, vehicles and other assets subject to depreciation, a residual value computed at ten percent (10%) of the cost of asset is set and depreciation is computed on the month following the purchase date.
- 3.8 Payable accounts are recognized and recorded in the books of accounts only upon acceptance of the goods/inventory/other assets and rendition of services to the agency.
- 3.9 Accounts were reclassified to conform to the new Chart of Accounts prescribed under the New Government Accounting System which was implemented effective January 1, 2002.

4. Correction of Fundamental Errors

Fundamental errors of prior years are corrected by using the Prior Year's Adjustment account. Errors affecting current year's operation are charged to the current year's account.

5. Cash

This account is broken down as follows:

General Fund	2013	2012
Cash in Vault	P 21,784.16	P 8,820.53
Cash-Collecting Officer	-	49,254.59
Cash-Disbursing Officer	173,310.00	
Cash in Bank		
Local Currency, Current Account	10,683,382.29	1,957,395.85
Local Currency, Time Deposit Accounts	85,000,946.39	94,840,174.58
TOTAL	<u>95,879,422.84</u>	<u>96,855,645.55</u>
Special Education Fund		
Cash In Vault	14,400.00	3.13
Cash in Bank		
Local Currency, Current Account	199,527.53	3,003,121.88
Local Currency, Time Deposit Accounts	1,000,000.00	1,500,000.00
TOTAL	<u>1,213,927.53</u>	<u>4,503,125.01</u>
Trust Fund		
Cash in Bank		
Local Currency, Current Account	22,804,862.71	4,632,699.77
Local Currency, Time Deposit Accounts	600,000.00	760,771.81
TOTAL	<u>23,404,862.71</u>	<u>5,393,471.58</u>
TOTAL	P <u>120,498,213.08</u>	P <u>106,752,242.14</u>

Cash in Vault represents cash collections in the last days of December 2013 which were remitted and deposited in January 2014.

Cash – Disbursing Officer represents unliquidated cash advance intended for the celebration of the LGU's Employee's Day.

6. Receivables

This account includes the following:

	2013	2012
General Fund	₱ 2,759,313.90	₱ 2,907,677.32
Special Education Fund	540,171.63	1,393,538.35
Trust Fund	5,677,054.51	115,221.29
TOTAL	₱ 8,976,540.04	₱ 4,416,436.96

Included in the Receivables account under the General Fund are:

- ♦ *Accounts Receivable* of ₱185,004.61 represents receivable from ORMECO for the cost of materials for the construction of a single phase extension line at Barangay Masaging. The costs of materials were advanced by the Municipality of Naujan. The advance payment will be returned to the municipal government by offsetting 10% of the distribution charge of the monthly power bill for ABC Hall and MP Leuterio High School until such time that the total amount is fully reimbursed;
- ♦ *Due from NGA's* of ₱926,262.61 represents balance from IRA for the year 2001;
- ♦ *Due from LGU's* includes receivables from SEF and barangay for the purchase of Sound system and dump trucks, respectively amounting to ₱477,301.44. Also included in this account is receivable from Provincial Treasurer's Office amounting to ₱118,094.06 representing share of the municipality in the RPT collections;
- ♦ *Due from NGO/PO* represents loan granted to BADECO with a balance of ₱35,500.00;
- ♦ *Account Receivables-Disallowances/Charges* of ₱104,580.36 represents amount due from contractors/suppliers resulting from audit disallowances, which have become final and executory; and
- ♦ *Other Receivable* of ₱105,087.73 represents loans granted to various persons under the Self-Employment Assistance Program and Poverty Reduction Program.

Included in the Receivables account under the Special Education Fund are:

- ♦ *Accounts Receivable-Disallowance/Charges* of ₱107.00 represents amount due from contractors/suppliers resulting from audit disallowances which have become final and executory; and
- ♦ *Due from Other Funds* of ₱540,064.63 represents December 2013 RPT collection which fund shall be transferred in January 2014.

Included in the Receivables account in the Trust Fund Receivables are:

- ♦ *Due from NGAs* of ₱35,663.29 represents over remittance of National Collection;
- ♦ *Due from LGUs* of ₱79,429.00 represents collectibles from KKK Livelihood Assistance recipients;
- ♦ *Due from Other Funds* of ₱5,561,833.22 represents amount to be received from General Fund for MDRRMF fund and Barangay share from RPT, CTC, and sand and gravel fee. Fund transfer shall be made in January 2014.

7. Property, Plant and Equipment

This account consists of the following:

	2012	Addition/(Reduction)	2013
Land	P 6,655,365.46	P 3,065,000.00	P 9,720,365.46
Land Improvements	36,874,446.90	1,152,036.00	38,026,482.90
Electrification, Power and Energy Structures	16,028,297.91	443,388.50	16,471,686.41
Office Buildings	33,130,758.80	2,149,271.00	35,280,029.80
School Buildings	14,718,460.52	3,056,714.89	17,775,175.41
Hospitals and Health Centers	3,685,757.69	999,004.06	4,684,761.75
Markets and Slaughterhouses	9,058,184.32	-	9,058,184.32
Other Structures	18,657,051.58	5,487,456.43	24,144,508.01
Office Equipment	4,566,106.91	322,997.00	4,889,103.91
Furnitures and Fixtures	9,865,989.87	389,047.00	10,255,036.87
IT Equipment and Software	10,268,472.15	1,421,186.58	11,689,658.73
Library Books	15,029.00	-	15,029.00
Agricultural, Fishery and Forestry Equipment	1,129,788.50	-	1,129,788.50
Communication Equipment	2,313,472.99	34,883.00	2,348,355.99
Construction and Heavy Equipment	26,166,445.50	(3,069,605.00)	23,096,840.50
Firefighting Equipment and Accessories	3,785,680.00	-	3,785,680.00
Medical, Dental and Laboratory Equipment	183,277.00	499,888.00	683,165.00
Military and Police Equipment	44,185.00	-	44,185.00
Sports Equipment	33,500.00	13,000.00	46,500.00
Technical and Scientific Equipment	4,014,468.01	-	4,014,468.01
Other Machineries and Equipment	3,197,443.52	135,350.00	3,332,793.52
Motor Vehicles	24,566,041.55	(12,108,866.19)	12,457,175.36
Watercrafts	2,488,876.57	10,800.00	2,499,676.57
Other Transportation Equipment	7,400.00	-	7,400.00
Other Property, Plant and Equipment	3,082,916.68	67,790.00	3,150,706.68
Reforestation-Upland	24,222.00	-	24,222.00
Construction in Progress - Roads, Highways and Bridges	3,618,116.50	(1,862,180.50)	1,755,936.00
Construction in Progress - Parks, Plazas, and Monuments	193,755.00	-	193,755.00
Construction in Progress - Artesian Wells, Reservoirs, Pump	2,877,882.85	942,319.45	3,820,202.30
Construction in Progress - Irrigation, Canals and Laterals	3,200,277.92	(1,764,387.60)	1,435,890.32
Construction in Progress - Flood Controls	844,936.50	-	844,936.50
Construction in Progress - Waterways, Aqueducts, Seawalls	1,064,924.97	-	1,064,924.97
Gross Total	P 246,361,532.17	P 1,385,092.62	P 247,746,624.79
Accumulated Depreciation	54,554,628.64	10,589,972.56	65,144,601.20
Net Book Value	P 191,806,903.53	P (9,204,879.94)	P 182,602,023.59

- ♦ The significant decrease on the cost of *Construction and Heavy Equipment* and motor vehicle is due to disposal of 31 units of unserviceable vehicle, as per Commission on Audit Appraisal Review Report on Property for Disposal dated August 20, 2012. The sale of the disposed property amounts to ₱785,888.00.
- ♦ Of the total amount of ₱3,785,680.00 for the *Firefighting Equipment and Accessories*, the amount of ₱148,000.00 represents freight cost of donated Fire truck from the Oriental Mindoro Association of Southern California.
- ♦ *Motor Vehicle* includes ₱159,900.00 cost of Multi cab given by Cong. Rodolfo G. Valencia and ₱100,000.00 cost of Tamaraw FX given by the City of Makati. A new ambulance under the PCSO Ambulance Donation Project was given sometime in August 2009 amounting to ₱1,065,000.00. The account also includes one (1) unit Suzuki Multicab amounting to ₱144,900.00 given by the Provincial Government of Oriental Mindoro
- ♦ *IT Equipment and Software* includes donation from DSWD-Central Office amounting to ₱261,366.58 for use in the implementation of the electronic Social Case Management System (e-SCMS) under the department's Sustaining Intervention in Poverty Alleviation and Governance (SIPAG) project.
- ♦ *Watercraft* account includes a 24-footer Patrol Boat with trailer which was donated by the Bureau of Fishery and Aquatic Resources costing ₱1,800,000.00
- ♦ *Other Structure* includes ₱897,000.00 cost of evacuation center for Barangay Inarawan, transferred from Trust fund out of MDRRMF.
- ♦ A total amount of ₱380,121.58 was taken up as asset, as follows:

Communication Equipment	P 5,360.00
Furniture & Fixtures	100,595.00
IT Equipment & Software	240,866.58
Other Machineries & Equipment	8,000.00
Other Property, Plant & Equipment	<u>25,300.00</u>
Total	<u>P 380,121.58</u>

These assets were transferred from Trust Fund out of various subsidies, such as PGOM counterpart on CLUP, Philhealth Capitation, and Department of Social Welfare and Development.

8. Other Assets

	2012	2011
General Fund	P <u>132,869.56</u>	P <u>132,869.56</u>

This account was maintained and carried in the books since the conversion from the old accounting system but without subsidiary ledger and other details.

9. Current Liabilities

This account consists of:

	2013	2012
General Fund	P 23,906,714.91	P 25,728,870.39
Special Education Fund	345,318.34	365,820.90
Trust Fund	29,295,026.53	5,561,030.37
Total	<u>P 53,547,059.78</u>	<u>P 31,655,721.66</u>

Included in the General Fund Current Liabilities are:

- ♦ *Accounts Payable* of P10,459,796.21 represents the amounts due to suppliers/creditors which payment were not effected on the year 2013. This also includes eight (8) stale checks which were reclassified and adjusted to this account;
- ♦ *Due to Officers and Employees* of P1,671,854.49 are amounts due to employees for transactions which were not paid in 2012;
- ♦ Mandatory employees payroll deductions payable to various government agencies such as GSIS, Pag-IBIG and Philhealth will be remitted on January, 2014;
- ♦ *Due to others NGAs* of P236,894.40 and *Other Payables* of P101,435.63 are amount received from National Agencies allotted for various development projects. Some items were reclassified, adjusted and transferred to Trust Fund under Due to NGAS account; and
- ♦ *Due to GOCCs* of P400,011.30 are employee's loan repayments with DBP, LBP, UCPB, Quedancor and NADECO to be remitted in January 2014.

Included in the Special Education Fund Current Liabilities are:

- ♦ *Accounts Payables* of P297,812.22 pertains to transactions for the year which were not paid during the year.;
- ♦ *Due to BIR* of P24,642.32 represents the amount withheld from suppliers and will be remitted on January 2014; and
- ♦ *Guaranty Deposit Payable* of P22,863.80 pertains to the retention from suppliers/contractors.

Included in the Trust Fund Current Liabilities are:

- ♦ *Accounts Payable* of P29,131.87 pertains to stale checks that have been reverted during the year;
- ♦ *Due to BIR* of P37,177.62 represents taxes withheld from suppliers and are to be remitted in January 2014;
- ♦ *Due to Other NGAs* of P18,199,754.48 are receipts from other national government agencies including PDAF which were previously taken under General Fund and,

were transferred to Trust Fund in compliance with NBC No. 476 dated September 20, 2001. Likewise, some receipts from this agencies were also previously taken up as Other Payable, and were reclassified to due to Other NGAS to conform with the same circular;

- ◆ *Due to LGUs* of ₱1,852,011.84 represents share of barangays, PTO and SEF from the income of the municipality;
- ◆ *Due to Other Funds* of ₱8,631,166.93 are MDRRMF funds received from General Fund representing unexpended balance of Quick Response fund and the MOOE of the Mitigation fund for the year 2013 and previous years. This amount was temporarily recorded under Due to Other Fund instead of Trust Liability – MDRRM (account code 438) due to the unavailability of account code 438 in the E-NGAS;
- ◆ *Performance/Bidders/Bail Bond Payable* of ₱377,086.94 and *Guaranty Deposits* of ₱159,084.62 represent the amount due to suppliers/creditors who posted bonds and shall be returned in a period of time; and

10. Government Equity

Government Equity for CY 2013 is as follows:

	2013	2012
Government Equity Beginning	₱ 270,265,871.64	₱ 247,742,387.04
Add: Retained Operating Surplus		
Current Operations	13,685,291.04	21,017,748.72
Prior Years' Adjustment	215,521.81	1,505,735.88
Other Adjustments	736,228.19	-
Total	<u>284,902,912.68</u>	<u>270,265,871.64</u>
Less: Transfer to Registry		
Public Infrastructure	25,697,393.22	-
Prior Years' Adjustment	-	-
Other Adjustment	-	-
Government Equity End	<u><u>₱ 259,205,519.46</u></u>	<u><u>₱ 270,265,871.64</u></u>

11. Income Accounts

These include the following:

	2013	2012
General Fund	₱ 163,805,247.47	₱ 149,308,399.49
Special Education Fund	3,788,190.50	3,807,451.82
Total	<u><u>₱ 167,593,437.97</u></u>	<u><u>₱ 153,115,851.31</u></u>

12. Expense Accounts

These are composed of the following:

	2013	2012
General Fund	P 138,305,172.75	P 130,251,157.40
Special Education Fund	3,330,026.97	2,456,191.19
Total	P 141,635,199.72	P 132,707,348.59

13. Local Disaster Risk Reduction and Management Fund (LDRRMF)

The MDRRMF represents the amount set aside by the LGU to support its disaster risk management activities pursuant to R.A. 10121 otherwise known as the “Philippine Disaster Risk Reduction and Management Act of 2010” The amount available and utilized during the year totaled P16,016,461.90 and P3,146,848.28, respectively, broken down as follows:

	Available	Amount Utilized	Balance
Current Year Appropriation			
Quick Response Fund (QRF) 30%	P 2,535,598.10	P 737,512.37	P 1,798,085.73
Mitigation Fund (MF) 70%			
MOOE	3,733,061.90	442,315.00	3,290,746.90
Capital Outlay	1,950,000.00	-	1,950,000.00
Total	8,218,660.00	1,179,827.37	7,038,832.63
Continuing Appropriation:			
Special Trust Fund			
Calendar Year 2012	3,358,467.60	1,070,020.91	2,288,446.69
Calendar Year 2011	4,439,334.30	897,000.00	3,542,334.30
Sub-total	7,797,801.90	1,967,020.91	5,830,780.99
Total	P 16,016,461.90	P 3,146,848.28	P 12,869,613.62

- ♦ The amount of P100,000.00 supposed to be given to the Municipality of New Bataan, Davao, was undelivered and was then adjusted and returned to the LGU's fund.
- ♦ The Municipal Government of Naujan transferred the amount of P5,088,832.63 to Special Trust fund representing unexpended balance of the Quick Response fund and MOOE of the Mitigation fund for the year 2013. The fund was recorded in the Trust Fund under Due to Other Fund (424) account temporarily due to the unavailability of Trust Liability – MDRRMF (438) account in the ENGAS.

