

# COMMON AUDIT FINDINGS FOR BARANGAY AND SANGGUNIANG KABATAAN

## PHALGA 18<sup>TH</sup> GEOGRAPHICAL CONFERENCE

*SMX- LANANG, DAVAO  
FEBRUARY 26, 2026*



***RUEL L. RUBIA***

SA V

Supervising Auditor  
LGAS-E Davao City



# ***COMMON AUDIT FINDINGS FOR BARANGAYS AND SANGGUNIANG KABATAAN (SKs)***



**1. Deposits of collections were **untimely and not intact**, due to disregard of the guidelines set forth under Chapter IV of the Manual on the Financial Management of Barangays as prescribed in COA Circular No. 2015-011 dated December 1, 2015, thus, exposing government funds to possible loss or misuse.**



## **Chapter IV – Collections and Deposits/Remittances of the Manual on the Financial Management of Barangays promulgated by COA Circular No. 2015-011 dated December 1, 2015 provides the following:**

**“4.1.12 Collections accruing to the barangay shall be **deposited intact daily**. Where **travel time** to the depository bank is more than one day, deposit shall be made at least **once a week or as soon** as the collections reach **P5,000.00.**”**



Month Recorded	CY 2024		
	Collection	Deposits	Balance
<i>Beginning Balance</i>			<b>70,265.10</b>
<b>January</b>	<b>5,805.85</b>	<b>-</b>	<b>86,070.95</b>
<b>February</b>	<b>11,350.00</b>	<b>-</b>	<b>97,420.95</b>
<b>March</b>	<b>100.00</b>	<b>16,500.00</b>	<b>81,020.95</b>
<b>April</b>	<b>6,523.00</b>	<b>2,655.85</b>	<b>84,888.10</b>
<b>May</b>	<b>4,500.00</b>	<b>-</b>	<b>89,388.10</b>
<b>June</b>	<b>4,500.00</b>	<b>-</b>	<b>93,888.10</b>
<b>July</b>	<b>900.00</b>	<b>40,000.00</b>	<b>54,788.10</b>
<b>August</b>	<b>5,580.87</b>	<b>-</b>	<b>60,368.97</b>
<b>September</b>	<b>900.00</b>	<b>-</b>	<b>61,268.97</b>
<b>October</b>	<b>450.00</b>	<b>-</b>	<b>61,718.97</b>
<b>November</b>	<b>200.00</b>	<b>-</b>	<b>61,918.97</b>
<b>December</b>	<b>-</b>	<b>10,000.00</b>	<b>51,918.97</b>
<b>Total</b>	<b>50,809.72</b>	<b>69,155.85</b>	<b>51,918.97</b>



**2. Non-renewal of the fidelity bonds of the Punong Barangay and the Barangay Treasurer, inconsistent with Treasury Circular No. 02-2019, has exposed barangay funds amounting to P3,404,428.59 to the risk of non-indemnification in case of loss due to defalcations, shortages, or unrelieved accountabilities.**



**BTR TC Number 01-2026- PRESCRIBING  
THE REVISED OMNIBUS GUIDELINES  
FOR THE FIDELITY BONDING OF  
ACCOUNTABLE PUBLIC OFFICERS  
UNDER SECTIONS 313 - 335, CHAPTER  
15 OF ACT NO. 2711 OR THE REVISED  
ADMINISTRATIVE CODE OF 1917**



**7.1.1.2 - The following are additional requirements for **Barangay** and **SK Officials**:**

**-**Approved Annual Budget** and **Barangay Appropriation Ordinance.****



**Annual Post-Closing Trial Balance** signed by the **accountant** of the LGU concerned or **Annual Inventory of Property, Plant, and Equipment, with Schedule of Depreciation, if available**, certified correct by head of LGU concerned for **Barangay**, while Report on Inventory of Purchased Property and Equipment (**RIPPE**) and Report on Inventory of Donated Property and Equipment (**RIDPE**) **SK** ; and



**-Current Monthly Inventory of Supply and Materials at the time of application for Barangay while Report on Inventory of Purchased Supplies and Materials (RIPSM) and Report on Inventory of Donated Supplies and Materials (RIDSM) for SK.**



**Public Officers who have a pending administrative or criminal case before the administrative, judicial, or investigative office, shall submit copies of pertinent pleadings, orders and resolutions filed or issued in relation thereto, together with an Affidavit of Undertaking setting forth the following that:**

**a) an Administrative or Criminal Case is still pending at the time the application for Fidelity Bond is made;**



**b) the case does or does not involve the misappropriation and/or malversation of public funds and/or misuse of public properties and other charges relative to public funds, properties and accountable forms;**



**c) the applicant shall furnish the BTr DO/PO of the final decision or any appeal taken therefrom that may have occurred after the application for Fidelity Bond and during the time the bond is effective; and**



d) the applicant understands that his/her Fidelity Bond application may be **subject to thorough evaluation** by the BTr DO/PO within a period of fifteen (15) days upon submission of complete documents, before issuance of ATAP for OTC payment or approval and issuance of CL for online payment.



Any **unjustified failure** of an accountable Public Officer to comply with the **legal requirements imposed** by the PBL and other laws, rules, and regulations including this Circular shall subject such accountable Public Officer to **administrative, civil, and criminal liabilities** under the applicable provisions of the 2017 Rules on Administrative Cases in the Civil Service, the Auditing Code of the Philippines, and the Revised Penal Code.



**Accountable Public Officers who deliberately commit falsification, misrepresentation, or make fraudulent statements in their application for Fidelity Bond or in any of its supporting documents, including the submission of false certifications and making untruthful statements in notarized supporting documents, shall subject such erring accountable Public Officer to administrative, civil, and criminal liabilities under the applicable provisions of the 2017 Rules on Administrative Cases in the Civil Service and the Revised Penal Code. xxx**



3. Despite prior years' audit recommendations, an **Inventory Committee was not created** by the Punong Barangay to conduct a physical count of all properties of the barangay, resulting in the **non-preparation and non-submission of the RPCPPE/ RIPE**, hence the existence and reliability of the PPE with a balance of P5.767 million as at December 31, 2024, could not be ascertained.



**4. A total of P2,710,070.77 was incurred without a corresponding appropriation inconsistent with Sections 305 and 336 of Republic Act (RA) No. 7160, thereby casting doubt on the regularity of the transactions.**



**Section 305 (RA 7160). Fundamental Principles. – The financial affairs, transactions and operations of local government units shall be governed by the following fundamental principles:**

**a. No money shall be paid out of the local treasury except in pursuance of an appropriation ordinance or law:**



**In this regard, Section 3.1.1, Chapter III of the Manual on the Financial Management of Barangays issued through COA Circular No. 2015-011 dated December 1, 2015, explicitly provides that “Expenditures/Obligations shall in no case exceed available appropriations.”**



Fund	Appropriation	Actual Disbursements	Excess Amount without covering appropriation
<b>CY 20XX</b>			
MOOE	600,000.00	1,639,109.59	(1,039,109.59)
GENDER AND DEV	90,000.00	120,000.00	(30,000.00)
BCPC	120,000.00	150,000.00	(30,000.00)
Senior citizen	160,000.00	319,000.00	(159,000.00)
Health and Social Services Project	120,000.00	631,019.65	(511,019.65)
Person with Disability Project	110,000.00	203,000.00	(93,000.00)
Agricultural Support	50,000.00	104,000.00	(54,000.00)
Katarungan Pambarangay	111,000.00	197,750.00	(86,750.00)
BADAC Project	70,000.00	98,125.00	(28,125.00)
Peace and Order	180,000.00	531,448.85	(351,448.85)
Promotion of Culture	100,000.00	164,500.00	(64,500.00)
<i>Sub-total</i>	1,711,000.00	4,157,953.09	(2,446,953.09)
<b>CY 20XX</b>			
MOOE	258,171.20	395,288.88	(137,117.68)
<i>Sub-total</i>	258,171.20	395,288.88	(137,117.68)
<b>GRAND TOTAL</b>	<b>1,969,171.20</b>	<b>4,553,241.97</b>	<b>(2,584,070.77)</b>



# 5. **Non-maintenance** of **Records of Appropriations and Obligations (RAO)** and the **Statement of Appropriations, Obligations, and Balances (SAOB)**



The **CCA** shall **report** the charges to and balances of appropriations to the **Punong Barangay (PB)** and the **SB monthly** through the Statement of Appropriations, Obligations and Balances (**SAOB**) (Annex 7). It shall be certified correct by the CCA.

The **PB and SB** shall use the SAOB in the **evaluation of the status of barangay finances**



**The Committee on Appropriations (CCA) Chairperson failed to maintain essential budgetary records, specifically the RAO and SAOB. This omission prevented the effective monitoring of appropriation and obligation balances.**



**5.1. The Local Chief Executive (LCE) shall be primarily responsible for the execution of the annual and supplemental budgets and the accountability therefor (Section 320, R.A. No. 7160).**



<b>Disbursement Voucher</b>		DV No. :	
Barangay:	City/Municipality:	Date :	
Payee:	Province:	Fund:	
Address:	TIN :	ObR No. :	
Particulars		Amount	
xxxxxxxxxxxxxx		114,000.000	
<p><b>A. Certified:</b></p> <p>As to availability of appropriation</p> <p>As to obligation of appropriation</p> <p style="text-align: center;"></p> <p>(Signature Over Printed Name) Chairman, Committee on Appropriation Date : <b>2/14/2024</b></p>	<p><b>B. Certified:</b></p> <p>As to availability of funds</p> <p>As to completeness and propriety of supporting documents</p> <p style="text-align: center;">_____</p> <p>(Signature Over Printed Name) Barangay Treasurer Date : <b>2/14/2024</b></p>	<p><b>C. Certified:</b></p> <p>As to validity, propriety, and legality of claim</p> <p><b>Approved for Payment:</b></p> <p style="text-align: center;"></p> <p>(Signature Over Printed Name) Punong Barangay Date : <b>2/14/2024</b></p>	
D. Accounting Entries			
Account	Account Code	Debit	Credit
<p><b>E. Received Payment:</b></p> <p>_____</p> <p style="text-align: center;">Signature Over Printed Name</p>		<p>Check No.: _____</p> <p>Bank _____</p> <p>Name: _____</p> <p>OR No.: _____</p> <p style="text-align: right;">Date: _____</p>	



6. The Cash in Bank balance of the agency is **not sufficient** for the payment of issued checks and settlement of current obligations due to a **net cash overdraft** of P318,918.05 contrary to Section 337 of Republic Act (RA) 7160, resulting in the incurrance of **penalties in the form of service charge** for returned checks and affecting the availability of cash for the implementation of projects in the current year and for the settlement of obligations when they become **due** and demandable.



## Section 337 of RA 7160 mandates the following:

“Disbursements in accordance with appropriations in the approved annual budget may be made from any local fund in the custody of the treasurer, but the total disbursements from any local fund shall in **no case exceed fifty percent (50%)** of the **uncollected estimated revenue** accruing to such local fund in addition to the actual collections: Provided, however, That **no cash overdraft** in any local fund shall be incurred at the end of the fiscal year.”



# Section 102. Primary and secondary responsibility-

(1) The **head of any agency** of the government is **immediately and primarily** responsible for all government funds and property pertaining to his agency.



	<b>Amount</b>
<b>Cash in Bank balance as of 12/31/20XX per books</b>	300,000.00
<b>Less: Unrecorded Disbursements</b>	(500,000.00)
<b>Adjusted Cash in Bank balance as at 12/31/20XX</b>	<b>(200,000.00)</b>



**In several instances, the total disbursements exceeded the available cash in bank balance due to the indiscriminate issuance of checks **without proper monitoring of fund availability.** Notwithstanding this, the balance **per bank did not show a negative balance** as it was noted that checks issued during the month were not **immediately presented** to the bank for payment.**



<b>Particulars</b>	<b>Balance as of 12/31/2022</b>
<b>Adjusted Cash in Bank balance</b>	<b>(200,000.00)</b>
<b>Less:</b>	
<b>    Due to BIR</b>	<b>50,000.00</b>
<b>    20% BDF ( Not yet Implemented/ Continuing)</b>	<b>250,000.00</b>
<b>    LDRRMF ( TF)</b>	<b>350,000.00</b>
<b>Net Cash (Overdraft)</b>	<b>(850,000.00)</b>



<b>Date of Debit Memo</b>	<b>Amount</b>
<b>10/26/20XX</b>	<b>3,200.00</b>
<b>11/21/20XX</b>	<b>2,200.00</b>
<b>11/24/20XX</b>	<b>4,200.00</b>
<b>12/23/20XX</b>	<b>3,200.00</b>
<b>Total</b>	<b>11,800.00</b>



**7. Utilization of the 20% Development Fund exceeded the amount authorized in the approved budget by P92,100.00 due to lapses in the monitoring of the availability of funds, thus affecting the availability of cash for the payment of the operating expenses of the barangay and implementation of other projects, programs, and activities.**



## Section 4 of DBM, DOF and DILG JMC No. 1-2020

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



**Further, Section 305(a) of Republic Act 7160 otherwise known as the “Local Government Code of 1991” states:**

***“No money shall be paid out of the local treasury except in pursuance of an appropriations ordinance or law.”***



<b>PPAs</b>	<b>Budget</b>	<b>Amount Utilized</b>	<b>Balance</b>
<b>CY 2023</b>			
Construction of Multi-Purpose Building	100,000.00	120,000.00	(20,000.00)
Installation of Solar Street Light	320,000.00	330,000.00	(10,000.00)
Rehabilitation of Barangay Road	230,000.00	232,100.00	(2,100.00)
<b><i>Sub-Total CY 2023</i></b>	<b>650,000.00</b>	<b>682,100.00</b>	<b>(32,100.00)</b>
<b>CY 2024</b>			
Construction of Multi-Purpose Hall	200,000.00	190,000.00	10,000.00
Construction of Intake Box for Water Supply System	100,000.00	120,000.00	(20,000.00)
Construction of Intake Box for Water Supply System	100,000.00	130,000.00	(30,000.00)
Rehabilitation of Barangay Road	140,000.00	160,000.00	(20,000.00)
<b><i>Sub-Total CY 2024</i></b>	<b>540,000.00</b>	<b>600,000.00</b>	<b>(60,000.00)</b>
<b><i>Grand Total</i></b>	<b>1,190,000.00</b>	<b>1,282,100.00</b>	<b>(92,100.00)</b>



8. Cash advances for **various purposes other than for traveling expenses** with an aggregate amount of P325,700.00 were granted to several **elected officials** due to continuous disregard of the provisions set forth in Section 339 of Republic Act (R.A.) No. 7160 and Section 4.1.4 of COA Circular No. 97-002, thus the accountability for these transactions is undermined.



**Section 339 of R.A. 7160 also known as the Local Government Code provides that:**

**No cash advance shall be granted to any local official or employee, elective or appointive, unless made in accordance with the rules and regulations as the Commission on Audit may prescribe.**



**Further, COA Circular 97-002 states that:**

**“Section 4.1.4 - Only permanently appointed officials shall be designated as disbursing officers. Elected officials may be granted a cash advance only for their official traveling expenses.**

**Section 4.1.5 - Only duly appointed or designated disbursing officers may perform disbursing functions.  
xxx”**



<b>Check No.</b>	<b>Date of Check</b>	<b>Month Recorded</b>	<b>Payee</b>	<b>Amount</b>
XX	XXXX	February 2022	<b>Kapitan Abtik</b>	<b>20,000.00</b>
XXX	XXXX	March 2022	<b>Kapitan Abtik</b>	<b>10,200.00</b>
XX	XXXX	April 2022	<b>Kapitan Abtik</b>	<b>35,000.00</b>
		June 2022	<b>Kapitan Abtik</b>	<b>35,000.00</b>
			<b>Sub-Total CY 2022</b>	<b>100,200.00</b>
XX	XX	Dec-22	<b>Kagawad- Sipat</b>	<b>15,000.00</b>
XXX	XXX	Dec-22	<b>Kagawad- Sipat</b>	<b>35,000.00</b>
XX	XX	Dec-22	<b>Kagawad- Matino</b>	<b>42,500.00</b>
XX	XX	Dec-22	<b>Kagawad- Matino</b>	<b>12,000.00</b>
XX	XX	Dec-22	<b>Kagawad- Matino</b>	<b>9,000.00</b>
XX	XX	Dec-22	<b>Kagawad- Matino</b>	<b>40,000.00</b>
XX	XX	Dec-22	<b>Kagawad- Sipat</b>	<b>32,000.00</b>
XX	XX	Dec-22	<b>Kapitan Abtik</b>	<b>15,000.00</b>
XX	XX	Dec-22	<b>Kapitan Abtik</b>	<b>15,000.00</b>
XX	XX	Dec-22	<b>Kapitan Abtik</b>	<b>10,000.00</b>
			<b>Sub-Total CY 2023</b>	<b>225,500.00</b>
			<b>Grand Total</b>	<b>325,700.00</b>



**9. Claims for traveling expenses amounting to Pxxxxx.00 appeared to exceed the allowable amount by Pxxxxxx, contrary to pertinent provisions of Executive Order No. 77, thus depleting the limited resources of the barangay which could have been used for other operating expenses.**



**Section 4 (c ) of **Executive Order (EO) No. 77****  
**dated March 15, 2019 prescribes the allowable**  
**Daily Travel Expenses (DTE) for travel beyond**  
**the 50-kilometer radius from the permanent**  
**official station based on the following**  
**apportionment:**



Particulars	Percentage	To Cover
<b>Day of arrival at point of destination (regardless of time) and succeeding day/s thereof on official business</b>	<b>100%</b>	<b>Hotel/lodging (50%) Meals (30%), and Incidental Expenses (20%)</b>
<b>Day of departure for permanent official station (regardless of time) if other than date of arrival</b>	<b>50%</b>	<b>Meals (30%), and Incidental Expenses (20%)</b>



	<b>Destination</b>	<b>Maximum DTE</b>
Cluster I	Regions I, II, III, V, VIII, IX, XII, XIII, ARMM	P1,500
<b>Cluster II</b>	<b>Regions VI, VII, X, XI, CAR</b>	<b>P1,800</b>
Cluster III	Regions IV-A, MIMAROPA, NCR	P2,200



Based on the itinerary of travel, the time of arrival at the point of destination was at **8:00 AM**, and the time of **departure** was at **3:00 PM**, which implies that the official business was concluded on **the same day**, hence the **return to official station** was also within the day of travel. However, the amount claimed for per diem was at 100% or the amount of **P1,800.00** from November 202x to CY 202x. The excess claim for per diem totaled Pxxxxxx computed hereunder:



<b>Per Diem</b>	<b>Total Amount Claimed (30 days)</b>	<b>Allowable Per Diem</b>	<b>Excess</b>
at <b>P1,800.00</b>	<b>54,000.00</b>	27,000.00	<b>27,000.00</b>