DETAILED OBSERVATIONS AND RECOMMENDATIONS

Property, Plant and Equipment

- 1. Failure to conduct physical inventory of Property, Plant and Equipment (PPE) for the General, Special Education and Trust Funds amounting to ₱222,308,069.38, ₱8,639,891.08 and ₱7,658,797.24, respectively.**

In the management of government properties, the following rules and regulations apply:

- a. Section 124 of The New Government Accounting System (NGAS) Manual Volume I requires the conduct of periodic physical inventory of supplies and property. Physical count of property, plant and equipment by type shall be made annually and reported on the Report of Physical Count of Property Plant and Equipment (RPCPPE).
- b. Section 114 of the same Manual requires the Chief Accountant and the Local Treasurer to maintain ledger and stock/property cards respectively, for supplies, property, plant and equipment, and work animals to account for the receipt and disposition of the same. The balance per stock cards/property cards of the local treasurer should always reconcile with the ledger cards of the accounting unit.
- c. Section 491 of Government Accounting and Auditing Manual, Volume I provides, among others, that all discrepancies between physical and book inventories must be investigated and cleared immediately. If necessary, written explanations shall be required from persons responsible.
- d. 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 account with the property and accounting records. The inventory listing of the equipment shall be checked with the property cards maintained by the Property (GSO) as against the equipment ledger cards maintained by the Accounting and the total thereof shall be compared with those in the General Ledger.

For CY 2013, the Municipality failed to conduct physical inventory of all is property, plant and equipment. Verification likewise disclosed that the General Service Officer did not maintain property cards for property, plant and equipment.

Failure to conduct physical inventory deprived the agency of information regarding physical existence and condition of the property and the validation of recorded property values. On the other hand, the absence of property cards for each type of property and equipment compromised the validity and reliability of the recorded transactions affecting the account balances and other related accounts. It should be emphasized that the property cards are the subsidiary records of assets purchased and supports the general

ledger balances. Both the Accounting Office and the General Service Office should maintain such records and reconcile the same on a regular and timely basis.

We recommended and Management agreed that (a) the Local Chief Executive direct the Inventory Team to expedite the inventory of all property, plant and equipment under the General, Special Education and Trust Funds, and submit the Inventory Report to the Municipal Accountant and to the Office of the Auditor, and (b) the General Services Officer maintain property cards for reconciliation with the ledger cards maintained by the Accounting Office.

2. Misclassification of various properties rendered the balances of PPE accounts unreliable.

COA Circular 2004-008 dated September 20, 2004 provides for the updated description of accounts under the NGAS.

Section 7.3 of the Philippine Government Accounting Standard (PGAS) states that subsequent costs on Property Plant and Equipment (PPE) which result in increased future economic benefits or service potential shall be added to its carrying amount.

Section 2.2 of COA Circular 2005-002 dated April 14, 2005 states that tangible assets with serviceable life of more than one year but small enough to be considered as PPE shall be recorded as inventories upon acquisition and expense upon issuance.

Analysis of the PPE by type disclosed that there were items not properly and correctly classified in the books of accounts as shown in the subsidiary ledger of PPE accounts. Some of which are camera's that are classified as office equipment; office equipment classified as furniture and fixtures and IT equipment and software; furniture and fixtures classified as communication equipment, and welding machine classified as construction and heavy equipment.

Further, the Municipal Accountant capitalized various semi-expendable items such as computer mouse, plastic chairs, and cord. These items were depreciated using the estimated useful life where they are classified. Thus, overstating the PPE account and understating the income account for the year.

In addition, "Fire Fighting Equipment and Accessories" (code 231) account was not changed to "Disaster Response and Rescue Equipment" (code 231) contrary to the provision of Section 5.1.7 of COA Circular 2012-002 dated September 12, 2012.

We recommended and Management agreed that the Municipal Accountant review the classification of its property, plant and equipment and draw a Journal Entry Voucher to correct the erroneous classification of the properties in accordance with COA Circular No. 2004-008 dated September 20, 2004, COA

Circular No. 2005-002 dated April 14, 2005 and COA Circular No. 2012-002 dated September 12, 2012.

Setting up of Real Property Tax and Special Education Tax Receivables

3. The setting up of Real Property Tax was based on estimates, and failure to recognize SET Receivable at the beginning of the year.

Section 20, Volume I of the NGAS Manual for LGUs requires the Treasurer to furnish the Chief Accountant of a duly certified list showing the name of taxpayers and the amount due and collectible for the year based on Real Property Tax Account Register/Taxpayer's index card. The list will serve as the basis of the Chief Accountant to draw a Journal Entry Voucher (JEV) in the setting up of Real Property Tax/Special Education Tax Receivables and Deferred Real Property Tax Income/Deferred Special Education Tax Income. Upon collection of Real Property Taxes from taxpayers, the account Deferred Real Property Tax Income/Deferred Special Education Tax Income shall be debited while the Real Property Tax Income due to the municipality is recognized/credited. The share of the Province and Barangay shall also be credited to Due to LGUs.

Our review and analysis of the financial statements disclosed a balance of P472,443.09 in the accounts Real Property Tax Receivable (RPT) and Deferred RPT Income at year-end. On the other hand, the accounts Special Education Tax (SET) Receivable and Deferred SET Income reflected a zero balances. It was informed that while the Municipal Accountant set up Real Property Tax Receivable at the beginning of the year, the basis of the recording were mere estimates based on the figure forwarded by the Municipal Treasurer.

Interview from personnel of the Accounting Office revealed that the amount set up for RPT Receivables was based on the total taxable properties of the Municipality. Thereafter, the amount is multiplied by 1% corresponding to RPT; and by 80% which is the management estimate on the probability of collection. The computation of the basic RPT is shown as follows:

Total taxable properties as of December 2012	P800,085,270.00
Multiplied by:	
(a) 1% Basic RPT	x .01
(b) 80% probability of collection	x .80
Total	P 6,400,682.16

Notably, the 80% multiplier is not based on the certified list of the taxpayers showing the real property tax due and collectible for the year based on the Real Property Tax Account Registers (RPTAR).

Moreover, the Municipality failed to set-up SET Receivables at the beginning of the year. Review of the General Ledger disclosed that while the account SET Receivables reflected a beginning balance of ₱1,393,431.35; an adjustment was made at year end under JEV 2013-12-000355 for the same amount resulting to a zero balance on both SET Receivables and Deferred SET Income.

The failure of the Municipal Treasurer to come up with the certified list of taxpayers as basis for the setting up of RPT and SET Receivables coupled with the erroneous and non-recording by the Municipal Accountant of RPT and SET Receivable, respectively, rendered the affected accounts unreliable.

We recommended and Management agreed that the (a) Municipal Treasurer update the Real Property Tax Account Registers (RPTARs) and come up with the certified list of taxpayers as basis for the setting up of RPT and SET Receivables, and the (b) Municipal Accountant to set-up the RPT and SET Receivables in accordance with Section 20, Volume I of the NGAS Manual for LGUs.

Due from and Due to Other Funds

4. Material reconciling items of ₱7,823,126.37 for the Due from and Due to Other Funds accounts

Recording of transaction shall be subject to review and cross-checking. The review system shall include periodic reconciliation of accounts as deterrent to error and negligence in the performance of duties.

The accounts Due to and from Other Funds are considered reciprocal accounts and defined in COA Circular No. 2004-008 dated September 20, 2004 as payable and receivable from/to other funds of the Municipality, settlement of liability, receipt of amount due and necessary adjustments to said account. Therefore, the balance of Due from Other Fund should tally/reconcile with the balance of Due to Other Fund.

The balances of Due from and Due to Other Funds as of December 31, 2013 are as follows:

Due from Other Funds		
General Fund	₱ 335,040.00	
Special Education Fund	540,064.63	
Trust Fund	<u>5,561,833.22</u>	₱6,436,937.85
Due to Other Funds		
General Fund	₱5,628,897.29	
Trust Fund	<u>8,631,166.93</u>	<u>14,260,064.22</u>
Difference		<u>₱ 7,823,126.37</u>

Analysis of the above accounts revealed that:

- a. Due from Other Fund in the General Fund of ₱335,040.00 pertains to the procured Sound system without any payable accounts in the Trust or Special Education Fund (SEF);
- b. Due from Other Fund in the Trust Fund of ₱5,561,833.22 is the unexpended balance of DRRMF of ₱5,088,832.63 and ₱473,000.59 receivable account with unknown description and no payable account from Trust or SEF;
- c. Due from Other Funds- Special Education Fund of ₱540,064.63 is the share of the Special Education Fund on collected real property Tax and for cash transfer from General Fund;
- d. Due to Other Fund in the General Fund of ₱5,628,897.29 pertains to unexpended balance of DRRMF for transfer to Trust Fund of ₱5,088,832.63 and ₱540,064.63 for the unremitted share of the Special Education Fund on collected real property tax; and
- e. Due to Other Funds –Trust Fund is the unexpended prior and current years' balances of DRRM fund of ₱8,631,166.93

Failure of the Accountant to periodically reconcile the balances of the Due to and From Other Funds cast doubt on the validity of recorded transactions, thus, adversely affecting the balances of those accounts and other related accounts.

We recommended and Management agreed that the Accountant prepare the necessary adjustments by reclassifying the Due to Other Funds-Trust Fund to Other Payable with subsidiary ledger for the unexpended balance of DRRM Fund since the e-NGAs has no Trust Liability-DRRM Fund account; analyze the receivable and payable accounts set up in each fund to determine the reconciling items for adjustments; prepare quarterly reconciliation report for those reciprocal accounts and ensure that reconciling items are resolved and adjusted on time and before approving the Journal Entry Voucher for input to the system, perform review of transaction to deter possible error or omissions.

Results of the Technical Inspection and Evaluation of Projects

5. In the review of contracts and inspection of projects, the COA Technical Audit Specialists (TAS) noted several deficiencies as discussed below:

- a. The improvement of Mena G. Valencia Gymnasium at Barangay Poblacion I is found to be 79.27% actual work accomplishment or a disparity of 20.73%, thus, resulting in the total cost deficiency of ₱237,833.48.**

On 13 February 2013, the Municipality entered into a contract with REMM V Builders and Enterprises for the improvement of Mena G. Valencia Gymnasium at Barangay Poblacion I, Naujan, for a total contract price of ₱1,147,109.48, with the following scope of works:

Item No.	Description of Work	Quantity/Unit	Unit Cost	Total Amount
1012	Fenestration	5.76	11,176.96	64,379.30
1013	Carpentry/Steel Works	32.00	18,332.20	586,630.51
1032	Painting Works	1,500.00	214.05	321,081.11
1011	Electrical Works	22.00	6,449.55	141,890.03
SPL II	Safety and Healthy	LS	33,128.53	33,128.53
	Total			₱1,147,109.48

Under the agreement, the scope of works as indicated in the contract shall be completed within 77 calendar days. On February 15, 2013, the Municipal Mayor issued a Notice to Proceed to commence work on such improvement. The contractor was given the period from February 22, 2013 to May 9, 2013 to finish the project.

On January 30, 2014, the COA Technical Audit Specialist and the Municipal Engineer conducted an ocular inspection and found the project to be 79.27% actual work accomplishment or a disparity of 20.73% resulting in the total cost deficiency of ₱237,833.48, attributed to the following:

Item No.	Description	Qty. per contract	Qty. per COA Inspection	Direct Unit Price per contract	Cost Deficiency	Remarks
1012	Fenestration					
	Glass Panel 4x8' 1/2" thick	2 sets	none	26,450.00	52,900.00	Uninstalled
1013	Carpentry/Steel works					
	Angle Bar 2"x1/4"	35 pcs.	35 pcs.	1,640.00/pc.	57,400.00	Caliper measurement is 4 mm instead of 6mm

	Acoustic Foam Egg Crate)72"x80"	201,600.00 sq. inches	48,586.00 sq. inches	0.2326/sq inch	35,591.05	Underrun of quantities by 153,014.00 sq. inches
	2" Flat Head Stainless Screw	600 pcs	none	15.00/pc	9,000.00	Not put in placed in the project
	Materials				154,891.05	
	Labor/Eqpmnt				40,534.98	
	Indirect Cost				42,407.45	
	TOTAL				P237,833.48	

b. Non-installation of various items in the program of works for the construction of Evacuation Center Phase 2 at Barangay, Inarawan, Naujan, resulting in a total cost deficiency of P63,203.14.