**DAILY TIME RECORD**

Name : **Juan Sibat**

For the month of : **March 2024**

Official hour for arrival and departure :

	A.M.		P.M.		Remarks
	Arrival	Departure	Arrival	Departure	
1	8:00	12:00	1:00	5:00	
2	Saturday				
3	Sunday				
4	8:00	12:00	1:00	5:00	
5	8:00	12:00	1:00	5:00	
6	8:00	12:00	1:00	5:00	
7	8:00	12:00	1:00	5:00	
8	8:00	12:00	1:00	5:00	
9	Saturday				
10	Sunday				
11	8:00	12:00	1:00	5:00	
12	8:00	12:00	1:00	5:00	
13	8:00	12:00	1:00	5:00	
14	8:00	12:00	1:00	5:00	
15	8:00	12:00	1:00	5:00	
16	Saturday				
17	Sunday				
18	8:00	12:00	1:00	5:00	
19	8:00	12:00	1:00	5:00	
20	8:00	12:00	1:00	5:00	
21	8:00	12:00	1:00	5:00	
22	8:00	12:00	1:00	5:00	
23	Saturday				
24	Sunday				
25	8:00	12:00	1:00	5:00	
26	8:00	12:00	1:00	5:00	
27	8:00	12:00	1:00	5:00	
28	Holiday				
29	Holiday				
30	Saturday				
31	Sunday				

I certify on my honor that the above is true and correct report of the hours of work performed, record of which was made daily at the time of arrival and departure from office.



**JUAN SIBAT**

Signature of Employee

Verified as to the prescribed office hours



**Kapitan Matic**

Punong Barangay



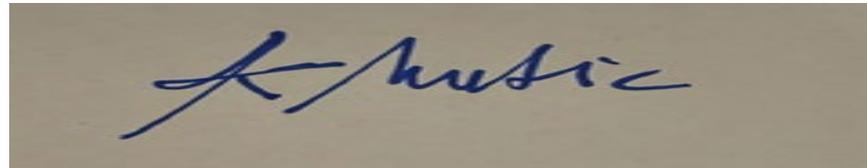
Republic of the Philippines  
Province of Taposna  
Municipality of Minadali  
**BARANGAY MABAIT**  
**OFFICE OF THE PUNONG BARANGAY**

## **CERTIFICATE OF SERVICES RENDERED**

This is to certify that **Mr. Juan Sibat** has rendered services as a barangay functionary from **March 1 to March 31, 2024**.

This certification is hereby issued for any legal purposes it may serve best.

Issued this **14<sup>th</sup> day of March, 2024**, at Barangay Mabait, Minadali, Taposna.



Certified by:  
**Kapitan Matic**  
Punong Barangay



**10. Payments of honoraria totaling P2,059,500.00 for CY 2022 were made even if the required services for the month **are yet to be rendered** in full contrary to Section 88 of Presidential Decree No. 1445, thus the transactions may be considered were deemed irregular, there being no basis at the time of payment.-**



Under DBM Local Budget Circular No. 63 and in relation to Section 393 of Republic Act (RA) 7160, Sangguniang Barangay Members are paid in the form of honorarium. Honorarium, as defined in the Government Accounting and Auditing Manual, refers to the remuneration given to a public official for services **actually rendered**. Given this definition, the DILG is of the view that in measuring **services actually rendered by an elective barangay** official, the basic consideration shall be his attendance in **regular and special sessions**. As required in Section 52 of RA 7160, Sangguniang Barangays are mandated to conduct **two (2) regular sessions a month**. An absence from one (1) of the regular sessions for reasons other than the performance of his public duty outside of the office, shall result in a **proportionate reduction of his honoraria**.



DILG Opinion No. 61, s. 2010 dated May 24, 2010

**Further, Section 88 of Presidential Decree 1445 states that:**

**“Except with the prior approval of the President (Prime Minister) the government shall not be obliged to make an **advance payment for services not yet rendered** or for supplies and materials not yet delivered under any contract therefor. xxx”**



Date	Check No.	Particular	Amount	Date of Session	
				1	2
<b>01/13/2022</b>	xxx	Honorarium of barangay officials for the month of Jan 2022	196,500.00	1/3/2022	<b>1/17/2022</b>
<b>02/10/2022</b>	xxxx	Honorarium of barangay officials for the month of Feb 2022	196,500.00	2/7/2022	<b>2/21/2022</b>
03/16/2022	xxxx	Honorarium of barangay officials for the month of March 2022	196,500.00	3/7/2022	3/21/2022



<b>07/15/2022</b>	<b>xxxx</b>	<b>Honorarium of barangay officials for the month of July 2022</b>	<b>245,000.00</b>	<b>7/4/2022</b>	<b>7/18/2022</b>
<b>08/08/2022</b>	<b>xxxx</b>	<b>Honorarium of barangay officials for the month of Aug 2022</b>	<b>245,000.00</b>	<b>8/1/2022</b>	<b>8/15/2022</b>
<b>09/05/2022</b>	<b>xxxx</b>	<b>Honorarium of barangay officials for the month of Sept 2022</b>	<b>245,000.00</b>	<b>9/5/2022</b>	<b>9/19/2022</b>
<b>10/10/2022</b>	<b>xxxx</b>	<b>Honorarium of barangay officials for the month of Oct 2022</b>	<b>245,000.00</b>	<b>10/3/2022</b>	<b>10/17/2022</b>
<b>11/08/2022</b>	<b>xxxx</b>	<b>Honorarium of barangay officials for the month of Nov 2022</b>	<b>245,000.00</b>	<b>11/7/2022</b>	<b>11/21/2022</b>
<b>12/05/2022</b>	<b>xxxx</b>	<b>Honorarium of barangay officials for the month of Dec 2022</b>	<b>245,000.00</b>	<b>12/5/2022</b>	<b>12/19/2022</b>
		<b>Total</b>	<b>2,059,500.00</b>		



**11. Outstanding cash advances of P12,000,000.00 remained unliquidated due to the lapses in the adherence to the rules and regulations in the granting and liquidation thereof exposing government funds to the risk of possible loss and misuse.**



**Section 89 of Presidential Decree (PD) No. 1445 provides the limitations on cash advances, to wit:**

**No cash advance shall be given unless for a legally authorized specific purpose. A cash advance shall be reported on and liquidated as **soon as the purpose** for which it was given has been served. **No additional cash** advance shall be allowed to any official or employee unless the **previous cash advance** given to him is **first** settled or a proper accounting thereof is made.**



<b>Account</b>	<b>Amount</b>
<b>Advances for Payroll</b>	<b>4M</b>
<b>Advances for Operating Expenses</b>	<b>8M</b>
<b>Total ( <b>over 1 to 2 years</b> )</b>	<b>12M</b>



L



# LO



# LOA



# LOAN



**12. Honorarium was paid to Sangguniang Kabataan Members despite **their absence** from the SK monthly meetings, inconsistent with the requirements of DBM Local Budget Circular No. 148, resulting in the payment of **irregular expenditures** totaling Pxxxxx00.**



**Section 3.1.1 of the Department of Budget and Management (DBM) Local Budget Circular (LBC) No. 148, dated December 23, 2022, states that:**

**In the performance of their duties enumerated under Sections 8, 14, and 15 of RA No. 10742, **the SK Officials** shall each receive a monthly honorarium, chargeable against the SK funds, in addition to any other compensation provided by RA No. 11768, and shall be granted at the **end of the month.****



**Pertinent thereto, Section 3.1.3 of the said Circular provides that:**

**The amount of the monthly honorarium of the SK Officials shall be subject to their attendance at SK meetings, deliberations, and official activities of the SK.**

**The monthly honorarium shall be prorated based on the actual work and/or attendance vis-à-vis the work and/or meeting schedule or performance standards as may be prescribed under the internal rules of the SK concerned.**



Name of SK Official	Date of Meeting	Amount of Honorarium Paid	Remarks	Covered by Check	
				Date	Number
<b>Hon. Bigla-Wala</b>	<b>03/04/2024</b>	<b>P7,000.00</b>	Absent from mtg.	05/23/2024	7xxx
<b>Hon. Minsan Kita</b>	<b>05/08/2024</b>	<b>P7,000.00</b>	Absent from mtg.	05/23/2024	7xxx
<b>TOTAL</b>		<b>P14,000.00</b>			



**While the DBM guidelines provide that the SK official may be paid for their attendance not only in their meetings but also in their deliberations, and official activities, the same must be supported with complete documentation and in accordance with their internal rules. However, the relevant Disbursement Voucher showed no other supporting documents but only the minutes of the meetings of the SK's regular session.**



# COA CIRCULAR NO. 2026-001

The **Disbursement Voucher** for the release of honoraria shall be supported by, but not limited to, the following:

- a. Notice of meeting, duly approved by SK Chairperson, with agenda/meeting's purpose;
- b. Minutes of meeting, duly approved by SK Chairperson;
- c. Attendance sheet;
- d. Accomplishment report on the SK's official activities for the month, indicating the targets, duly certified by the SK Chairperson, and supported by an attendance sheet;
- e. Payroll;



# COA CIRCULAR NO. 2026-001

For additional honoraria, as well as social welfare contributions and hazard pay, in addition to Items a to e:

- i. **MOA or contract**, which should indicate the period covered for the additional honoraria;
- ii. **Proof of receipt of financial assistance** from the concerned LGU;
- iii. **Report on Fund Utilization** of Additional Honoraria for the previous year's financial assistance from LGUs for honoraria;
- iv. Official Receipt/validated deposit slip for any refund of excess funds from the source LGU if required in the MOA; and
- v. Certification signed by the SK Chairperson and BMO if the fund source for additional honoraria is from excess funds from additional honoraria received in the **previous year**.