On 2 March 2013, the Municipality entered into a contract with LN Salvador Construction for the construction of Evacuation Center Phase 2 at Barangay Kalinisan, Naujan for a total contract price of P897,000.00, with the following scope of works:

Item No.	Description of Work	Quantity/Unit	Unit Cost	Total Amount
506	Masonry Works	152.00	944.00	143,488.00
900	Reinforced Concrete Works	9.00	26,5643.00	238,887.00
403(1)	Roofing Frame Works	1,507.80	124.00	186,967.20
1014	Prepainted Metal Roofing	154.14	925.00	142,579.50
1027	Cement Plaster Finish	500.00	190.00	95,000.00
1100	Electrical Works	25.00	387.00	9,675.00
1012	Plumbing Works	8.00	6,328.00	50,624.00
SPL-2	Safety & Health	1.00	29,799.30	29,779.30
	Total			P897,000.00

The project has been satisfactorily completed on May 22, 2013 in accordance with the plans and specifications of the contract based on the inspection and accomplishment report by the Municipal Engineer. On November 14, 2013, the COA Technical Audit Specialist together with the Municipal Engineer conducted an ocular inspection and noted the following deficiencies:

Item No. & Description	Nature of Defect	Affected Quantity	Unit Contract Cost	Cost Deficiency
403(1) Roofing Frame Works	Non0installatio n of ½"x0.25mx0.20m MS Plate	16 pcs	P 640.85	10,253.60

	Non-installation of 16mm dia. Anchor bolts with nuts & washer	32 pcs	237.35	7,595.20
1014 Pre-Painted Metal Roofing	Non-installation of Pre-painted Fascia Cover	55.20 LM	246.82	13,624.46
1002 Plumbing Works	Non-installation of Toilet Bowl	8 sets	1,130.57	9,044.56
	Non-installation of ½” dia. Faucet	12 pcs	165.82	1,989.84
	Non-installation of #2 Floor Drain	8 pcs	298.47	2,387.76
	Non-installation of ½” dis. Stainless pipe rail (front)	3 meters	1,213.48	3,640.44
	Non-installation of shower head	5 sets	904.46	4,522.30
	Non-installation of shower valve	5 pcs	1,205.94	6,029.70
	Non-installation of soap holder	13 pcs	316.56	4,115.28
TOTAL				P63,203.14

- c. **Unmaintained landscape, unaccomplished painting works and non-installation of door closer for the project construction of Naujan Municipal Police Station, Phase 2 at Barangay Santiago, Naujan, resulting in a total cost deficiency of P53,267.44.**

On 22 March 2013, the Municipality entered into a contract with REMM V Builders and Enterprises for the construction of Naujan Municipal Police Station, Phase 2 at Barangay Santiago, Naujan for a total contract price of P967,999.53, with the following scope of works:

Item No.	Description of Work	Quantity/Unit	Unit Cost	Total Amount
I	Building Signages & Directory	1.00	32,644.34	P 32,644.34
1004	Hardware	1.00	86,507.51	86,507.51
1006	Steel Works (steel doors)	2.00	22,851.04	45,702.08
1032	Painting Works	540.00	430.03	232,216.20
1004	Doors & Windows	92.20	4,610.16	425,056.75
1101	Electrical Works	2.00	15,713.49	31,426.98
II	Communication Lines	10.00	4,575.65	45,756.50
III	Landscapes	50.00	897.72	44,886.00
SPL-II	Safety & Health	1.00	23,803.17	23,803.17
	Total			P967,999.53

Technical inspection and evaluation by the COA Technical Audit Specialist disclosed that the project was“(i)inspected on November 14, 2013 and found the reported 100% work accomplishment as of June 3, 2013 to be not in accordance with Approved Plans and Approved Program of Works due to the following **deficiencies totalling P53,267.44:**

1. Item No. III or Landscape was totally not maintained at the time of inspection due to overgrown of local Carabao Grass, drying of local ornamental plants and undetermined actual area on scope of landscaping per contract area of 50 sq m resulting in cost deficiency of P33,664.50.
2. Unaccomplished painting works with an area of 24.54 sq m resulting in cost deficiency of P10,552.94.
3. Uninstalled 5 sets of door closer required under installation D-3 and D-4 resulting in cost deficiency of P9,050.00.”

d. Peripheral penetrating cracks on concrete flooring in the construction of one unit classroom, Phase 1 at Kalinisan Elementary School, Barangay Kalinisan, Naujan, resulting to a total cost deficiency of P47,719.10.

On 22 March 2013, the Municipality entered into a contract with DK Construction for the construction of one unit classroom, Phase 1 at Kalinisan Elementary School, Barangay Kalinisan, Naujan for a total contract price of P357,995.36, with the following scope of works:

Item No.	Description of Work	Quantity/Unit	Unit Cost	Total Amount
804	Embankment	25.00	800.00	20,000.00
803	Structure Excavation/Lay and Stake Out	60.00	150.00	9,000.00
900	Concreting Works	10.00	7,257.00	72,570.00
404	Reinforcing Steel Bars	1,057.64	74.00	78,265.36

403	Tinsmithry/Steel Works	63.00	2,290.00	144,270.00
506	Masonry Works	15.00	1,500.00	22,500.00
SPL-II	Safety and Healthy	1.00	11,390.00	11,390.00
	Total			₱ 57,995.36

Technical inspection and evaluation by the COA Technical Audit Specialist disclosed that “(a)s of the date of inspection on November 14, 2013, the project was evaluated to be 87.229% complete only instead of 100% as reported by the agency concerned due to the following observation:

Item No. & Description	Nature of Defect	Affected Items and Quantity		Unit Contract Cost	Cost Deficiency
900/Concrete Works	Peripheral Penetrating Cracks	Concrete Flooring 9 metersx7 metersx0.10 meters	6.3 cu.m.	7,257.00	₱45,719.10

e. Skeletal structure of Legislative Building, Phase I at Barangay Santiago, Naujan which are considered not usable pursuant to the 3rd paragraph of Section 3.i, Annex “A” of RA 9184.

On 6 January 2013, the Municipality entered into a contract with DK Construction for the construction of Legislative Building, Phase I at Barangay Santiago, Naujan for a total contract price of P1,990,000.00, with the following scope of works:

Item No.	Description of Work	Quantity/Unit	Unit Cost	Total Amount
SPL I	Installation of Billboard	1.00	3,600.00	3,600.00
800	Clearing	750.00	16.00	12,000.00
803	Structural Excavation	110.00	360.00	39,600.00
804	Embankment	50.00	600.00	30,000.00
900	Reinforced Concrete Works	70.00	26,500.00	1,855,000.00
1100	Electrical Works	1.00	2,600.00	2,600.00
SPL-II	Safety and Healthy	1.00	47,200.00	47,200.00
	Total			₱1,990,000.00

Technical inspection and evaluation by the COA Technical Audit Specialist disclosed that “(t)he scope of works covers only earthworks and partial reinforced concrete works based on approved plan. The Constructed project looks like a skeletal structure only and any part of it could not be considered as usable which is not in accordance with the 3rd paragraph of Section 3.i, Annex “A” of RA 9184 especially now that there was presence of grown vegetation such as vines and plants of different varieties which already climbed up to the roof beams.”

f. Siltation on the canal flooring and vegetation on the canal wall for the project construction of drainage canal at Sitio Centro, Barangay Motoderazo, Naujan.

On 7 January 2013, the Municipality entered into a contract with REMM V Builders and Enterprises for the construction of drainage canal at Sitio Centro, Barangay Motoderazo, Naujan for a total contract price of ₱532,649.52, with the following scope of works:

Item No.	Description of Work	Quantity/Unit	Unit Cost	Total Amount
SPL I	Installation of Billboard	4.00	1,269.70	5,078.80
102	Structural Excavation	96.00	333.40	32,006.40
I	Masonry/Concrete Works (including plastering & cover)	169.00	2,108.28	356,299.32
500	Pipes, Culverts a& Storm Drain	28.00	4,400.02	123,200.00
SPL-II	Safety and Healthy	1.00	16,065.00	16,065.00
	Total			₱532,649.52

Technical inspection and evaluation by the COA Technical Audit Specialist disclosed that the project was inspected on November 14, 2013 and found the same to be 100% work completed based on the submitted Statement of Work Accomplishment as of February 11, 2013. In its report, the COA TAS observed siltation on the canal flooring making flood and waste water to stagnate, and vegetation already climbing on the canal wall at the time of inspection.

We recommended that the Municipal Engineer and the Accountant to demand payment from (a) REMM V Builders and Enterprises for the cost deficiency of ₱237,833.48 relative to the improvement of Mena G. Valencia Gymnasium at Barangay Poblacion I and ₱53,267.44 as regards construction of Naujan Municipal Police Station, Phase 2 at Barangay Santiago, Naujan; (b) LN Salvador Construction the cost deficiency of ₱63,203.14 relative to construction of Evacuation Center Phase 2 at Barangay Inarawan, Naujan; and (c) DK Construction the cost deficiency of ₱45,719.10 relative to the project construction of one unit classroom Phase I at Kalinisan Elementary School, Barangay Kalinisan, Naujan. The Municipal Engineer is likewise enjoined to comply with the provision of Section 3(i), 3rd paragraph of the Implementing Rules and Regulations of Republic Act No. 9184, and institute corrective measure on the observations by the COA TAS relative to the construction of drainage canal at Sitio Centro, Barangay Motoderazo, Naujan.

Priority Development Assistance Fund

6. Unutilized/remaining balance of Priority Development Assistance Fund (PDAF) under the Due to Other NGA account in the Trust Fund totaling ₱5,949,317.80.

The Supreme Court, in the consolidated cases of *Belgica, et al., vs. Ochoa, Jr., et al.*, G.R. Nos. 208566, 208493, and 209251, promulgated on November 19, 2013 declared as unconstitutional the Priority Development Assistance Fund (PDAF) or “pork barrel.” The High Court enjoined the disbursement/release of the remaining PDAF funds allocated for the year 2013, as well as for all previous years, which are, at the time the Decision was promulgated, not covered by Notice of Cash Allocations (NCAs) but only by Special Allotment Release Orders (SAROs), whether obligated or not. It was further held that the remaining PDAF funds covered by the permanent injunction shall not be disbursed/released but instead reverted to the unappropriated surplus of the general fund.

From CY 2010 to 2013, the Municipality received from members of the Philippine House of Representative and Senate financial subsidy in the form of PDAF intended to finance its various priority program and projects. The summary of the fund balance per legislator of the financial subsidy as corroborated by the accounting records is presented below:

Year/Proponent	Amount Received	Utilized (2010-2013)	Unutilized as of 12/31/2013
2010			
Cong. Rodolfo G. Valencia	₱1,200,000.00	₱1,190,850.00	₱ 9,150.00
Cong. Rodolfo G. Valencia	2,000,000.00	1,973,985.70	26,014.30
Cong. Carissa Coscolluela	500,000.00	-	500,000.00
Sub-Total	3,700,000.00	3,164,835.70	535,164.30
2011			
Cong. Rodolfo G. Valencia	1,200,000.00	1,198,655.65	1,344.35
Cong. Rodolfo G. Valencia	1,990,000.00	1,978,488.80	11,511.20
Cong. Rodolfo G. Valencia	150,000.00	-	150,000.00
Sub-Total	3,340,000.00	3,177,144.45	162,855.55
2012			
Sen. Manuel Lapid	5,000,000.00	-	5,000,000.00
Cong. Rodolfo G. Valencia	500,000.00	296,606.50	203,393.50
Cong. Rodolfo G. Valencia	100,000.00	96,230.00	3,770.00
Cong. Rodolfo G. Valencia	200,000.00	199,900.00	100.00
Cong. Rodolfo G. Valencia	450,000.00	439,464.00	10,536.00
Sub-Total	6,250,000.00	1,032,200.50	5,217,799.50
2013			
Cong. Rodolfo G. Valencia	875,000.00	871,334.00	3,666.00
Cong. Rodolfo G. Valencia	500,000.00	470,167.55	29,832.45
Sub-Total	1,375,000.00	1,341,501.55	33,498.45
Grand-Total	₱14,665,000.00	₱8,715,682.20	₱5,943,317.80

Out of the total amount of ₱14,665,000.00 received from 2010 to 2013, the Municipality utilized a total of ₱8,715,682.20 for its various programs and projects, leaving an unutilized balance of ₱5,943,317.80. Included in the remaining balance of PDAF is the financial assistance of ₱5,000,000.00 under Special Allotment Release Order (SARO) No. G-11-02182 dated December 22, 2011 issued for the implementation of Alternative Learning System-Basic Literary Program which was received on CY 2012 and remained unutilized as at year-end. In an interview, the Municipal Accountant informed that the Honorable Mayor sent a letter request to Senator Manuel Lapid for the realignment of the said fund but as of the date of the Supreme Court ruling, no authority was given for that purpose .

Likewise, the PDAF of Buhay Partylist Carissa Coscolluela released under SARO No. ROCS-08-03882 as financial assistance for priority developments and projects amounting to ₱500,000.00 and PDAF of Congressman Rodolfo G. Valencia amounting to ₱150,000.00 released under SARO No. BMB-G-11-T000002123 as financial assistance for housing program in Barangay Bancuro remained unutilized as at year-end. According to the Municipal Accountant, the PDAF of Congressman Coscolluela remained unutilized because the Municipality cannot identify its intended purpose.

In *Belgica*, the Supreme Court stressed that it's pronouncement "anent that unconstitutionality of (a) the 2013 PDAF Article and its Special Provisions, (b) all other Congressional Pork Barrel provisions similar thereto, (c) xxx, must only be treated as **prospective in effect** in view of the **operative fact doctrine**." Consequently, the utilization of the PDAF on the aforecited infrastructure and livelihood development program and projects must be recognized. However, as to the unutilized/remaining fund from PDAF, the same should be returned to the National Treasury considering that as of now they are considered as funds coming from an unconstitutional source.

We recommended and Management agreed that the Municipal Treasurer return to the Bureau of Treasury the unutilized/remaining balance of PDAF for reversion to the unappropriated surplus of the General Fund of the National Government in compliance with the SC Decision.