**13. Changes in the SK Budget amounting to ₱542,906.00 were made through **augmentation** instead of a **supplemental budget**, inconsistent with RA No. 10742, as amended by RA No. 11768, thereby precluding the required review by the Sangguniang Bayan and undermining budget transparency, accountability, and compliance with approved youth development plans.**



**Section 20 of Republic Act (RA) No. 10742, as amended by RA 11768, provides, among other the following:**

**All SK funds shall be allocated in an **annual budget**, and if the funds allow, in a supplemental budget in **accordance** with the adopted **ABYIP**. Both the **CBYDP and ABYIP** shall give priority to programs, projects, and activities that will promote and attain the thrusts of the PYDP, such as:**

- health,**
- education,**
- environment,**
- global mobility,**
- active citizenship,**
- governance, social equity and inclusion,**
- peace-building and security, human rights, gender equality, and**
- economic empowerment, xxx**



In relation thereto, the DBM-DILG-NYC Joint Memorandum Circular No. 1, s.2019, dated January 23, 2019, provides, among others, the following:

**3.3.3.2** As a general rule, all budgetary items shall be included and considered in the preparation of the annual budget. However, if funds **allow, changes in** the annual budget may be done through **supplemental budget(s)** under the following circumstances:

**3.3.3.2.1** When supported by **funds actually available** as certified by the SK treasurer; and

**3.3.3.2.2** If covered by new revenue source(s).

Provided, that the programs, projects, and activities to be funded under the supplemental budget should be consistent with the **ABYIP of the SK.**



Function/Program/Project	Appropriations				
	Annual	Supplemental	Augmentation From	Augmentation To	Final
Personal Services	P472,500.00		P 0.00		P472,500.00
Travelling Expenses	100,000.00		(94,638.00)		5,362.00
Training and Seminar Expenses	100,000.00		(76,000.00)		24,000.00
Office Supplies	49,000.00		(49,000.00)	7,000.00	7,000.00
Fuel, Oil and Lubricants	5,000.00		(5,000.00)		0.00
Fidelity Bond Premium	3,628.00		(1,978.00)		1,650.00
Membership Dues & Contributions	20,000.00		(20,000.00)		0.00
Accounting Services	5,000.00		(5,000.00)		0.00
<b>Equitable Access to Quality Education</b>	350,000.00				350,000.00
<b>Environmental Protection</b>	25,000.00		(25,000.00)		0.00
<b>Disaster Risk and Resiliency</b>	10,000.00		(10,000.00)		0.00
Livelihood Program	20,000.00		(20,120.00)		(120.00)
Health & Anti-Drug Abuse	15,000.00		(15,000.00)		0.00
Gender Sensitivity	15,000.00		(15,000.00)		0.00
<b>Sports and Development Projects</b>	100,000.00		(80,240.00)	<b>128,950.00</b>	148,710.00
Governance	50,000.00	52,842.00	(25,000.00)	<b>40,158.00</b>	118,000.00
Capability Building	150,000.00		(50,000.00)	<b>180,000.00</b>	280,000.00
Other Development Program for Youth	100,000.00	155,438.92	(50,930.00)	<b>186,798.00</b>	391,306.92
Capital Outlay	300,000.00				300,000.00
<b>TOTAL</b>	<b>P1,890,128.00</b>	<b>P208,280.92</b>	<b>(P542,906.00)</b>	<b>P542,906.00</b>	<b>P2,098,408.92</b>



Considering also that the allocated budget for certain priority programs, projects, and activities (PPAs), such as the allocation for **Environmental Protection**, was **transferred** to **other PPAs**, there is an even greater need to pass a **supplemental budget**. Such action is analogous to a Capital Outlay (CO) project that was abandoned and subsequently reprogrammed to another CO project, which requires not mere augmentation but the enactment of a supplemental budget.



**14. Prizes** on various SK activities, amounting to P510,000.00, which represents **24.30%** of the total CY 2024 SK budget, were paid not in accordance with the requirements of Republic Act No. 7160, as P346,000.00 was sourced from **Other Maintenance and Operating Expenses** appropriations, thereby constituting unauthorized expenditures.



**Section 20 of Republic Act (RA) No. 10742, as amended by RA 11768, provides, among other the following:**

**All SK funds shall be allocated in an **annual budget**, and if the funds allow, in a supplemental budget in **accordance** with the adopted **ABYIP**. Both the **CBYDP and ABYIP** shall give priority to programs, projects, and activities that will promote and attain the thrusts of the PYDP, such as:**

- health,**
- education,**
- environment,**
- global mobility,**
- active citizenship,**
- governance, social equity and inclusion,**
- peace-building and security, human rights, gender equality, and**
- economic empowerment, xxx**



Function/Program/Project	Appropriations				
	Annual	Supplemental	Augmentation From	Augmentation To	Final
<b>Personal Services</b>	P 472,500.00	P 0.00	P 0.00	P 0.00	P 472,500.00
Travelling Expenses	100,000.00		(94,638.00)		5,362.00
Training and Seminar Expenses	100,000.00		(76,000.00)		24,000.00
Office Supplies	49,000.00		(49,000.00)	7,000.00	7,000.00
Fuel, Oil and Lubricants	5,000.00		(5,000.00)		0.00
Fidelity Bond Premium	3,628.00		(1,978.00)		1,650.00
Membership Dues & Contributions	20,000.00		(20,000.00)		0.00
Accounting Services	5,000.00		(5,000.00)		0.00
Equitable Access to Quality Education	350,000.00				350,000.00
<b>Environmental Protection</b>	25,000.00		(25,000.00)		0.00
<b>Disaster Risk and Resiliency</b>	10,000.00		(10,000.00)		0.00
Livelihood Program	20,000.00		(20,120.00)		(120.00)
Health & Anti-Drug Abuse	15,000.00		(15,000.00)		0.00
Gender Sensitivity	15,000.00		(15,000.00)		0.00
<b>Sports and Development Projects</b>	100,000.00		(80,240.00)	128,950.00	148,710.00
Governance	50,000.00	52,842.00	(25,000.00)	40,158.00	118,000.00
Capability Building	150,000.00		(50,000.00)	180,000.00	280,000.00
Other Development Program for Youth	100,000.00	155,438.92	(50,930.00)	186,798.00	391,306.92
Capital Outlay	300,000.00				300,000.00
<b>TOTAL</b>	<b>P1,890,128.00</b>	<b>P208,280.92</b>	<b>(P542,906.00)</b>	<b>P542,906.00</b>	<b>P2,098,408.92</b>



Of the total budget, P510,000.00 was paid for the prizes of its various activities, which account for a significant **24.30%**, broken down as follows:

Date	Check No.	Particulars	Amount	Allocated for Prizes	
				Amount	Percentage
07/17/24	93348603	C/A-prizes and honoraria	P 70,000.00	<b>P 40,000.00</b>	57.14%
09/09/24	93348617	C/A-prizes and honoraria	280,000.00	<b>179,000.00</b>	63.93%
09/12/24	93348616	C/A-prizes and honoraria	272,000.00	<b>188,000.00</b>	69.12%
10/21/24	93348618	C/A-prizes and honoraria	118,000.00	<b>103,000.00</b>	87.29%
<b>TOTAL</b>			<b>P740,000.00</b>	<b>P510,000.00</b>	
		<b>Note: Appropriation</b>	<b>164,000.00</b>		



While awarding prizes may serve as an incentive to **encourage participation**, such prizes should be incidental and reasonable, not the **centerpiece** of the activity. The **true measure of a successful** SK program lies not in the value of the prizes distributed but in its **impact on youth development**, such as the **enhancement of leadership skills, promotion of values formation**, improvement of community involvement, and the creation of opportunities for personal **and** social growth.



Moreover, the **excessive use** of funds for **prizes** may be viewed as **non-developmental spending**, inconsistent with the intent of the ABYIP and the Philippine Youth Development Plan, which emphasize **sustainable, educational,** and **capacity-building initiatives**. Thus, the SK should design activities where the youth's participation is inspired by the desire to learn, contribute, and make a **difference in their community**, not merely to receive monetary rewards.