Local Disaster Risk Reduction and Management Fund

7. Non-submission of LDRRMFIP and Monthly Reports of Source and Utilization of LDRRMF as required under COA Circular No. 2012-002 dated September 12, 2012.

The Philippine Disaster Risk Reduction and Management Act of 2010 (Republic Act No. 10121) was enacted to institutionalize the country's disaster risk reduction and management system, and to strengthen the capacity of the National Government and the Local Government Units for disaster risk reduction and management through decentralized powers, responsibilities and resources. Under Section 21 of the law, the Local Calamity Fund was thenceforth be known as the LDRRMF and not less than five percent (5%) of the estimated revenue from regular sources shall be set aside as the LDRRMF.

Setting the accounting and reporting guidelines for the LDRRMF of LGUs and NDRRMF given to LGUs and receipts from other sources, the Commission on Audit promulgated Circular No. 2012-002 on September 12, 2012. Item 5.1.2 of the Circular requires the preparation of an annual Local Disaster Risk Reduction and Management Fund Investment Plan (LDRRMFIP) for the DRRM program. It shall present the 30% allocation for Quick Response Fund in lump sum and the allocation for disaster mitigation, prevention and preparedness with details as to projects and activities to be funded. Further, Item 5.1.5 of the Circular states that a Report on Sources and Utilization of DRRMF shall be prepared and certified by the Local Accountant. The Local Disaster Risk Reduction and Management Officer (LDRRMO) shall submit the report on or before the 15th day after the end of each month through the LDRRMC and LDC to the COA auditor of the LGU.

For CY 2013, the Municipality appropriated five percent (5%) of its estimated revenue from regular sources LDRRMF amounting to P8,218,660.00. Of the total amount, P2,535,598.10 represents the (30%) QRF while the amount of P5,683,061.90 corresponds to the 70% Disaster, Mitigation and Prevention Fund.

Verification of the financial reports submitted by the Municipality disclosed that the required LDRRMFIP and the monthly report on sources and utilization of DRRMF, which should be certified correct by the Municipal Accountant, were not submitted to the Office of the Auditor. Upon inquiry, the designated LDRRMO did not prepare the required monthly report of sources and utilization of LDRRMF. The Municipality submitted the consolidated report which corresponds to the whole year utilization of the fund and the LDRRMFIP only upon the request of the team for audit purposes.

Failure of the LDRRMO to submit the certified Monthly Report of Sources and Utilization of LDRRMF and the LDRRMFIP prevented the Auditor to immediately verify and determine the validity and correctness of the charges in the LDRRMF.

We recommended and Management agreed that the LDRRMO submit the LDRRMFIP and monthly Report of Sources and Utilization of DRRMF duly certified correct by the Municipal Accountant on or before the 15th day after the end of each month.

Non-Submission of Contracts and Purchase Orders

- 8. Copies of 42 approved infrastructure contracts totaling P34,456,743.00 as well as copies of 895 approved Purchase Orders (POs) totaling P34,894,800.55 were delayed in furnishing the COA Auditor in violation of Sections 3.1.1 and 3.2.1 of COA Circular No. 2009-001 dated February 12, 2009, thus precluding the Auditor of the timely review of the contracts and communication of any defects and deficiencies found in audit.**

Section 3.1.1 of COA Circular 2009-001 dated February 12, 2009 states that a copy of contract and each of all the documents forming part thereof by reference or incorporation shall be furnished to the Auditor of the agency concerned within five (5) working days from the execution thereof while Section 3.2.1 of the same regulation states that a copy of any purchase order irrespective of amount, and each and every supporting document, shall, within five (5) working days from issuance thereof, be submitted to the Auditor concerned.

Audit revealed that 42 approved infrastructure contracts totaling ₱34,456,743.00 as well as copies of 895 approved Purchase Orders (POs) totaling ₱34,894,800.55 were not regularly submitted within the prescribed period, contrary to the above regulation. The submission of said contracts and POs were delayed by a period ranging from 3 to 111 days and 1 to 154 days, respectively, from its execution or issuance thereof. The delayed submission of the infrastructure contracts and POs prevented the Auditor's Office of its timely review and evaluation and communication of any defects and deficiencies found in audit.

We recommended that the BAC Secretariat and the General Services Officer be required to submit to the Office of the Auditor copies of the contracts and purchase orders within five (5) days after the execution/issuance thereof pursuant to COA Circular 2009-001.

On September 23, 2014, the Municipal Mayor, in response to the AOM, informed that he already called the attention of the concerned BAC Secretariat and the Municipal General Services Office for them to religiously adhere to the provisions of COA Circular No. 2009-001 regarding the timely submission of contracts and purchase orders.

UNSETTLED SUSPENSIONS, DISALLOWANCES AND CHARGES

As of December 31, 2013, the Municipality has unsettled disallowance of ₱747,416.50 covering the payment of the construction of concrete piles at Brgy. Estrella, Naujan. This the subject of a pending Appeal filed before the Commission on Audit, Regional Office No. IV.

COMPLIANCE WITH TAX LAWS

The Municipality of Naujan complied with the provisions of the Bureau of Internal Revenue (BIR) Regulation No. 2-98, dated April 17, 1998, as amended, and various issuances of the BIR, particularly on the withholding/deduction and remittance of the required taxes from the claims of various suppliers/contractors and other claimants including those from compensation of municipal officials and employees.

GENDER AND DEVELOPMENT IMPLEMENTATION

For the year 2013, the Municipality thru the Municipal Social Welfare and Development Office, Municipal Health Office, and the Office of the Mayor implemented various GAD related activities as follows:

- a. Education and Manpower
- b. Sports and Youth
- c. Health and Population
- d. Social Services and Welfare
- e. Poverty Reduction Program
- f. Nutrition Program
- g. Financial assistance to individual and family in crisis situation
- h. Emergency Shelter/Food/Self-employment Assistance
- i. Food for Work
- j. Aid to persons with disabilities
- k. Assistance to Solo Parents
- l. Day Care Service Program
- m. Blood Donation Program

STATUS OF IMPLEMENTATION OF PRIOR YEARS' AUDIT RECOMMENDATIONS

As of December 31, 2013

Out of six prior years' audit recommendations, two was fully implemented; three were partially implemented while the remaining one remained unimplemented. Details are shown below:

Observation	Recommendation	Reference	Management Action	Status of Implementation	Reason for Partial/Non-Implementation
1. The proposed programs and projects to be funded from the Priority Development Assistance Fund (PDAF) amounting to ₱6.7 million remained unimplemented, thus defeating the specific purposes for which the fund was entrusted and depriving the intended beneficiaries of the socio-economic benefits that could be derived therefrom. Moreover, the receipts of PDAF were inconsistently treated in the books of accounts either as a trust liability (Due to Other National Government Agencies (NGAs) account) or as a liability (Other Payables account), under the General Fund.	We recommended that the Mayor and other concerned officials as project implementer of PDAF projects monitor the implementation of the various programs and projects funded out of PDAF. Further, we advise the Municipal Accountant to draw a Journal Entry Voucher to reclassify the erroneous recording of the PDAF under the General Fund to Trust Fund in compliance with NBC No. 476 dated September 20, 2001. See to it that all PDAF receipts are recorded under the Trust Fund books.	CY 2012 AAR	The Municipal Accountant transferred the PDAF received from General Fund to Trust Fund under Journal Entry Voucher No. 2013-08-003194.	Fully Implemented	

<p>2. The Municipality failed to fully implement the projects to be financed out of the 20% Development Fund for CY 2012 with an unutilized balance of ₱39,430,269.72 thus, affecting the optimal attainment of the desired social and economic development from the intended projects and depriving its constituents of the benefits accruing them.</p>	<p>We recommended and Management agreed that the Municipal officials and members of the Local Development Council properly plan, prioritize all activities, and appraise the socio-economic development programs and projects to be implemented during the year; and coordinate, monitor and evaluate the implementation of those projects to avoid delays and maximize the utilization of the 20 percent Local Development Fund in accordance with DILG and DBM Joint Memorandum Circular No. 2011-1 dated April 13, 2011.</p>	<p>CY 2012 AAR</p>	<p>Based on the submitted Status Report of 20% Development Fund for CY 2013, the Municipality programmed 29 projects totaling ₱29,400,709.00, of which ₱14,600,000.00 were completed, ₱9,620,709.00 were on-going and ₱5,180,000.00 were not yet implemented. Likewise, out of the ₱37,491,163.86 continuing appropriation for 20% Development Fund, only ₱12,708,104.00 were utilized.</p>	<p>Partially Implemented</p>	<p>Some projects remained unimplemented.</p>
<p>3. The Due From (Receivable) and To Other Funds (Payable) account balances in the General Fund book of ₱335,040.00 and ₱456,232.93, respectively, were not supported by any balances of Due to and From Other Funds accounts in the Special Education Fund book, thus, resulting in the unreconciled Intra-agency Receivables and</p>	<p>We recommended and Management agreed that the Municipal Accountant prepare the necessary accounting entries in the Special Education Fund books of account for the share in the collected real property tax and the sound system paid under General Fund book to reconcile the intra-agency receivable and payable account balances.</p>	<p>CY 2012 AAR</p>	<p>The Municipal Accountant is currently reconciling and verifying the Due from/to Other Funds under the General and Trust Fund.</p>	<p>Partially Implemented. Reiterated in Part II of the report.</p>	<p>The Due from/to Other Funds remained unreconciled.</p>

payables account balances.					
4. The balance of ₱172.97 million of the Property, Plant & Equipment account is of doubtful validity because of the Municipality's failure to complete the physical inventory of its fixed assets in violation of Section 124 of the NGAS Manual, Volume I.	We recommended that the General Services Officer maintain and update the stock cards and the committee should be strictly directed to complete the conduct of the physical inventory taking, reconcile their reports with the accounting records and render the RPCPPE not later than January 31 of each year.	CY 2011 AAR	The Municipality, through the Municipal Inventory Committee is tasked to continuously conduct physical inventory of the Municipality's fixed assets. With only the Office of the Municipal Mayor and Municipal Engineering remaining, the physical inventory is expected to be finished before the end of second quarter of this year.	Partially Implemented Reiterated in Part II of the report.	The Report on the Physical Count of Property, Plant and Equipment (RPCPPE) is not yet submitted to the Office of the Auditor.
5. Property, Plant & Equipment amounting to P7.66 million and Government Equity of P7.61 million were recorded in the Trust Fund book of the Municipality contrary to Section 104, Chapter 5(b) of the Manual on the New Government Accounting System (NGAS) for LGUs, Volume I.	We recommended that the Municipal Accountant determine the composition and nature of the PPE accounts presented in the Trust Fund balance sheet as of December 31, 2011 and make the necessary closing entries to transfer the PPE and Government Equity accounts to the General Fund book or the funding agency as provided under Section 104 of the NGAS Manual for LGUs in order to present accurate and reliable balances in the financial statements.	CY 2011 AAR	The Municipality, through its Municipal Accountant expressed its willingness to abide by the recommendation. However, considering the unavailability of the records to support the transfer such PPEs to the General Fund book, management reiterates its request seeking assistance as to what action or guidelines that the Municipality could actually undertake to comply with the recommendation.	Not Implemented	Lack of pertinent records to determine the composition and nature of PPE accounts presented in the Trust Fund books.
6. Unserviceable property such as heavy equipment and service vehicles with	We reiterated our recommendation that the Municipal Accountant should effect the transfer of	CY 2011 AAR	The Municipality already disposed the unserviceable property such as heavy equipment and	Fully Implemented	

estimated undepreciated cost of P4.07 million were still included in the Property, Plant and Equipment (PPE) account of the Municipality contrary to COA Circular 2004-008 dated September 20, 2004, resulting in overstatement of total PPE.	P4.07 million from PPE account to Other Assets account and the Municipal GSO to complete the documentary requirements for the disposal of said unserviceable vehicles and heavy equipment.		service vehicles.		
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Municipality of Naujan
Consolidated Balance Sheet (By Fund)
As of December 31, 2013

	TOTAL	General Fund	SEF	Trust Fund
ASSETS				
CURRENT ASSETS				
CASH				
Cash on Hand				
Cash in Vault	₱ 36,184.16	₱ 21,784.16	₱ 14,400.00	₱ -
Cash-Collecting Officers		-	-	-
Cash - Disbursing Officer	173,310.00	173,310.00		
Cash in Banks-Local Currency		-		
Cash in Bank -Local Currency, Current Accou	33,687,772.53	10,683,382.29	199,527.53	22,804,862.71
Cash in Bank -Local Currency, Time Deposits	86,600,946.39	85,000,946.39	1,000,000.00	600,000.00
Total Cash	<u>120,498,213.08</u>	<u>95,879,422.84</u>	<u>1,213,927.53</u>	<u>23,404,862.71</u>
RECEIVABLES				
Receivable Accounts				
Accounts Receivable	185,004.61	185,004.61	-	-
Real Property Tax Receivable	472,443.09	472,443.09	-	-
Special Education Tax Receivable		-		-
Inter-agency Receivables				
Due from NGAs	961,925.90	926,262.61	-	35,663.29
Due from LGUs	674,824.50	595,395.50	-	79,429.00
Due from NGOs/Pos	35,500.00	35,500.00	-	-
Intra-agency Receivables				
Due from Other Funds	6,436,937.85	335,040.00	540,064.63	5,561,833.22
Other Receivables				
Receivables - Disallowances/Charges	104,816.36	104,580.36	107.00	129.00
Other Receivables	105,087.73	105,087.73	-	-
Total Receivables	<u>8,976,540.04</u>	<u>2,759,313.90</u>	<u>540,171.63</u>	<u>5,677,054.51</u>
INVENTORIES				
Supplies				
Office Supplies Inventory	237,378.81	-	237,378.81	-
Accountable Forms Inventories	44,122.51	44,122.51		
Drugs and Medicine Inventory	29,096.60	29,096.60		
Total Inventories	<u>310,597.92</u>	<u>73,219.11</u>	<u>237,378.81</u>	<u>-</u>
OTHER CURRENT ASSETS				
Guaranty Deposits	902,156.95	902,156.95	-	-
Other Current Assets	40,000.00	40,000.00	-	-
Total Other Current Assets	<u>942,156.95</u>	<u>942,156.95</u>	<u>-</u>	<u>-</u>
TOTAL CURRENT ASSETS	<u>130,727,507.99</u>	<u>99,654,112.80</u>	<u>1,991,477.97</u>	<u>29,081,917.22</u>
PROPERTY, PLANT AND EQUIPMENT (Net of Depreciation)				
LAND AND LAND IMPROVEMENTS				
Land	9,720,365.46	9,693,165.46	-	27,200.00
Land Improvements	22,121,937.39	22,088,145.71	33,791.68	-
Electrification, Power and Energy Structures	11,853,650.72	11,839,485.12	14,165.60	-
Total Land and Land Improvements	<u>43,695,953.57</u>	<u>43,620,796.29</u>	<u>47,957.28</u>	<u>27,200.00</u>

BUILDINGS				
Office Buildings	31,080,385.19	22,431,041.86	1,017,746.09	7,631,597.24
School Buildings	15,480,990.91	12,200,352.44	3,280,638.47	-
Hospitals and Health Centers	4,368,644.67	4,368,644.67	-	-
Markets and Slaughterhouses	7,655,806.83	7,655,806.83	-	-
Other Structures	19,242,972.37	18,902,855.92	340,116.45	-
Total Buildings	77,828,799.97	65,558,701.72	4,638,501.01	7,631,597.24
OFFICE EQUIPMENT, FURNITURE AND FIXTURES				
Office Equipment	3,188,641.78	1,389,220.49	1,799,421.29	-
Furniture and Fixtures	7,674,193.34	7,630,942.53	43,250.81	-
IT Equipment and Software	4,238,396.14	3,593,814.63	644,581.51	-
Library Books	7,707.47	7,707.47	-	-
Total Office Equipment, Furniture and Fixtures	15,108,938.73	12,621,685.12	2,487,253.61	-
MACHINERIES AND EQUIPMENT				
Agricultural, Fishery and Forestry Equipment	604,500.92	604,500.92	-	-
Communication Equipment	1,528,344.05	1,507,300.78	21,043.27	-
Construction and Heavy Equipment	14,423,177.62	14,423,177.62	-	-
Firefighting Equipment and Accessories	3,283,263.28	3,283,263.28	-	-
Medical, Dental and Laboratory Equipment	499,510.66	499,060.66	450.00	-
Military and Police Equipment	9,293.52	9,293.52	-	-
Sports Equipment	24,911.25	12,106.25	12,805.00	-
Technical and Scientific Equipment	1,421,881.87	1,421,881.87	-	-
Other Machineries and Equipment	1,401,226.65	1,345,769.90	55,456.75	-
Total Machineries and Equipment	23,196,109.82	23,106,354.80	89,755.02	-
TRANSPORTATION EQUIPMENT				
Motor Vehicles	9,381,873.82	9,381,873.82	-	-
Watercrafts	2,060,713.21	2,060,713.21	-	-
Other Transportation Equipment	3,515.00	3,515.00	-	-
Total Transportation Equipment	11,446,102.03	11,446,102.03	-	-
OTHER PROPERTY, PLANT AND EQUIPMENT				
Other Property, Plant and Equipment	2,186,252.38	2,178,625.38	7,627.00	-
Total Other Property, Plant and Equipment	2,186,252.38	2,178,625.38	7,627.00	-
REFORESTATION PROJECTS				
Reforestation - Upland	24,222.00	24,222.00	-	-
Total Reforestation Projects	24,222.00	24,222.00	-	-
CONSTRUCTION IN PROGRESS				
Public Infrastructures/Reforestation Projects				
Construction in Progress -Roads, Highways and	1,755,936.00	1,755,936.00	-	-
Construction in Progress -Plazas, Parks and Markets	193,755.00	193,755.00	-	-
Construction in Progress -Artesian, Wells, Recharge	3,820,202.30	3,820,202.30	-	-
Pumping Stations and Conduits				
Construction in Progress - Irrigation, Canals and	1,435,890.32	1,435,890.32	-	-
Construction in Progress - Flood Controls	844,936.50	844,936.50	-	-
Construction in Progress - Waterways, Aqueducts	1,064,924.97	1,064,924.97	-	-
River Walls and Others				
Total Construction in Progress	9,115,645.09	9,115,645.09	-	-
Total Property, Plant and Equipment	182,602,023.59	167,672,132.43	7,271,093.92	7,658,797.24
OTHER ASSETS				
Other Assets	132,869.56	132,869.56	-	-
Total Other Assets	132,869.56	132,869.56	-	-
TOTAL ASSETS	313,462,401.14	267,459,114.79	9,262,571.89	36,740,714.46

LIABILITIES

CURRENT LIABILITIES

Payable Accounts

Accounts Payable	10,786,740.30	10,459,796.21	297,812.22	29,131.87
Due to Officers and Employees	1,671,854.49	1,671,854.49	-	-

Inter-Agency Payables

Due to National Treasury	9,172.50	9,172.50	-	-
Due to BIR	953,878.54	892,058.60	24,642.32	37,177.62
Due to GSIS	1,278,416.90	1,278,416.90	-	-
Due to PAG-IBIG	246,821.74	246,821.74	-	-
Due to PHILHEALTH	93,032.03	93,032.03	-	-
Due to Other NGAs	18,436,648.88	236,894.40	-	18,199,754.48
Due to Other GOCCs	400,011.30	400,011.30	-	-
Due to LGUs	3,694,940.04	1,842,928.20	-	1,852,011.84

Intra-Agency Payables

Due to Other Funds	14,260,064.22	5,628,897.29	-	8,631,166.93
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Other Liability Accounts

Guaranty Deposits Payable	1,227,344.04	1,045,395.62	22,863.80	159,084.62
Performance/Bidders/Bail Bonds Payable	377,086.94	-	-	377,086.94
Other Payables	111,047.86	101,435.63	-	9,612.23

Total Current Liabilities

	<u>53,547,059.78</u>	<u>23,906,714.91</u>	<u>345,318.34</u>	<u>29,295,026.53</u>
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DEFERRED CREDITS

Deferred Real Property Tax Income	472,443.09	472,443.09	-	-
Deferred Special Education Tax Income		-		-
Other Deferred Credits	<u>237,378.81</u>	<u>-</u>	<u>237,378.81</u>	<u>-</u>
Total Deferred Credits	<u>709,821.90</u>	<u>472,443.09</u>	<u>237,378.81</u>	<u>-</u>

EQUITY

Government Equity - Beg.	270,265,871.64	254,427,736.69	8,231,675.21	7,606,459.74
Add: Retained Operating Surplus:		-		
Current Operations	13,685,291.04	13,227,127.51	458,163.53	-
Prior Year's Adjustments	215,521.81	215,521.81	-	
Other Adjustments	<u>736,228.19</u>	<u>897,000.00</u>		<u>(160,771.81)</u>
Total	<u>284,902,912.68</u>	<u>268,767,386.01</u>	<u>8,689,838.74</u>	<u>7,445,687.93</u>
Less: Transfer to Registry				
Public Infrastructures	<u>25,697,393.22</u>	<u>25,687,429.22</u>	<u>9,964.00</u>	<u>-</u>
Government Equity, End	<u>259,205,519.46</u>	<u>243,079,956.79</u>	<u>8,679,874.74</u>	<u>7,445,687.93</u>

TOTAL LIABILITIES AND EQUITY

₱	<u>313,462,401.14</u>	₱	<u>267,459,114.79</u>	₱	<u>9,262,571.89</u>	₱	<u>36,740,714.46</u>
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Municipality of Naujan
Consolidated Statement of Income and Expenses (By Fund)
For the Year Ended December 31, 2013

	TOTAL	General Fund	SEF
TAX REVENUE			
Local Taxes			
Amusement Tax			
Business Tax	P 2,520,233.58	P 2,520,233.58	P -
Community Tax	1,260,260.59	1,260,260.59	-
Franchise Tax	28,950.00	28,950.00	-
Real Property Tax	2,859,800.29	2,859,800.29	-
Less: Discount on Real Property Tax	194,270.84	194,270.84	-
Special Education Tax	4,091,446.22	-	4,091,446.22
Less: Discount on Special Education Tax	303,255.72	-	303,255.72
Tax on Sand, Gravel and Other Quarry Products	1,013,338.88	1,013,338.88	-
Fines and Penalties- Local Taxes	151,327.22	151,327.22	-
Total Local Taxes	11,427,830.22	7,639,639.72	3,788,190.50
GENERAL INCOME ACCOUNTS			
Internal Revenue Allotment	148,134,259.00	148,134,259.00	-
Permits and Licenses			
Fees on Weights and Measures	66,575.00	66,575.00	-
Permit Fees	1,248,102.41	1,248,102.41	-
Registration Fees	668,082.00	668,082.00	-
Total Permits and Licenses	1,982,759.41	1,982,759.41	-
Service Income			
Clearance and Certification Fees	759,245.00	759,245.00	-
Garbage Fees	84,355.00	84,355.00	-
Inspection Fees	526,389.50	526,389.50	-
Other Services Income	175,554.37	175,554.37	-
Total Service Income	1,545,543.87	1,545,543.87	-
Business Income			
Income from Cemetery Operations	125,400.00	125,400.00	-
Income from Dormitory Operations	474,750.00	474,750.00	-
Landing and Parking Fees	256,548.00	256,548.00	-
Income from Markets	1,089,449.25	1,089,449.25	-
Income from Slaughterhouse	603,409.50	603,409.50	-
Income from Transportation System	64,980.00	64,980.00	-
Rent Income	27,250.00	27,250.00	-
Tuition Fees	38,290.00	38,290.00	-
Other Business Income	187,140.50	187,140.50	-
Total Business Income	2,867,217.25	2,867,217.25	-
Other Income			
Income from Grants and Donations	144,900.00	144,900.00	-
Interest Income	1,018,081.63	1,018,081.63	-
Share from National Wealth	-	-	-
Share from PAGCOR/PCSO	121,624.54	121,624.54	-
Miscellaneous Income	351,222.05	351,222.05	-
Total Other Income	1,635,828.22	1,635,828.22	-
TOTAL OPERATING INCOME	P 167,593,437.97	P 163,805,247.47	P 3,788,190.50
EXPENSES			
PERSONAL SERVICES			
Salaries and Wages			
Salaries and Wages - Regular	P 40,885,132.90	P 40,885,132.90	P -
Salaries and Wages - Casual	1,016,895.00	52,540.00	964,355.00
Other Compensation		-	
Personnel Economic Relief Allowance (PERA)	4,388,537.61	4,388,537.61	-

	TOTAL	General Fund	SEF
Representation Allowance (RA)	2,019,107.50	2,019,107.50	-
Transportation Allowance (TA)	1,856,802.24	1,856,802.24	-
Clothing/Uniform Allowance	920,000.00	920,000.00	-
Subsistence, Laundry and Quarter Allowance	230,520.00	230,520.00	-
Productivity Incentive Allowance	310,000.00	310,000.00	-
Hazard Pay	1,362,167.99	1,362,167.99	-
Overtime and Night Pay	396,895.64	396,895.64	-
Cash Gift	1,017,500.00	953,500.00	64,000.00
Year End Bonus	3,623,858.20	3,623,858.20	-
Personnel Benefits Contributions		-	
Life and Retirement Insurance Contributions	4,894,624.35	4,894,624.35	-
PAG-IBIG Contributions	906,280.44	906,280.44	-
PHILHEALTH Contributions	458,965.38	458,965.38	-
ECC Contributions	213,806.42	213,806.42	-
Other Personnel Benefits		-	
Terminal Leave Benefits	2,626,449.04	2,626,449.04	-
Other Personnel Benefits	4,010,632.25	4,010,632.25	-
Total Personal Services	<u>71,138,174.96</u>	<u>70,109,819.96</u>	<u>1,028,355.00</u>
MAINTENANCE AND OTHER OPERATING EXPENSES			
Travelling Expenses			
Travelling Expenses - Local	1,607,840.22	1,607,840.22	-
Training and Scholarship Expenses			
Training Expenses	472,100.00	472,100.00	-
Supplies and Material Expenses			
Office Supplies Expense	3,080,454.03	2,964,961.53	115,492.50
Accountable Forms Expenses	121,306.99	121,306.99	-
Animal/Zoological Supplies Expenses	120,967.00	120,967.00	-
Drugs and Medicines Expenses	902,740.76	902,740.76	-
Medical, Dental and Laboratory Supplies Expenses	345,334.00	345,334.00	-
Gasoline, Oil and Lubrication Expenses	8,146,094.95	8,146,094.95	-
Agricultural Supplies Expenses	166,499.00	166,499.00	-
Textbooks and Instructional Materials Expenses	806,588.00	806,588.00	-
Other Supplies Expenses	2,222,469.74	2,053,474.74	168,995.00
Utility Expenses			
Water Expenses	361,575.95	361,575.95	-
Electricity Expenses	3,450,547.92	3,399,181.02	51,366.90
Cooking Gas Expenses	9,320.00	9,320.00	-
Communication Expenses			
Postage and Deliveries	975.00	975.00	-
Telephone Expenses - Landline	198,175.26	198,175.26	-
Telephone Expenses - Mobile	721,947.80	721,947.80	-
Internet Expenses	107,301.13	107,301.13	-
Cable, Satellite, Telegraph and Radio Expenses	16,632.00	16,632.00	-
Membership Dues and Contributions to Organizations	129,600.00	129,600.00	-
Advertising Expense	233,960.00	233,960.00	-
Printing and Binding Expenses	265,248.00	265,248.00	-
Transportation and Delivery Expenses	33,000.00	33,000.00	-
Total	<u>23,520,677.75</u>	<u>23,184,823.35</u>	<u>335,854.40</u>
Professional Services			
Auditing Services	32,950.80	32,950.80	-
Environment/Sanitary Services	830,549.58	830,549.58	-
General Services	1,521,892.99	1,521,892.99	-
Janitorial Services	827,683.88	827,683.88	-
Security Services	769,525.88	769,525.88	-
Other Professional Services	2,369,013.14	2,369,013.14	-
Total Professional Services	<u>6,351,616.27</u>	<u>6,351,616.27</u>	<u>-</u>
Repairs and Maintenance			