**15. The Sangguniang Kabataan's continued delay and/or non-submission of its financial transaction documents, contrary to the requirements of the Handbook on the Financial Transactions of the SK, precluded the timely review, detection, and communication of possible errors in the recording of its transactions, as well as the determination of compliance with existing laws, rules, and regulations**



# Deadline for Submission of Financial Statements and Other Reports



**MONTHLY**



**QUARTERLY**



**SEMI-ANNUAL**



**ANNUAL**



# Deadline for Submission of Financial Statements and Other Reports

## MONTHLY

 Bank  
Reconciliation  
Statement

Must be prepared by the SK Treasurer and submitted to the **COA Auditor** on or before the **20th day** of following the month

# Deadline for Submission of Financial Statements and Other Reports

## QUARTERLY

 Statement of Receipts and Payments

 Report of Accountability for Accountable Forms

Must be prepared by the SK Treasurer and submitted to the **SK, SB and COA Auditor** concerned within **20 days** after the end of each quarter

Must be prepared by the SK Treasurer and submitted to the **SK Chairperson and COA Auditor** concerned within **20 days** after the end of each quarter

# Deadline for Submission of Financial Statements and Other Reports

## QUARTERLY

 Summary of Budget, Commitments, Payments and Balances

 Summary of Specific Purpose Fund, Commitments, Payments and Balances

Must be prepared by the BMO and submitted to the **SK, SB and COA Auditor** concerned within **20 days** after the end of each quarter

Must be prepared by the BMO and submitted to the **SK, SB and COA Auditor** concerned within **20 days** after the end of each quarter

# Deadline for Submission of Financial Statements and Other Reports

## SEMI-ANNUAL

 Report on Inventory of Purchased Supplies and Materials

 Report on Inventory of Donated Supplies and Materials

Must be prepared by the SK Treasurer and submitted to the **SK and COA Auditor** concerned not later than **July 31 and January 31 of each year** for physical count of supplies and materials as of June 30 and December 31, respectively

# Deadline for Submission of Financial Statements and Other Reports

## ANNUAL

 Statement of Receipts and Payments

Must be prepared by the SK Treasurer and submitted to the **SK, SB and COA Auditor** concerned within **60 days after** the end of each year

 Statement of Comparison of Budget and Actual Amounts

Must be prepared by the BMO and submitted to the **SK, SB and COA Auditor** concerned within **60 days after** the end of each year

 Report on Inventory of Purchased Property and Equipment

Must be prepared by the SK Treasurer and submitted to the **SK and COA Auditor** concerned not later than **January 31** of the following year

# Deadline for Submission of Financial Statements and Other Reports

## ANNUAL

 Report on Inventory of Donated Property and Equipment

 Notes to Financial Statements

Must be prepared by the SK Treasurer and submitted to the **SK and COA Auditor** concerned not later than **January 31** of the following year

Must be prepared by the SK Treasurer and submitted to the **SK, SB and COA Auditor** concerned within **60 days** after the end of each year

**Moreover, 7.2.2 of the Handbook on the Financial Transactions of the Sangguniang Kabataan (HFTSK):**

**Prepares the *SK Chairperson's Certification (SKCC)* in four copies for all checks issued during the day on a daily basis or as the need arises. The *2nd copy of SKCC* shall be submitted to the *COA auditor* concerned *on or before the 20th day* of the following month.**

**\* Retains a photocopy of the check together with the 2nd copy of the *DV and forwards the duplicate copy of the check together with the original copy of the DV to the COA Auditor concerned.***



Period Covered	SKCC, DVs and SDs		
	Date Submitted	Due Date	Delay in Days
January 2024	No transactions	-	-
February 2024	No transactions	-	-
March 2024	No transactions	-	-
April 2024	07/11/2024	05/20/2024	52
May 2024	08/06/2024	06/20/2024	47
June 2024	08/06/2024	07/20/2024	17
July 2024	11/14/2024	08/20/2024	86
August 2024	11/21/2024	09/20/2024	62
September 2024	11/21/2024	10/20/2024	32
<b>October 2024</b>	<b>07/31/2025</b>	<b>11/20/2024</b>	<b>253</b>
November 2024	04/07/2025	12/20/2024	108
December 2024	04/07/2025	01/20/2025	77



# Notable Amendments of JMC No.1 2019 by JMC NO.1-2025

## Budget Preparation by the SK

The following documents shall be prepared by the SK officials concerned:

1. Budget of Expenditures and Sources of Financing (SK Budget Preparation [SKBP] Form No. 1) attached as **Annex C**;
2. Program Appropriation by PPA, Expense Class, Object of Expenditure, and Expected Results (SKBP Form No. 2) attached as **Annex D**; and
3. Plantilla of Sangguniang Kabataan Officials (SKBP Form No. 3) attached as **Annex E**.



**16. Non-recognition of land utilized as location for barangay infrastructures, inconsistent with the Manual on the Financial Management of Barangays, thereby understating asset and equity accounts as of December 31, 2023.**



<b>Account</b>	<b>2023</b>	<b>2022</b>
<b>Buildings</b>	<b>1,200,000.00</b>	<b>1,200,000.00</b>
<b>Other Land Improvements</b>	<b>780,000.00</b>	<b>750,000.00</b>
<b>Hospitals and Health Centers</b>	<b>166,000.00</b>	<b>166,000.00</b>
<b>School Buildings</b>	<b>1,700,000.00</b>	<b>1,700,000.00</b>
<b>Other Infrastructure Assets</b>	<b>1,800,000.00</b>	<b>1,800,000.00</b>
<b>Other Structures</b>	<b>31,000,000.00</b>	<b>26,000,000.00</b>
<b>Total</b>	<b>36,646,000.00</b>	<b>31,616,000.00</b>



**17. Purchase of various goods and services amounting to P120,510.00 were paid on a **reimbursement** basis due to failure of the barangay to plan its procurement activities, contrary to the provisions set forth in PD No. 1445, thus corresponding **taxes were not withheld** which deprived the government of revenues from these transactions.**



**DELETED UNDER RA 12009**

# **SHOPPING**



# New Modes of Procurement RA No. 1200

1. Competitive Dialogue
2. Unsolicited Offer with Bid Matching
3. **Direct Acquisition**
4. Direct Sales
5. Direct Procurement for Science,
6. Technology and Innovation



# **DIRECT ACQUISITION**

## **PROCUREMENT METHOD FOR:**

- 1. CSE NOT AVAILABLE IN PS- DBM**
- 2. NON-CSE GOODS**
- 3. SERVICES**

**\*ABC NOT EXCEEDING 200K**

**\*NO CANVASS OR REQUEST FOR QUOTATION REQUIRED**

## **APPLICABLE GOODS**



**18. The provisions of RA No. 9184 and its revised IRR were **not complied** with by the barangay in the purchase of construction aggregates and rescue vehicle with an aggregate value of P1,600,000.00, due to lack of proper planning in the procurement process and discrepancies in the procurement documents, thus casting doubt on the economy and regularity of such transactions.**



## Section 10 of the Revised Implementing Rules and Regulations (IRR) of Republic Act 9184 prescribes:

**“As a general rule, the Procuring Entities shall adopt competitive bidding as the general method of procurement and shall see to it that the procurement program allows sufficient lead time for such competitive bidding. Alternative methods of procurement shall be resorted to only in highly exceptional cases provided for in this Rule.”**



In CY 2022, Barangay XXX implemented infrastructure projects and procured rescue vehicle with an approved budget of contract (ABC) of P1,600,000.00. The procurement transactions were **published on the PhilGEPS website with details as follows:**

<u>Project /Item</u>	<b>Bid Notice Abstract Ref. No./ Date</b>	<b>Project</b>	<b>Mode of Procurement</b>	<b>ABC</b>
A	xxxxxx	<b>Goods- Procurement of Rescue Vehicle</b>	<b>Public Bidding</b>	<b>P700,000.00</b>
B	xxxxxx	<b>Civil Works- Gravelling of Barangay Roads ( Phase 1)</b>	<b>Public Bidding</b>	<b>P168,000.00</b>
C	xxxxxx	<b>Civil Works- Gravelling of Barangay Roads ( Phase 2)</b>	<b>Public Bidding</b>	<b>P162,000.00</b>
D	xxxxxx	<b>Civil Works- Gravelling of Barangay Roads ( Phase 3)</b>	<b>Public Bidding</b>	<b>P107,000.00</b>
E	xxxxx	<b>Civil Works- Procurement of Aggregates</b>	<b>Negotiated Procurement- Small Value Procurement</b>	<b>P143,000.00</b>
F	xxxxxx	<b>Goods- Procurement of Aggregates</b>	<b>Negotiated Procurement- Small Value Procurement</b>	<b>P165,000.00</b>
G	xxxxxxx	<b>Civil Works- Procurement of Aggregates</b>	<b>Negotiated Procurement- Small Value Procurement</b>	<b>P165,000.00</b>
			<b>Total</b>	<b>P1,600,000.00</b>



Date of Check	Check No.	Payee	Particulars	Amount (at Gross)	PR No.	PO No.	Mode of Procurement
xx	xxx	korean Bug car display center	rescue vehicle	<b>P690,000.00</b>	xxx 02-22-2022	Xxx 02-22-2022	<b>Shopping</b>
xxx	xxxx	Tuko sand gravel & concrete products	To purchase of sand and gravel	<b>P168,000.00</b>	Xxx 02-01-2022	Xxx 02-01-2022	<b>Shopping</b>
xxx	xxx	Tuko sand gravel & concrete products	To purchase of sand and gravel	<b>P162,000.00</b>	Xxx 03-14-2022	xxx 03-14-2022	(no resolution attached)
xxxx	xxx	Tuko sand gravel and concrete products	To payment of purchased gravel used for gravelling	<b>P107,350.00</b>	Xxx 03-28-2022	Xxx 04-01-2022	<b>Shopping</b>
xxx	xxx	Tuko sand & gravel & concrete products	Payment of aggregates for road gravelling	<b>P143,000.00</b>	2022-09-0228/ undated	2022-09-0228/ undated	(no resolution attached)
xxxx	xxx	Tuko sand & gravel & concrete products	Purchase of aggregates for road gravelling	<b>P165,000.00</b>	2022-10-0233/ undated	2022-09-0233/ undated	(no resolution attached)
xxx	xxx	Tuko sand & gravel & concrete products	Purchase of aggregates for road gravelling	<b>P165,000.00</b>	2022-10-0234/ undated	2022-10-0234/ undated	(no resolution attached)
Session 1.0 Overview of Financial Audit			<b>Total</b>	<b>P1,600,350.00</b>			Slide 1.0.100