	TOTAL	General Fund	SEF
Land and Improvements			
Repairs and Maintenance - Land Improvements			
Repairs and Maintenance - Electrification, Power and Energy Structures	163,873.50	163,873.50	-
Buildings			
Repairs and Maintenance - Office Buildings	282,808.00	282,808.00	-
Repairs and Maintenance - School Buildings	640,901.00	-	640,901.00
Repairs and Maintenance - Hospitals and Health Centers	61,913.00	61,913.00	-
Repairs and Maintenance - Markets and Slaughterhouses	52,267.56	52,267.56	-
Repairs and Maintenance - Other Structures	360,809.00	340,651.00	20,158.00
Office Equipment, Furniture and Fixtures			
Repairs and Maintenance - Office Equipment	69,934.82	69,934.82	-
Repairs and Maintenance - Furniture and Fixtures	64,055.00	64,055.00	-
Repairs and Maintenance - IT Equipment and Software	121,020.00	121,020.00	-
Machineries and Equipment			
Repairs and Maintenance - Agricultural, Fishery and Forestry Equipment	4,883.00	4,883.00	-
Repairs and Maintenance - Communication Equipment	10,810.00	10,810.00	-
Repairs and Maintenance - Construction and Heavy Equipment Accessories	2,181,274.70	2,181,274.70	-
Repairs and Maintenance - Firefighting Equipment and Accessories	27,988.50	27,988.50	-
Repairs and Maintenance - Medical, Dental and Laboratory Equipment	1,320.57	1,320.57	-
Repairs and Maintenance - Technical and Scientific Equipment	22,050.00	22,050.00	-
Repairs and Maintenance - Other Machineries and Equipment	31,191.85	31,191.85	-
Transportation Equipment			
Repairs and Maintenance - Motor Vehicles	887,245.26	887,245.26	-
Repairs and Maintenance - Watercrafts	49,644.35	49,644.35	-
Other Property, Plant and Equipment			
Repairs and Maintenance -Other Property, Plant and Equipment	14,900.00	14,900.00	-
Public Infrastructures			
Repairs and Maintenance - Roads, Highways and Bridges	2,450,864.45	2,450,864.45	-
Repairs and Maintenance - Plazas, Parks and Monuments	124,888.00	124,888.00	-
Repairs and Maintenance - Irrigation Canals and Laterals	130,072.00	130,072.00	-
Total Repairs and Maintenance	<u>7,754,714.56</u>	<u>7,093,655.56</u>	<u>661,059.00</u>
Confidential, Intelligence, Extraordinary and Miscellaneous Expenses			
Confidential Expenses	57,415.00	57,415.00	-
Taxes, Insurance Premiums and Other Fees			
Taxes, duties and Licenses	16,804.10	16,804.10	-
Fidelity Bond Premiums	27,684.75	27,684.75	-
Insurance Expenses	582,097.91	582,097.91	-
Total	<u>684,001.76</u>	<u>684,001.76</u>	<u>-</u>
Non-Cash Expenses			
Depreciation			
Land Improvements			
Depreciation - Land Improvements	2,371,582.71	2,366,895.27	4,687.44
Depreciation - Electrification, Power and Energy Structures	1,261,679.03	1,260,963.83	715.20
Buildings			
Depreciation - Office Buildings	765,956.63	739,271.63	26,685.00
Depreciation - School Buildings	468,466.17	359,654.16	108,812.01
Depreciation - Hospitals and Health Centers	89,099.84	89,099.84	-
Depreciation - Markets and Slaughterhouses	92,555.40	92,555.40	-
Depreciation -Other Structures	1,233,460.60	1,195,102.94	38,357.66
Office Equipment, Furniture and Fixtures			

	TOTAL	General Fund	SEF
Depreciation -Office Equipment	235,026.01	224,724.43	10,301.58
Depreciation -Furniture and Fixtures	523,404.69	514,997.40	8,407.29
Depreciation - IT Equipment	1,102,627.24	932,619.94	170,007.30
Depreciation -Library Books	2,008.20	2,008.20	-
Machineries and Equipment			
Depreciation - Machineries	-	-	-
Depreciation - Agricultural, Fishery and Forestry Equipment	64,629.48	64,629.48	-
Depreciation -Communication Equipment	120,024.93	117,348.09	2,676.84
Depreciation -Construction and Heavy Equipment	2,007,932.45	2,007,932.45	-
Depreciation -Firefighting Equipment and Accessories	347,294.52	347,294.52	-
Depreciation - Medical, Dental and Laboratory Equipment	99,530.45	99,192.95	337.50
Depreciation - Military and Police Equipment	1,546.68	1,546.68	-
Depreciation - Sports Equipment	2,445.00	2,250.00	195.00
Depreciation - Technical and Scientific Equipment	350,161.20	350,161.20	-
Depreciation -Other Machineries and Equipment	218,102.19	207,130.44	10,971.75
Transportation and Equipment			
Depreciation - Motor Vehicles	655,636.78	655,636.78	-
Depreciation -Watercrafts	217,107.12	217,107.12	-
Depreciation -Other Transportation Equipment	1,332.00	1,332.00	-
Other Property, Plant and Equipment			
Depreciation- Other Property, Plant and Equipment	261,002.64	261,002.64	-
Total Non-Cash Expenses	12,492,611.96	12,110,457.39	382,154.57
Other Maintenance and Operating Expenses			
Other Maintenance and Operating Expenses	9,202,990.16	8,280,386.16	922,604.00
TOTAL OPERATING EXPENSES	131,144,787.42	127,814,760.45	3,330,026.97
INCOME FROM OPERATIONS	36,448,650.55	35,990,487.02	458,163.53
Financial Expenses			
Other Financial Charges	35,912.72	35,912.72	-
Income before Subsidies, Donations, and Extraordinary Items	36,412,737.83	35,954,574.30	458,163.53
Add: Subsidy from Other National Government Agencies	380,121.58	380,121.58	-
Total	36,792,859.41	36,334,695.88	458,163.53
Less: Subsidy to Local Government Units	70,000.00	70,000.00	-
Subsidy to Other Funds	5,088,832.63	5,088,832.63	-
Donations	5,295,666.95	5,295,666.95	-
Total	10,454,499.58	10,454,499.58	-
Income before Extraordinary Items	26,338,359.83	25,880,196.30	458,163.53
Add (Less) Extraordinary Items			
Gain/Loss on Sale of Disposed Assets	12,653,068.79	12,653,068.79	-
NET INCOME	P 13,685,291.04	P 13,227,127.51	P 458,163.53

Municipality of Naujan
Statement of Cash Flows (By Fund)
For the Year Ended December 31, 2013

	TOTAL	General Fund	SEF	Trust Fund
Cash Flows From Operating Activities:				
Cash Inflows				
Share from Internal Revenue Allotment	₱ 148,134,259.00	₱ 148,134,259.00	₱ -	₱ -
Collection from Taxpayers	30,820,594.19	27,572,468.32	3,248,125.87	
Receipts from sale of goods and services	1,018,081.63	1,018,081.63	-	-
Other Receipts	38,128,508.81	3,593,863.50	6,744.05	34,527,901.26
Total Cash Inflows	<u>218,101,443.63</u>	<u>180,318,672.45</u>	<u>3,254,869.92</u>	<u>34,527,901.26</u>
Cash Outflows				
Payments to -				
Suppliers/Creditors	37,696,846.64	33,828,455.68	1,351,700.13	2,516,690.83
Employees	67,613,180.80	66,583,755.80	1,029,425.00	
Other Disbursements	61,408,121.56	46,586,536.53	821,765.73	13,999,819.30
Total Cash Outflows	<u>166,718,149.00</u>	<u>146,998,748.01</u>	<u>3,202,890.86</u>	<u>16,516,510.13</u>
Cash Provided by Operating Activities	<u>51,383,294.63</u>	<u>33,319,924.44</u>	<u>51,979.06</u>	<u>18,011,391.13</u>
Cash Flows From Investing Activities:				
Cash Outflows				
Purchase of Property, Plant and Equipment and Public Infrastructures	37,637,323.69	34,296,147.15	3,341,176.54	-
Total Cash Outflows	<u>37,637,323.69</u>	<u>34,296,147.15</u>	<u>3,341,176.54</u>	<u>-</u>
Cash Provided by Investing Activities	<u>(37,637,323.69)</u>	<u>(34,296,147.15)</u>	<u>(3,341,176.54)</u>	<u>-</u>
Net Cash Provided By Operating, Investing & Financing Activities	13,745,970.94	(976,222.71)	(3,289,197.48)	18,011,391.13
Cash at the Beginning of the Period	<u>106,752,242.14</u>	<u>96,855,645.55</u>	<u>4,503,125.01</u>	<u>5,393,471.58</u>
Cash at the End of the Period	₱ <u>120,498,213.08</u>	₱ <u>95,879,422.84</u>	₱ <u>1,213,927.53</u>	₱ <u>23,404,862.71</u>

MUNICIPALITY OF NAUJAN
STATEMENT OF APPROPRIATIONS, ALLOTMENTS, OBLIGATIONS AND BALANCES
CURRENT LEGISLATIVE APPROPRIATION
GENERAL FUND AND SPECIAL EDUCATION FUND
December 31, 2013

Code	Function/Program/Project	Appropriations	Allotments	Obligations	BALANCES	
					Appropriations	Allotments
1000	GENERAL PUBLIC SERVICES					
	PS	43,210,264.62	43,210,264.62	42,431,007.52	-	779,257.10
	MOOE	35,163,345.00	35,163,345.00	29,538,615.75	-	5,624,729.25
	CO	1,752,264.00	1,752,264.00	559,870.00	-	1,192,394.00
	FE	40,000.00	40,000.00	35,912.72	-	4,087.28
	Sub-Total	80,165,873.62	80,165,873.62	72,565,405.99	-	7,600,467.63
3000	EDUCATION, CULTURE, SPORTS & MANPOWER DEVELOPMENT					
	PS	1,117,000.00	1,117,000.00	1,028,355.00	-	88,645.00
	MOOE	1,980,242.00	1,980,242.00	1,919,517.40	-	60,724.60
	CO	3,692,879.00	3,692,879.00	3,524,798.39	-	168,080.61
	Sub-Total	6,790,121.00	6,790,121.00	6,472,670.79	-	317,450.21
4000	HEALTH SERVICES					
	PS	11,534,268.00	11,534,268.00	11,463,782.76	-	70,485.24
	MOOE	2,427,300.00	2,427,300.00	2,261,803.29	-	165,496.71
	CO	1,000,000.00	1,000,000.00	999,004.06	-	995.94
	Sub-Total	14,961,568.00	14,961,568.00	14,724,590.11	-	236,977.89
7000	SOCIAL WELFARE SERVICES					
	PS	2,466,364.00	2,466,364.00	2,461,014.09	-	5,349.91
	MOOE	2,575,000.00	2,575,000.00	2,214,374.65	-	360,625.35
	CO	5,000.00	5,000.00	-	-	5,000.00
	Sub-Total	5,046,364.00	5,046,364.00	4,675,388.74	-	370,975.26
8000	ECONOMIC SERVICES					
	PS	13,916,590.38	13,916,590.38	13,776,290.59	-	140,299.79
	MOOE	16,374,805.00	16,374,805.00	14,991,492.65	-	1,383,312.35
	CO	34,466,508.00	34,466,508.00	14,631,311.64	-	19,835,196.36
	Sub-Total	64,757,903.38	64,757,903.38	43,399,094.88	-	21,358,808.50
9000	OTHER PURPOSES					
	PS	-	-	-	-	-
	MOOE	7,056,075.00	7,056,075.00	1,888,419.67	-	5,167,655.33
	CO	1,950,000.00	1,950,000.00	-	-	1,950,000.00
	Sub-Total	9,006,075.00	9,006,075.00	1,888,419.67	-	7,117,655.33
	TOTAL CURRENT APPROPRIATION					
	PS	72,244,487.00	72,244,487.00	71,160,449.96	-	1,084,037.04
	MOOE	65,576,767.00	65,576,767.00	52,814,223.41	-	12,762,543.59
	CO	42,866,651.00	42,866,651.00	19,714,984.09	-	23,151,666.91
	FE	40,000.00	40,000.00	35,912.72	-	4,087.28
	TOTAL	180,727,905.00	180,727,905.00	143,725,570.18	-	37,002,334.82

MUNICIPALITY OF NAUJAN
STATEMENT OF APPROPRIATIONS, ALLOTMENTS, OBLIGATIONS AND BALANCES
CONTINUING LEGISLATIVE APPROPRIATION
December 31, 2013

Code	Function/Program/Project	Appropriations	Allotments	Obligations	BALANCES	
					Appropriations	Allotments
1000	GENERAL PUBLIC SERVICES					
	PS	-	-	-	-	-
	MOOE	-	-	-	-	-
	CO	5,314,078.42	5,314,078.42	988,605.00	-	4,325,473.42
	Sub-Total	5,314,078.42	5,314,078.42	988,605.00	-	4,325,473.42
3000	EDUCATION, CULTURE, SPORTS & MANPOWER DEVELOPMENT					
	PS	-	-	-	-	-
	MOOE	-	-	-	-	-
	CO	303,595.85	303,595.85	44,150.00	-	259,445.85
	Sub-Total	303,595.85	303,595.85	44,150.00	-	259,445.85
4000	HEALTH SERVICES					
	PS	-	-	-	-	-
	MOOE	-	-	-	-	-
	CO	551,204.10	551,204.10	499,888.00	-	51,316.10
	Sub-Total	551,204.10	551,204.10	499,888.00	-	51,316.10
7000	SOCIAL WELFARE SERVICES					
	PS	-	-	-	-	-
	MOOE	-	-	-	-	-
	CO	64,203.00	64,203.00	3,500.00	-	60,703.00
	Sub-Total	64,203.00	64,203.00	3,500.00	-	60,703.00
8000	ECONOMIC SERVICES					
	PS	-	-	-	-	-
	MOOE	2,388,188.98	2,388,188.98	536,896.00	-	1,851,292.98
	CO	45,684,413.71	45,684,413.71	18,251,062.45	-	27,433,351.26
	Sub-Total	48,072,602.69	48,072,602.69	18,787,958.45	-	29,284,644.24
9000	OTHER PURPOSES					
	PS	-	-	-	-	-
	MOOE	-	-	-	-	-
	CO	3,358,467.60	3,358,467.60	1,070,020.91	-	2,288,446.69
	Sub-Total	3,358,467.60	3,358,467.60	1,070,020.91	-	2,288,446.69
	TOTAL CONTINUING APPROPRIATION					
	PS	-	-	-	-	-
	MOOE	2,388,188.98	2,388,188.98	536,896.00	-	1,851,292.98
	CO	55,275,962.68	55,275,962.68	20,857,226.36	-	34,418,736.32
	TOTAL	57,664,151.66	57,664,151.66	21,394,122.36	-	36,270,029.30

Republic of the Philippines
COMMISSION ON AUDIT
Regional Office No. IV-B
REGIONAL TECHNICAL AND INFORMATION TECHNOLOGY SERVICES
Commonwealth Avenue, Quezon City

**INSPECTION REPORT
FOR INFRASTRUCTURE PROJECTS**

February 20, 2014

DATE

Project : Improvement of Mena G. Valencia Gymnasium at Brgy Poblacion I
Location : Naujan, Oriental Mindoro
Contracting Parties : Municipal Government of Naujan and REMM V Builders and Enterprises
Contract Duration : 77 C.D. **Date of Notice to Proceed** : February 15, 2013
Effectivity Date : February 22, 2013 **Completion/Expiry Date** : May 9, 2013

A. OBJECTIVE

To validate the reported accomplishment and determine compliance with plans and specifications.

B. SCOPE

Progress accomplishments as to physical and technical aspects.

C. REFERENCE DOCUMENTS

DOCUMENT		SUBMITTED			DATE	AMOUNT (PhP)	REMARKS
		YES	NO	NA			
1	Original Contract Amount	X			Feb. 13, 2013	P1,147,109.48	Approved
2	Plans	X					Approved
3	Specifications	X					Approved
4	Cost Breakdown	X				P1,147,109.48	Approved
5	Change Order No., if any						
6	Extra Work Order No., if any						
7	Revised Plans						
8	Specifications						
9	Cost Breakdown						
10	Agency Accomplishment Report	X			May 9, 2013	P1,147,109.48	Approved
11	Agency Certificate Of Completion	X			May 9, 2013		Certified
12	Agency Certificate of Acceptance		X				Certified
13	Test Results, If any		X				
14	As-built Plans		X				
15	Others						

D. METHODOLOGY

Study plans and specifications. Prepare inspection template/working paper. Conduct physical/ocular inspection. Conduct technical evaluation (e.g. measuring; testing, if applicable; etc.)

Project: Improvement of Mena G. Valencia Gymnasium at Brgy Poblacion I, Naujan, Oriental Mindoro

E. PERSONS/PERSONNEL PRESENT AT THE TIME OF INSPECTION

Name	Designation/Agency
Precy H. Olmos	Municipal Engineer/MEO Naujan

F. CONDITIONS/CIRCUMSTANCES ATTENDANT TO INSPECTION

The above named personnel assisted the undersigned in the inspection of the project.

G. RESULTS OF TECHNICAL EVALUATION

WORKS ITEMS INVOLVED		CONTRACT		AGENCY REPORTED ACCOMPLISHMENT		COA VERIFIED ACCOMPLISHMENT		REMARKS
ITEM No	DESCRIPTION	Amount	Wt%	%	Wt%	%	Wt%	
1012	Fenestration	64,379.30	5.61	100	5.61			
1013	Carpentry/Steel Works	586,630.51	51.14	100	51.14			
1032	Painting Works	321,081.11	27.99	100	27.99			
1011	Electrical Works	141,890.03	12.37	100	12.37			
SPL II	Safety & Health	33,128.53	2.89	100	2.89			
		1,147,109.48	100		100		79.27	

H. NARRATIVE FINDINGS AND OBSERVATIONS

Inspected on January 30, 2014 and found the project to be 79.27% actual work accomplishment or a disparity of 20.73% resulting in the total cost deficiency of P237,833.48, attributed to the following:

Item No.	Description	Quantity per contract	Quantity per COA Inspection	Direct Unit price per contract	Cost Deficiency	Remarks
1012	Fenestration					
	Glass Panel 4'x8'x1/2" thick	2 sets	none	26,450.00	52,900.00	Uninstalled
1013	Carpentry/Steel Works					
	Angle Bar 2" x 1/4"	35 pcs	35 pcs	1,640.00/pc	57,400.00	Caliper measurement is 4mm instead of 6mm
	Acoustic Foam Egg Crate (72" x 80")	201,600.00 sq inches	48,586.00 sq inches	0.2326/sq inch	35,591.05	Underrun of quantities by 153,014.00 sq inches
	2" Flat Head Stainless Screw	600 pcs	none	15.00/pc	9,000.00	Not put in placed in the project
	Materials				154,891.05	
	Labor/Equipmt				40,534.98	
	Indirect Cost				42,407.45	
	TOTAL				237,833.48	

Project: Improvement of Mena G. Valencia Gymnasium at Brgy Poblacion I, Naujan, Oriental Mindoro

Further, any defects that may arise within the warranty period from the date of completion should be corrected by the Contractor as provided for in RA 9184.

Prepared by:


ALEX M. LAPIDANTE
Senior TAS

Checked by:


ALLAN C. SALVACION
Supervising TAS


ROLANDO D. LORENZO
Chief TAS

Noted by:


LYNFLOR M. ADOLFO
OIC-Service Chief

Republic of the Philippines
COMMISSION ON AUDIT
REGIONAL OFFICE NO. IV-B
TECHNICAL & INFORMATION TECHNOLOGY SECTOR
Commonwealth Ave., Quezon City

**INSPECTION REPORT
FOR INFRASTRUCTURE PROJECTS**

November 28, 2013

DATE

Project	:	Construction of Evacuation Center Phase 2	
Location	:	Brgy. Inarawan, Naujan, Or. Mindoro	
Contracting Parties	:	Municipal Government of Naujan, Or. Mindoro & LN Salvador Construction	
Contract Duration	:	82 CD	Date of Notice to Proceed : March 4, 2013
Effectivity Date	:	March 5, 2013	Target Completion Date : May 26, 2013

A. OBJECTIVE

To validate the reported accomplishment and determine compliance with plans and specifications.

B. SCOPE

Progress accomplishments as to physical and technical aspects.

C. REFERENCE DOCUMENTS

	DOCUMENT	SUBMITTED			DATE	AMOUNT (PhP)	REMARKS
		YES	NO	NA			
1	Original Contract	X			March 2, 2013	897,000.00	Approved
2	Plans	X					Approved
3	Specifications	X					Approved
4	Cost Breakdown	X					Approved
5	Variation Order No. 1		X				
6	Revised Contract Amount		X				
7	Revised Plans		X				
8	Specifications		X				
9	Cost Breakdown		X				
10	Agency Accomplishment Report		X				
11	Agency Certificate Of Completion		X				
12	Agency Certificate of Acceptance		X				
13	Test Results, If any		X				
14	As-built Plans		X				
15	Others		X				

D. METHODOLOGY

1. Study plans and specifications/as-built plans & other documents.
2. Prepare inspection template/working paper.
3. Conduct physical/ocular inspection.
4. Conduct technical evaluation (e.g. measuring; testing, if applicable; etc.)

Project : Construction of Evacuation Center Phase 2
Location : Brgy. Inarawan, Naujan, Or. Mindoro
Contracting Parties : Municipal Government of Naujan, Or. Mindoro & LN Salvador Construction

E. PERSONS/PERSONNEL PRESENT AT THE TIME OF INSPECTION

Name	Designation/Agency
Mr. Rommel Giagone	LGU Representative
_____	_____
_____	_____

F. CONDITIONS/CIRCUMSTANCES ATTENDANT TO INSPECTION

None

G. RESULTS OF TECHNICAL EVALUATION

WORKS ITEMS INVOLVED		CONTRACT		AGENCY REPORTED ACCOMPLISHMENT as		COA VERIFIED ACCOMPLISHMENT		REMARKS
ITEM	DESCRIPTION	Amt	Wt%	%	Wt%	%	Wt%	
	No SWA submitted							See Section H Below
	TOTAL		100		100			

H. NARRATIVE FINDINGS AND OBSERVATIONS

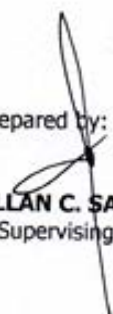
- The project was inspected on November 14, 2013 and noted the following deficiencies:

Item No. & Description	Nature of Defect	Affected Quantity	Unit Cost	Contract	Cost Deficiency
403(1) Roofing Frame Works	Non-installation of 1/2"x0.25mx0.20m MS Plate	16 pcs	P640.85		P10,253.60
	Non-installation of 16mm dia. Anchor bolts w/ nuts & washer	32 pcs	P237.35		P7,595.20
1014 Pre-Painted Metal Roofing	Non-installation of Pre-painted Fascia Cover	55.20 LM	P246.82		P13,624.46
1002 Plumbing Works	Non-installation of Toilet bowl	8 sets	P1,130.57		P9,044.56
	Non-installation of 1/2" dia. Faucet	12 pcs	P165.82		P1,989.84
	Non-installation of #2 Floor Drain	8 pcs	P298.47		P2,387.76
	Non-installation of 1/2" dia. Stainless pipe rail(front)	3 meters	P1,213.48		P3,640.44
	Non-installation of shower head	5 sets	P904.46		P4,522.30
	Non-installation of shower valve	5 pcs	P1,205.94		P6,029.70
	Non-installation of soap holder	13 pcs	P316.56		P4,115.28
			Total		P63,203.14

Project	: Construction of Evacuation Center Phase 2
Location	: Brgy. Inarawan, Naujan, Or. Mindoro
Contracting Parties	: Municipal Government of Naujan, Or. Mindoro & LN Salvador Construction

Any damage that may arise within the defects liability period shall be corrected by the contractor, as provided in Section 62.2.2.1 of the IRR of RA9184. Likewise, the contractor shall be held responsible for any structural defects that may arise within the warranty period stipulated for this category.

Prepared by:


ALLAN C. SALVACION
Supervising TAS

Checked by:


ROLANDO D. LORENZO
Chief TAS

Noted by:


LYNFLOR M. ADOLFO
OIC – Service Chief

Republic of the Philippines
COMMISSION ON AUDIT
Regional Office No. IV-B
REGIONAL TECHNICAL AND INFORMATION TECHNOLOGY SERVICES
Commonwealth Avenue, Quezon City

**INSPECTION REPORT
FOR INFRASTRUCTURE PROJECTS**

November 26, 2013
DATE

Project : Construction of Naujan Municipal Police Station, Phase 2 at Brgy. Santiago
Location : Naujan, Oriental Mindoro
Contracting Parties : Municipal Government of Naujan and REMM V Builders and Enterprises
Contract Duration : 70 C.D. **Date of Notice to Proceed** : March 26, 2013
Effectivity Date : March 27, 2013 **Completion/Expiry Date** : June 4, 2013

A. OBJECTIVE

To validate the reported accomplishment and determine compliance with plans and specifications.

B. SCOPE

Progress accomplishments as to physical and technical aspects.

C. REFERENCE DOCUMENTS

DOCUMENT		SUBMITTED			DATE	AMOUNT (PhP)	REMARKS
		YES	NO	NA			
1	Original Contract Amount	X			March 22, 2013	P967,999.53	Approved
2	Plans	X					Approved
3	Specifications	X					Approved
4	Cost Breakdown	X				P967,999.53	Approved
5	Change Order No., if any						
6	Extra Work Order No., if any						
7	Revised Plans						
8	Specifications						
9	Cost Breakdown						
10	Agency Accomplishment Report	X			June 3, 2013	P967,999.53	Approved
11	Agency Certificate Of Completion	X			June 3, 2013		Certified
12	Agency Certificate of Acceptance	X			June 3, 2013		Certified
13	Test Results, If any	X					Certified
14	As-built Plans		X				
15	Others						

D. METHODOLOGY

Study plans and specifications. Prepare inspection template/working paper. Conduct physical/ocular inspection. Conduct technical evaluation (e.g. measuring; testing, if applicable; etc.)

Project: Construction of Naujan Municipal Police Station, Phase 2 at Brgy. Santiago, Naujan, Oriental Mindoro

E. PERSONS/PERSONNEL PRESENT AT THE TIME OF INSPECTION

Name	Designation/Agency
Precy H. Olmos	Municipal Engineer/MEO, Naujan

F. CONDITIONS/CIRCUMSTANCES ATTENDANT TO INSPECTION

The above named personnel assisted the undersigned in the inspection of the project.