- 1. PhilGEPS Feb. 3, 2024 PR and PO Approved  
February 1, 2024**
- 2. No BAC Resolution - Failure of Public Bidding-  
Negotiated Procurement**
- 3. No BAC Resolution - Alternative Mode of procurement**



**19. The provisions of RA No. 9184 and its revised IRR were **not complied** with by the barangay in the purchase of construction materials with an aggregate value of P1,700,000.00, due to lack of proper planning in the procurement process and discrepancies in the procurement documents, thus, casting doubt on the economy and regularity of such transactions.**



Date of Check (Check No.)	Payee	Particulars	Mode of Procurement	PR	
				Ref. No./ Date	ABC
03/16/2022 (1664370)	AAA Construction & Supply	Office supplies	<b>Not indicated</b>	2022-03-02/ 2-16-2022	85,000.00
12/19/2022 (2072684)	BBB & Catering Services	Meals and snacks	<b>Not indicated</b>	2022-012-018/ 11-22-2022	80,000.00
08/08/2022 (1664456)	CCC Construction and Supply	Construction materials for MRF	<b>Negotiated Procurement- Two Failed Biddings</b>	2022-08-04/ 7-11-2022	117,050.00
09/16/2022 (1664486)	DDD Construction & Hardware Supply	Improvement of Barangay Site at Purok II	<b>Negotiated Procurement- Two Failed Biddings</b>	2022-09-07/ 8-17-2022	400,000.00
11/08/2022 (2072609)	EEE Construction & Hardware Supply	Payment of the Construction of Compost Pit with Fencing	<b>Negotiated Procurement- Two Failed Biddings</b>	2022-011-009/ 10-11-2022	300,000.00
11/16/2022 (2072637)	AAA Construction & Supply	Installation of Solar Led Streetlight, 7 units with concrete pedestal	<b>Negotiated Procurement- Two Failed Biddings</b>	2022-011-014/ 10-31-2022	290,900.00
11/16/2022 (2072640)	AAA Construction & Supply	Rehabilitation of Open Line Canal with Concrete Cover	<b>Negotiated Procurement- Two Failed Biddings</b>	2022-011-015/ 10-31-2022	350,000.00
		<b>Total</b>			<b>1,622,950.00</b>



Date of Check (Check No.)	Payee	Particulars	Mode of Procurement	PR	
				Ref. No./ Date	ABC
03/16/2022 2 (1664370)	AAA Construction & Supply	Office supplies	Not indicated	2022-03-02/ 2-16-2022	85,000.00
12/19/2022 2 (2072684)	BBB Catering Services	Meals and snacks	Not indicated	2022-012-018/ 11-22-2022	80,000.00



- BAC Resolutions declaring the first and second failure of bidding were submitted
- No date for the conduct of public bidding and preparation of the BAC Resolution

Date of Check (Check No.)	Payee	Particulars	Mode of Procurement	PR	
				Ref. No./ Date	ABC
11/08/2022 2 (2072609)	EEE Construction & Hardware Supply	Payment of the Construction of Compost Pit with Fencing	<b>Negotiated Procurement- Two Failed Biddings</b>	2022-011- 009/ 10- 11-2022	<b>300,000.00</b>
11/16/2022 2 (2072637)	AAA Construction & Supply	Installation of Solar Led Streetlight, 7 units with concrete pedestal	<b>Negotiated Procurement- Two Failed Biddings</b>	2022-011- 014/ 10- 31-2022	<b>290,900.00</b>
11/16/2022 2 (2072640)	AAA Construction & Supply	Rehabilitation of Open Line Canal with Concrete Cover at Purok 1	<b>Negotiated Procurement- Two Failed Biddings</b>	2022-011- 015/ 10- 31-2022	<b>350,000.00</b>
		<b>Total</b>			<b>940,900.00</b>



- reference numbers for the last three (3) transactions **were the same**
- The reference number of the notice is a **system-generated number unique** to each bid notice and increments to the next higher number for every bid notice published.

PO		Bid Notice	
Ref. No./ Date	Cost	Reference Number	Date Published
2022-11-9/11-2-2022	300,000.00	<b>909572</b>	9/21/2022
2022-011-014/ 11-18-2022	290,900.00	<b>909572</b>	9/21/2022
2022-011-015/ 11-18-2022	350,000.00	<b>909572</b>	9/21/2022



PO		Date of Purchase Request	Date of PhilGEPS Publication
Ref. No./ Date	Cost		
2022-11-9/11-2-2022	300,000.00	10/11/2022	9/21/2022
2022-011-014/ 11-18-2022	290,900.00	10/31/2022	9/21/2022
2022-011-015/ 11-18-2022	350,000.00	10/31/2022	9/21/2022



**20.** The **propriety and regularity** of the disbursements totaling P1,812,489.00 related to the implementation of various projects which were sourced out from the various funds of the barangay cannot be ascertained due to non-compliance with the pertinent requirement set forth under the 2016 Revised IRR of RA 9184 and COA Circular No. 2012-001. (**Program of Work / Detailed Engineering**)



## Revised IRR of RA 9184 requires:

- No **bidding and award of contract** for Infrastructure Projects shall be made unless the ***detailed engineering investigations, surveys and designs, for the project have been sufficiently carried out*** and duly approved in accordance with the standards and specifications prescribed by the HOPE concerned or his duly authorized representative X x x... (Section 17.6)



Before prosecuting any project, the necessary **Program of Work** shall be **prepared and submitted for approval**. In **no case** shall construction funds be remitted to field offices or construction work on a project be started **before the program of work is approved**, in accordance with existing laws.

No **program of work** for any project shall be approved **without** detailed engineering. (Paragraph 3.i, Annex "A" – Detailed Engineering for the Procurement of Infrastructure Projects)



**Post-audit of the disbursements made by the barangay showed the following implemented projects for CY 2022**

Projects	Amount
Rehabilitation of Multi-purpose hall, multi-purpose drier, multi-purpose stage various Puroks in Brgy. Madilim	545,000.00
Water rehabilitation	81,265.00
<b>Road clearing, clean and green activities</b> , drainage and declogging and street light projects- Purok Mahayag	837,000.00
Other construction projects such as the rehabilitation of Child Development Center	349,224.00
<b>Total</b>	<b>1,812,489.00</b>



**\*No POWs prepared and attached to the disbursement vouchers**

**\*No **Statement of Work Accomplished** and photographs of items of work were prepared **before, during, and after** the construction to substantiate the actual implementation of the above-mentioned projects.**



**21. The barangay failed to prepare and submit the **Project Procurement Management Plan** and **Annual Procurement Plan**, as the basis for the procurement of goods and infrastructure projects, due to the leniency of the barangay officials concerned in the discharge of their functions, casting doubt on the validity and necessity of the transactions.**



**Moreover, Pertinent provisions of the Revised Implementing Rules and Regulations of Republic Act (R.A.) No. 9184, otherwise known as The Government Procurement Act, provides:**

**“7.1 All procurement shall be within the approved budget of the procuring entity and should be meticulously and judiciously planned by the procuring entity. Consistent with government fiscal discipline measures, **only those** considered crucial to the efficient discharge of governmental functions shall be included in the **Annual Procurement Plan (APP)**.”**



**For purposes of this IRR, a procurement project shall be considered crucial to the efficient discharge of governmental functions if it is required for the day-to-day operations or is in pursuit of the principal mandate of the procuring entity concerned. **The APP shall** include provisions for foreseeable emergencies based on historical records. In case of infrastructure projects, the APP shall consider the appropriate timing/phasing of related project activities, such as, engineering design and acquisition of right of way, to reduce lower/project costs.**



**7.2 No procurement** shall be undertaken unless it is in accordance with the **approved APP of the procuring entity**. The APP shall bear the approval of the Head of the Procuring Entity or second-ranking official designated by the Head of the Procuring Entity to act on his behalf, and must be consistent with its duly approved yearly **budget**.



**22. Traveling expenses in the total amount of P2,176,561.00 were not supported with correct and complete documents as required under Executive Order (EO) No. 77 and COA Circular No. 2012-001, thereby raising doubts on the regularity and validity of such claims.**



# **Executive Order (EO) No. 77 was promulgated to prescribe the Rules and Regulations and Rates of Expenses and Allowances for Official Local and Foreign Travels of Government Personnel.**



**On the other hand, Section 1.2.4 of COA Circular No. 2012-001 requires the submission of the following documents for claiming travel expenses:**

- **Paper/electronic plane, boat or bus tickets, boarding pass, terminal fee**
- **Certificate of appearance/attendance**
- **Copy of previously approved itinerary of travel**
- **Revised or supplemental Office Order or any proof supporting the change of schedule**
- **Revised Itinerary of Travel, if the previous approved itinerary was not followed**
- **Certification by the Head of Agency as to the absolute necessity of the expenses together with the corresponding bills or receipts, if the expenses incurred for official travel exceeded the prescribed rate per day (certification or affidavit of loss shall not be considered as an appropriate replacement for the required hotel/lodging bills and receipts)**



**On the other hand, Section 1.2.4 of COA Circular No. 2012-001 requires the submission of the following documents for claiming travel expenses:**

- **Liquidation Report**
- **Reimbursement Expense Receipt (RER)**
- **OR in case of refund of excess cash advance**
- **Certificate of Travel Completed**
- **Hotel room/lodging bills with official receipts in the case of official travel to places **within 50-kilometer** radius from the last city or municipality covered by the Metro Manila Area, or the city or municipality where their permanent official station is located in the case of those outside the Metro Manila Area, if the travel allowances being claimed include the hotel room/lodging rate**



**CY 2022 reimbursements:** The attachments included with the disbursement vouchers solely consisted of **itineraries, PB Certifications, and RERs for transportation costs.**

**CY 2023 reimbursements:** Total travel claims of P447,400.00 were supported **solely by payroll and PB Certification documentation.** The remaining P234,100.00 travel claims, however, lacked supporting documentation and were evidenced only by DVs.