G. RESULTS OF TECHNICAL EVALUATION

WORKS ITEMS INVOLVED		CONTRACT		AGENCY REPORTED ACCOMPLISHMENT		COA VERIFIED ACCOMPLISHMENT		REMARKS
ITEM No	DESCRIPTION	Amount	Wt%	%	Wt%	%	Wt%	
I	Building Signages & Directory	32,644.34	3.37	100	3.37		See	
1004	Hardware	86,507.51	8.94	100	8.94		Item H	
1006	Steel Works (steel doors)	45,702.08	4.72	100	4.72		Below	
1032	Painting Works	232,216.20	23.99	100	23.99			
1004	Doors & Windows	425,056.75	43.91	100	43.91			
1101	Electrical Works	31,426.98	3.24	100	3.24			
II	Communication Lines	45,756.50	4.73	100	4.73			
III	Landscapes	44,886.00	4.64	100	4.64			
SPL-II	Safety & Health	23,803.17	2.46	100	2.46			
TOTAL		967,999.53	100		100			

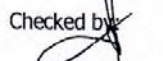
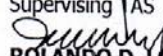
H. NARRATIVE FINDINGS AND OBSERVATIONS

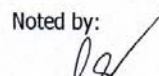
Inspected on November 14, 2013 and found the reported 100% work accomplishment as of June 3, 2013 to be not in accordance with Approved Plans and Approved Program of Work due to the following deficiencies totaling P53,267.44:

1. Item No. III or Landscape was totally not maintained at the time of inspection due to overgrown of local Carabao Grass, drying of local ornamental plants and undetermined actual area on scope of landscaping per contract area of 50 sq m resulting in cost deficiency of P33,664.50.
2. Unaccomplished painting works with an area of 24.54 sq m resulting in cost deficiency of P10,552.94.
3. Uninstalled 5 sets of door closer required under installation of D-3 and D-4 resulting in cost deficiency of P9,050.00.

Prepared by:

ALEX M. LAPIDANTE
 Senior TAS

Checked by:

ALLAN C. SALVACION
 Supervising TAS

ROLANDO D. LORENZO
 Chief TAS

Noted by:

LYNFLOR M. ADOLFO
 OIC-Service Chief



Republic of the Philippines
COMMISSION ON AUDIT
Technical Services Office-Region IV
Commonwealth ave., Quezon City

INSPECTION REPORT
FOR INFRASTRUCTURE PROJECTS
November 22, 2013

Project and Location : Construction of One(1) Unit Classroom, Phase 1 at Kalinisan, Elem. School, Barangay Kalinisan, Naujan, Oriental Mindoro
Contracting Parties : Municipal Government of Naujan, Oriental Mindoro and DK Construction
Contract Duration : 30 Calendar Days
Effectivity Date : March 27, 2013
Approved Budget for the Contract : P 360,000.00
Notice to Proceed : March 26, 2013
Completion Date : Undated
Original Expiry Date : April 25, 2013

A. OBJECTIVE

To validate the reported accomplishment and determine compliance with plans and specifications

B. SCOPE

Progress accomplishment as to physical and technical aspects

C. REFERENCE DOCUMENTS

SUBMITTED			DOCUMENT	DATE	AMOUNT in peso	REMARKS
YES	NO	NA				
x			1.0 Original contract	March 22, 2013	P 357,995.36	Approved
x			1.1 Plans			Approved
x			1.2 Specifications			Approved
x			1.3 Cost Breakdown		P 357,995.36	Approved
	x		2.0 Change Order No.			
	x		3.0 Extra Work Order No.			
	x		3.1 Revised Plans			
	x		3.2 Specifications			
	x		3.3 Cost Breakdown			
x			4.0 Agency Accomplishment Report	Undated	P 357,995.36	Signed
	x		5.0 Agency Certificate of Completion			
	x		6.0 Agency Certificate of Acceptance			
	x		7.0 Test Results, If any			
	x		8.0 As-built Plans			
	x		9.0 Others			

D. METHODOLOGY

1. Study plans and specifications
2. Prepare inspection template / working paper
3. Conduct physical / ocular inspection
4. Conduct technical evaluation (e.g. measuring ; testing, if applicable ; etc.)

E. PERSONS / PERSONNEL PRESENT AT THE TIME OF INSPECTION

NAME
Mr. Edwin Magsino

POSITION /Agency
Construction Foreman/ LGU Naujan

F. CONDITIONS / CIRCUMSTANCES ATTENDANT TO INSPECTION

The personnel who accompanied the undersigned was cooperative during the conduct of inspection.

G. RESULTS OF TECHNICAL EVALUATION

WORK ITEMS INVOLVED		CONTRACT		AGENCY Reported ACCOMPLISHMENT		COA VERIFIED ACCOMPLISHMENT		REMARKS
ITEM	DESCRIPTION	AMOUNT	WT %	%	Wt %	%	Wt %	
804	Embankment	20,000.00	5.59	100	5.59	100	5.59	
803	Structure Excavation/Lay and Stake Out	9,000.00	2.51	100	2.51	100	2.51	Completed
900	Concreting Works	72,570.00	20.27	100	20.27	37	7.50	Completed
404	Reinforcing Steel Bars	78,265.36	21.86	100	21.86	100	21.86	Completed
403	Tinsmithry/Steel Works	144,270.00	40.30	100	40.30	100	40.30	Completed
506	Masonry Works	22,500.00	6.28	100	6.28	100	6.28	Completed
SPL-II	Safety and Health	11,390.00	3.18	100	3.18	100	3.18	Completed
TOTAL		357,995.36	100		100		87.229	

H. NARRATIVE FINDINGS AND OBSERVATIONS

As of the date of inspection on November 14, 2013, the project was evaluated to be 87.229% complete only instead of 100% as reported by the agency concerned due to the following observation:

Item no. & Description	Nature of Defect	Affected Items and Quantity		Unit Contract Cost (in Peso)	Cost of Deficiency
900/Concrete Works	Peripheral Penetrating Cracks	Concrete Flooring 9 meters x 7meters x 0.10meters	6.3 cu.m.	7,257.00	45,719.10
Total = P					45,719.10

Any further defects that may arise within the warranty period from date of completion should be corrected by the contractor as provided in RA 9184.

Prepared by:

EDWIN G. AGLESIA
State Auditor II

Reviewed by:

ROLANDO D. LORENZO
Chief TAS

Checked by:

ALLAN C. SALVACION
Supervising TAS

Noted by:

LYNFOR M. ADOLFO
OIC-Service Chief

page 2 of 2

Construction of One (1) Unit Classroom, Phase 1 at Kalinisan, Elem. School, Barangay Kalinisan, Naujan, Oriental Mindoro
Municipal Government of Naujan, Oriental Mindoro and DK Construction

P

357,995.36

Republic of the Philippines
COMMISSION ON AUDIT
 Regional Office No. IV-B
REGIONAL TECHNICAL AND INFORMATION TECHNOLOGY SERVICES
 Commonwealth Avenue, Quezon City

**INSPECTION REPORT
 FOR INFRASTRUCTURE PROJECTS**

November 25, 2013

DATE

Project : Construction of Legislative Building, Phase I at Brgy. Santiago
Location : Naujan, Oriental Mindoro
Contracting Parties : Municipal Government of Naujan and DK Construction
Contract Duration : 92 C.D. **Date of Notice to Proceed** : January 7, 2013
Effectivity Date : January 8, 2013 **Completion/Expiry Date** : April 10, 2013

A. OBJECTIVE

To validate the reported accomplishment and determine compliance with plans and specifications.

B. SCOPE

Progress accomplishments as to physical and technical aspects.

C. REFERENCE DOCUMENTS

DOCUMENT		SUBMITTED			DATE	AMOUNT (PhP)	REMARKS
		YES	NO	NA			
1	Original Contract Amount	X			Jan. 6, 2013	P1,990,000.00	Approved
2	Plans	X					Approved
3	Specifications	X					Approved
4	Cost Breakdown	X				P1,990,000.00	Approved
5	Change Order No., if any						
6	Extra Work Order No., if any						
7	Revised Plans						
8	Specifications						
9	Cost Breakdown						
10	Agency Accomplishment Report	X			March 25, 2013	P1,990,000.00	Approved
11	Agency Certificate Of Completion	X			March 25, 2013		Certified
12	Agency Certificate of Acceptance		X				
13	Test Results, If any		X				
14	As-built Plans		X				
15	Others						

D. METHODOLOGY

Study plans and specifications. Prepare inspection template/working paper. Conduct physical/ocular inspection. Conduct technical evaluation (e.g. measuring; testing, if applicable; etc.)

Project: Construction of Legislative Building, Phase I at Brgy. Santiago, Naujan, Oriental Mindoro

E. PERSONS/PERSONNEL PRESENT AT THE TIME OF INSPECTION

Name	Designation/Agency
Edwin Magsino	Construction Maintenance Foreman/MEO Naujan

F. CONDITIONS/CIRCUMSTANCES ATTENDANT TO INSPECTION

The above named personnel assisted the undersigned in the inspection of the project.

G. RESULTS OF TECHNICAL EVALUATION

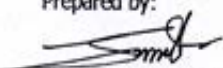
WORKS ITEMS INVOLVED		CONTRACT		AGENCY REPORTED ACCOMPLISHMENT		COA VERIFIED ACCOMPLISHMENT		REMARKS
ITEM No	DESCRIPTION	Amount	Wt%	%	Wt%	%	Wt%	
SPL 1	Installation of Billboard	3,600.00	0.18	100	0.18		See	
800	Clearing	12,000.00	0.60	100	0.60		Item H	
803	Structural Excavation	39,600.00	1.99	100	1.99		Below	
804	Embankment	30,000.00	1.51	100	1.51			
900	Reinforced Concrete Works	1,855,000.00	93.22	100	93.22			
1100	Electrical Works	2,600.00	0.13	100	0.13			
SPL-II	Safety & Health	47,200.00	2.37	100	2.37			
	TOTAL	1,990,000.00	100		100			

H. NARRATIVE FINDINGS AND OBSERVATIONS


Inspected on November 14, 2013 and found the reported 100% work accomplishment as of March 25, 2013 to be in accordance with Approved Plans and Approved Program of Work.

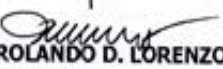
The scope of work covers only earthworks and partial reinforced concrete works based on approved plan. The constructed project looks like a skeletal structure only and any part of it could not be considered as usable which is not in accordance with the 3rd paragraph of Section 3.1, Annex "A" of RA 9184 especially now that there was presence of grown vegetation such as vines and plants of different varieties which already climbed up to the roof beams.

Prepared by:

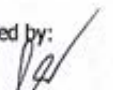

ALEX M. LAPIDANTE
Senior TAS

Checked by:


ALLAN C. SALVACION
Supervising TAS


ROLANDO D. LORENZO
Chief TAS

Noted by:


LYNFLOR M. ADOLFO
OIC-Service Chief

Republic of the Philippines
COMMISSION ON AUDIT
 Regional Office No. IV-B
REGIONAL TECHNICAL AND INFORMATION TECHNOLOGY SERVICES
 Commonwealth Avenue, Quezon City

**INSPECTION REPORT
 FOR INFRASTRUCTURE PROJECTS**

November, 2013

DATE

Project : Construction of Drainage Canal at Sitio Centro, Brgy Motoderazo
Location : Naujan, Oriental Mindoro
Contracting Parties : Municipal Government of Naujan and REMM V Builders and Enterprises
Contract Duration : 40 C.D. **Date of Notice to Proceed** : January 7, 2013
Effectivity Date : January 7, 2013 **Completion/Expiry Date** : February 16, 2013

A. OBJECTIVE

To validate the reported accomplishment and determine compliance with plans and specifications.

B. SCOPE

Progress accomplishments as to physical and technical aspects.

C. REFERENCE DOCUMENTS

	DOCUMENT	SUBMITTED			DATE	AMOUNT (PhP)	REMARKS
		YES	NO	NA			
1	Original Contract Amount	X			Jan. 7, 2013	P532,649.52	Approved
2	Plans	X					Approved
3	Specifications	X					Approved
4	Cost Breakdown	X				P532,649.52	Approved
5	Change Order No., if any						
6	Extra Work Order No., if any						
7	Revised Plans						
8	Specifications						
9	Cost Breakdown						
10	Agency Accomplishment Report	X			Feb. 11, 2013	P532,649.52	Approved
11	Agency Certificate Of Completion	X			Feb. 7, 2013		Certified
12	Agency Certificate of Acceptance		X				
13	Test Results, If any		X				
14	As-built Plans		X				
15	Others						

D. METHODOLOGY

Study plans and specifications. Prepare inspection template/working paper. Conduct physical/ocular inspection. Conduct technical evaluation (e.g. measuring; testing, if applicable; etc.)

Project: Construction of Drainage Canal at Sitio Centro, Brgy Motoderazo, Naujan, Oriental Mindoro

E. PERSONS/PERSONNEL PRESENT AT THE TIME OF INSPECTION

Name	Designation/Agency
Edwin Magsino	Construction Maintenance Foreman/MEO Naujan

F. CONDITIONS/CIRCUMSTANCES ATTENDANT TO INSPECTION

The above named personnel assisted the undersigned in the inspection of the project.

G. RESULTS OF TECHNICAL EVALUATION

WORKS ITEMS INVOLVED		CONTRACT		AGENCY REPORTED ACCOMPLISHMENT		COA VERIFIED ACCOMPLISHMENT		REMARKS
ITEM No	DESCRIPTION	Amount	Wt%	%	Wt%	%	Wt%	
SPL I	Installation of Billboard	5,078.80	0.95	100	0.95		See	
102	Structural Excavation	32,006.40	6.01	100	6.01		Item H	
I	Masonry/Concrete Works (including plastering & cover)	356,299.32	66.89	100	66.89		Below	
500	Pipes, Culverts & Storm Drain	123,200.00	23.13	100	23.13			
SPL II	Safety & Health	16,065.00	3.02	100	3.02			
	TOTAL	532,649.52	100		100			

H. NARRATIVE FINDINGS AND OBSERVATIONS

Inspected on November 14, 2013 and found the reported 100% work accomplishment as of February 11, 2013 to be in order per submitted Statement of Work Accomplishment as of February 11, 2013. However, the undersigned has noted the following observations:

1. Siltation on the canal flooring making flood and waste water to stagnate.
2. Vegetation already climbing on the canal wall at the time of inspection.

Clearing of silt and vegetation should be done by the Contractor since same is still within the defects/liability period of one (1) year from the date of completion.

Prepared by:

ALEX M. LAPIDANTE
Senior TAS

Checked by:

ALEAN C. SALVACION
Supervising TAS

ROLANDO D. LORENZO
Chief TAS

Noted by:

LYNFLO M. ADOLFO
OIC/Service Chief