**Travel with Office Orders issued by various offices (DILG, DBM, LIGA ng mga Barangay):** The attachments included in the DVs were **incomplete details of Itinerary of Travel, no certificate of appearance/attendance certificate of travel completed.**



**23. Payment of cash gift in the total amount of P120,000.00 was granted and released to barangay officials **prior to the prescribed date** outlined in Section 6.1 of DBM Budget Circular No. 2016-4 dated April 28, 2016, thus raising doubts on the validity and regularity of the said transaction.**



**The Department of Budget and Management (DBM) issued Budget Circular (BC) No. 2016-4 dated April 28, 2016, updating the Rules and Regulations on the Grant of the Year-end Bonus and Cash Gift for FY 2016 and years thereafter.**



**Section 6.1 of the same Circular explicitly states:**

**6.1 The Year-End Bonus, equivalent to one (1) month basic pay as of October 31 and a **Cash Gift of P5,000** shall be given to entitled government personnel **not earlier than November 15** of the current year, subject to the following conditions:**

**6.1.1 Personnel has rendered at least a total or an aggregate of four (4) months of service from January 1 to October 31 of the current year; and**

**18.1.2 Personnel remains to be in the government service as of October 31 of the same year.**



**Moreover, For Calendar Years (CYs) 2022 and 2023, the barangay disbursed a total of P150,000.00 for Cash Gift. Details are provided as follows:**

<b>Date</b>	<b>Check No.</b>	<b>DV No.</b>	<b>Payee</b>	<b>Amount</b>
05/10/2023	XXXX	23-05-029	Mr. Dy Maka-Antay	30,000.00
10/27/2023	XXXX	28-10-274	Mr. Dy Maka-Antay	60,000.00
05/12/2022	XXXX	2022-05-028	Mr. Dy Maka- Antay	30,000.00
12/07/2022	789694	2022-12-067	Mr. Dy Maka-Anty	30,000.00
<b>Total</b>				<b>150,000.00</b>



**24. Payment of the monetization of leave credits of barangay officials and employees amounting to P270,000.00 and P310,000.00 for CYs 2021 and 2022, respectively were not supported with the required documentation, thus rendering doubt on the validity and regularity of the claims.**



**Section 7 of CSC-DBM Joint Circular No. 1 s. 2004 prescribes the following in the payment of monetization:**

**“7.0 Responsibilities of the Barangay **Secretary**, the Barangay **Treasurer** and the **Punong Barangay****

**7.1 The Barangay **Secretary** shall:**

**7.1.2 **Maintain and keep a record of attendance** of the elective barangay officials in the **regular sessions**, daily attendance of appointive barangay officials and the accumulated leave credits of each barangay official.**



**7.1.3 Prepare certification of leave credits/benefits of barangay officials duly attested by the punong barangay.**

**The Barangay Treasurer shall:**

**7.2.1 Compute the money value of leave credits/benefits subject to the guidelines issued by the CSC and DBM on the computation of leave credits/benefits issued, and to the confirmation by the City/Municipal Accountant.**

**7.3 The Punong Barangay shall:**

**7.3.1 Certify to the correctness of the certification of leave credits/benefits of the barangay officials. For the punong barangay the city/municipal mayor shall sign the certification.**



Moreover, **CSC Memorandum Circular No. 12** series of 2007 also prescribes:

**(4) Barangay officials should file their claims/application for commutation for their annual cumulated leave credits with the office of the barangay treasurer by **January 15 of the following year.****





<b>Date</b>	<b>Check No.</b>	<b>Payee</b>	<b>Particulars</b>	<b>Amount</b>
12/14/2021	XXXX	Tresurira Una-Una	Cash advance-leave credits of barangay officials for CY 2021	270,000.00
12/06/2022	XXXX	Tresurira Una-Una	Cash advance- honorarium for barangay officials leave credits benefits for CY 2022	310,000.00
<b>TOTAL</b>				<b>580,000.00</b>

The following documents **were not attached** as prescribed in the circular cited above.

- a. **Certification of leave credits** by the Barangay Secretary
- b. **Computation of the leave credits** duly **confirmed** by the Municipal **Accountant** and the attestation of the Punong Barangay to the correctness of the computation of the leave credits for Barangay Kagawad and other employees
- c. **Certification of the correctness** of the certification of leave credits from the Municipal Mayor in the case of the Punong Barangay.



**25. The Sangguniang Kabataan (SK) of the Barangay **has no separate bank account to date** as required under Section 20 of the IRR of RA 10742 due to the difficulty in appointing an SK Treasurer who is equipped with the necessary knowledge in performing the duties and responsibilities pertaining to fiscal management and due to the approaching SK and barangay elections, hence the Barangay could not also facilitate the transfer of SK Funds, defeating the purpose of youth empowerment.**



The SK shall have **financial independence** in its operations, disbursements and encashment of their funds, income and expenditures. As such, the SK funds shall be **deposited in the name of the SK of the concerned** barangay in a government-owned bank situated in or nearest to its area of jurisdiction with the SK chairperson and the SK treasurer as the official signatories;



**As per inquiry, the Barangay Treasurer and Barangay Record Keeper said that they are aware that the SK fund must be maintained in a separate bank account, however, the **SK officials were not able to comply with** this requirement due to the difficulty in appointing an SK Treasurer who is equipped with the necessary knowledge in performing the duties and responsibilities pertaining to fiscal management.**



**26. The **unexpended portion** of the SK Fund for CY 2022 in the amount of P50,650.00 was **not transferred to a special trust fund and recorded as Trust Liabilities**, thus understating the Trust Liabilities account as at year-end and depriving the youth of the benefits that could have been derived therefrom.**



**Chapter XI of the Manual on the Financial Management of Barangays as prescribed under COA Circular No. 2015-011 dated December 1, 2015 states:**

**“xxx Also, unspent budgetary items of the 5% Local Disaster Risk Reduction and Management Fund (LDRRMF), and the unspent Sangguniang Kabataan (SK) allocation become Special Trust Funds (STF) at the close of the year.”**



**27. Sangguniang Kabatan (SK) Funds for Calendar Years (CYs) 2023 and 2024 were significantly appropriated on sports-related activities thereby limiting the scope of youth development interventions and reducing the overall impact and efficiency of SK fund utilization.**



## **Section 20 (c) of Republic Act (RA) No. 10742:**

**Priority to programs, projects and activities that will:**

- 1. promote and ensure the equitable access to quality education, 2. environmental protection,**
- 2. climate change adaptation,**
- 3. disaster risk reduction and resiliency,**
- 4. youth employment and livelihood,**
- 5. health, including health services and adolescent sexual and reproductive health,**
- 6. anti-drug abuse,**
- 7. gender sensitivity,**
- 8. sports development, and**
- 9. capability building which emphasizes leadership training.**



Project Title	Appropriation	
	2023	2024
<b>Youth Development and Empowerment Program</b>		
Equitable Access to Quality Education	2,000.00	8,000.00
Environmental Protection	2,000.00	5,000.00
Agriculture	0.00	1,000.00
Social Inclusion and Equity	0.00	2,000.00
Economic Empowerment	0.00	5,000.00
Climate Change Adaptation	2,000.00	0.00
Disaster Risk Reduction and Resiliency	2,000.00	0.00
Youth Employment and Livelihood	2,000.00	0.00
Health And Anti-Drug Abuse	2,000.00	8,000.00
Governance	0.00	3,000.00
Gender Sensitivity	2,000.00	0.00
Sports Development Program	<b>191,100.00</b>	<b>150,000.00</b>
Capability Building, which Emphasizes Leadership Training	3,879.80	0.00
Global Mobility	0.00	2,000.00
<b>TOTAL</b>	<b>208,979.80</b>	<b>184,000.00</b>
<b>PERCENTAGE</b>	<b>91.44%</b>	<b>81.52%</b>



**28. Seventy-three percent (73%) or Pxxxxxx of the Local Disaster Risk Reduction and Management Fund (LDRRMF) was *utilized* for expenditure items that were not **included in the approved LDRRMF** Investment Plan of the Agency, contrary to Section 305 (a) of RA 7160 and Section 6 of the NDRRMC-DBM-DILG JMC No. 2013-1, thus reducing the amount available for the attainment of the objective of strengthening the Agency's capacity for disaster risk reduction and management**



**Section 305(a) of Republic Act 7160 otherwise known as the “Local Government Code of 1991” states:**

***No money shall be paid out of the local treasury except in pursuance of an appropriations ordinance or law.***



**NDRRMC, DBM and DILG JMC No. 2013-1 dated March 25, 2013 provides:**

**6.1 The appropriation for the LDRRMF shall be included in the General Fund Annual Budget and/or Supplemental Budget of the LGU concerned.**

**6.2 The projects and activities to be charged against the LDRRMF shall be *incorporated in the Local Disaster Risk Reduction and Management Plan (LDRRMP)*, and integrated in the *approved Annual Investment Program (AIP) of the LGU*.**



**29. Non-reversion of unutilized BDRRMF for more than five years totaling P1,839,427.66, inconsistent with RA 10121 and related provisions, thereby depriving the Barangay of additional funds for social services.**



**Paragraph 3, Section 21 of Republic Act No. 10121 dated May 27, 2010 states that:**

**Unexpended LDRRMF shall accrue to a special trust fund solely for the purpose of supporting disaster risk reduction and management activities of the LDRRMCs within the next five (5) years. Any such amount still not fully utilized after five (5) years shall revert back to the general fund and will be available for other social services to be identified by the local sanggunian.**



<b>Source</b>	<b>Unexpended Balance</b>	<b>Age</b>
<b>CY 2012</b>	<b>142.69</b>	<b>11</b>
<b>CY 2014</b>	<b>57,598.31</b>	<b>9</b>
<b>CY 2015</b>	<b>327,355.90</b>	<b>8</b>
<b>CY 2016</b>	<b>384,669.91</b>	<b>7</b>
<b>CY 2017</b>	<b>1,069,660.85</b>	<b>6</b>
<b>Total</b>	<b>1,839,427.66</b>	



**30. Non-submission of the **Report on Sources and Utilization of DRRMF**, inconsistent with Republic Act No. 10121, thereby impeding timely monitoring and evaluation of the related programs/projects/activities.**



## Section 12 of RA 10121 :

Prepare and submit, through the LDRRMC and the LDC, the report on the **utilization** of the LDRRMF and other dedicated disaster risk reduction and management resources to the local Commission on Audit (COA), copy furnished the regional director of the OCD and the Local Government Operations Officer of the DILG.

## COA Circular #2012-02

A Report on **Sources and Utilization** of DRRMF using the format in Annex B shall be prepared and **certified correct 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 Local Development Council (LDC) to the COA auditor of the LGU.



**31. The Statement of Comparison of Budget and Actual Amounts (SCBAA) was not prepared and submitted, contrary to Paragraphs 14 and 21 of IPSAS 24 - Presentation of Budget Information in Financial Statements, thereby, casting doubt on the accuracy of financial information generated by management and depriving management and other stakeholders of financial information necessary in the assessment of the barangay's overall performance and for decision-making.**



**Moreover, COA Circular 2015-011 dated December 1, 2015 prescribes the use of the Manual on Financial Management for Barangays. The Manual adopted IPSAS prescribed under COA Resolution No. 2014-003 dated January 4, 2014. Chapter X - Books of Accounts, Financial Reports and Statements of the said Manual provides the following:**

**“10.4 Financial Reports and Statements - The C/M Accountant shall prepare the following year-end financial statements in four copies, within 60 days after the close of the year:**

**1. xxx**

**6. Statement of Comparison of Budget and Actual Amounts**



**32. Tangible assets totaling P1,311,899.13, which do not meet the **capitalization threshold**, remained as Property, Plant and Equipment (PPE) items in the barangay's books of accounts, inconsistent with COA Circular No. 2022-004. ( **Below 50K**)**



**Sections 4.1 to 4.3 of the said circular state that:**

**4.1 Tangible items which meet the definition and recognition criteria of PPE but cost is **below Fifty Thousand Pesos** (below P50,000.000 shall be accounted in the books of accounts of the agencies as **semi-expendable property**. This shall be supported by the issuance of the Inventory Custodian Slip (ICS) to establish accountability of end-user. ICS shall be issued to the end-user and shall be renewed every three years or every time there is a change in custodianship/user of the property. The threshold shall be applied on an individual asset or per item basis.**



**The increase in the capitalization threshold from P15,000.00 to P50,000.00 shall be considered as a change in accounting policy and shall be applied retrospectively. It means that the new capitalization threshold of P50,000.00 shall be applied for all tangible items purchased in calendar year (CY) 2022 onwards and in prior years.**



**For issued tangible items acquired prior to CY 2022 with amounts from P15,000.00 to below P50,000.00 previously classified as PPE:**

**a. The carrying amount shall be expensed/ charged to the following accounts, as applicable:**

**X x x..**

**iii..Prior Period Adjustment and Government Equity for LGUs**

**b. The corresponding accumulated depreciation and accumulated impairment loss shall be closed in the books of accounts.**



	ITEM	UNIT COST	QUANTITY	TOTAL
1	MONO BLOCK CHAIR	600.00	90	54,000.00
2	HANDHELD RADIO	15,000.00	10	150,000.00
3	COMPUTER -SET	35,000.00	1	35,000.00
4	UTENSILS -SET	12,000.00	1	12,000.00
5	OFFICE TABLE	20,000.00	2	40,000.00
6	PRINTER	5,000.00	3	15,000.00
7	SPORTS EQUIPMENT	60,000.00	VARIOUS	60,000.00
8	CELLPHONE	49,999.00	1	49,999.00
9	COMFORT ROOM	49,999.00	1	49,999.00
<b>TOTAL</b>				<b>465,998.00</b>



**33. Taxes withheld from various procurement transactions **were not remitted** to BIR resulting in the accumulation of unremitted taxes amounting to Pxxxxx as at December 31, 2022, due to disregard of the existing BIR laws and regulations, thus depriving the government of the actual collections of revenues and increasing the possibility of incurring penalties for the amounts due.**



**Sections 2.57.2 (N) and 2.58 (A) of the BIR Revenue Regulations No. 2-98 provide that:**

**Payments made by the government are subject to **Creditable Withholding** Tax of one percent for purchases of goods from local suppliers.**

**The withholding tax return, whether creditable or final, shall be filed and payments should be made **within ten (10) days after the end of each month** except for taxes withheld for December which shall be filed on or before **January 25** of the following year.**



**Likewise, Revenue Memorandum Circular No. 23-2007 dated March 20, 2007 also provides that the **Monthly Remittance Return of VAT and Other Percentage Taxes Withheld** should be filed on or before 10th day of the following month in which the withholding was made for. Further, it states that:**

**Purchases of the government that are covered by Purchase Orders duly signed by the authorized official/s as well as purchases using the Petty Cash Fund shall be subject to the **5% final VAT withholding.****



**Punishable acts or omissions – Every officer or employee of the government of the Republic of the Philippines or any of its agencies and instrumentalities, its political subdivisions, as well as government-owned or controlled corporations charged with the **duty to deduct and withhold any internal revenue tax and to remit the same** in accordance with these regulations shall, upon conviction for each act or omission herein-below specified, be fined in a sum of not less than five thousand pesos (5,000.00) **but not more than fifty thousand pesos (50,000.00)** or imprisoned for a term of not less than six months and one day but not more than two years, or both:**



	<b>Tax Withheld</b>	<b>Remittance</b>	<b>Balance</b>
<b>Beg. Balance</b>			<b>52,000.00</b>
<b>January</b>	<b>8,000.00</b>	<b>0</b>	<b>60,000.00</b>
<b>February</b>	<b>800</b>	<b>0</b>	<b>60,800.00</b>
<b>March</b>	<b>13,000.00</b>	<b>10,000.00</b>	<b>63,800.00</b>
<b>April</b>	<b>0</b>	<b>0</b>	<b>63,800.00</b>
<b>May</b>	<b>15,000.00</b>	<b>0</b>	<b>78,800.00</b>
<b>June</b>	<b>5,000.00</b>	<b>0</b>	<b>83,800.00</b>
<b>July</b>	<b>4,000.00</b>	<b>0</b>	<b>87,800.00</b>
<b>August</b>	<b>12,000.00</b>	<b>0</b>	<b>99,800.00</b>
<b>September</b>	<b>0</b>	<b>0</b>	<b>99,800.00</b>
<b>October</b>	<b>0</b>	<b>0</b>	<b>99,800.00</b>
<b>November</b>	<b>8,500.00</b>	<b>0</b>	<b>108,300.00</b>
<b>December</b>	<b>6,500.00</b>	<b>0</b>	<b>114,800.00</b>



**34. Non-submission Disbursement vouchers (DVs) and its corresponding supporting documents from November to December 2021 and November to December 2022 and 98 checks issued from January 2021 to October 2022.**



**COA Circular No. 2019-001 dated January 30, 2019 requires the submission of barangay transaction documents with the transmittal letter to the Municipal Accountant **within 10 days** after the end of the **month**. The same shall be **forwarded** by the Municipal Accountant to the audit team within 10 days from receipt of the transmittal letter.**



**Further, items 12.5.1 and 12.5.3 of the New Manual on the Financial Management of Barangays states:**

**“The PB and BT shall be responsible for the timely submission of the reports and accounts to the C/M Accountant. Observance to the provision of Article 218 of the Revised Penal Code which states that “Any public officer, **whether in the service or separated therefrom** by resignation or any other cause, who is **required by law or regulations** to render account to the Commission On Audit or to a Provincial Auditor and who **fails to do so for a period of two months** after such account shall be rendered shall be punished by **prison correccional in its minimum period**, or by a fine ranging from forty thousand Pesos P(P40,000) to One Million Two Hundred Thousand **Pesos (P1,200,000) or both** ( Under RA 10951 – An Act Amending fines imposed under Revised Penal Code).**



- 1. AUDIT OBSERVATION MEMORANDUM**
- 2. DEMAND LETTER**
- 3. WITHHOLDING OF SALARY**
- 4. NOTICE OF SUSPENSION**
- 5. NOTICE OF DISALLOWANCE**
- 6. ADMINISTRATIVE CASE**
- 7. CRIMINAL CASE**



*Being a Politician is a **Poor**  
**Profession.***

*Being a public servant is a  
**noble one.***



A career in public  
service is all about  
*honor*, prestige, integrity,  
and sacrifice.





Thank you