

EXECUTIVE SUMMARY

Introduction

City of Sto. Tomas was added to the list of cities in the Province of Batangas after cityhood was ratified in a plebiscite on September 7, 2019. There are a total of 98,583 registered voters in Sto. Tomas of which, 22 percent participated in the plebiscite. Based on COMELEC report, 22,858 voted YES while only 431 voted NO during the plebiscite. After four (4) years of waiting, the Municipality of Sto. Tomas became the fourth component city in the Province of Batangas by the virtue of Republic Act (RA) No. 11086, "An Act of Converting the Municipality of Sto. Tomas in the Province of Batangas into a Component City to be known as the City of Sto. Tomas. RA No. 11086 was signed into law by His Excellency President Rodrigo Roa Duterte on October 5, 2018.

City of Sto. Tomas was named after St. Thomas Aquinas, the high priest of the Dominican Religious Order in 1666. The City of Sto. Tomas composed of 30 barangays. It is located in the northeastern portion of the Province of Batangas, bounded on the north by the City of Calamba; on the northeast by the Municipalities of Los Baños, Bay and Alaminos; on the west portion of Tanauan City. It has a distance of 60 kilometers from Manila and 45 kilometers from Batangas City, the provincial capital. City of Sto. Tomas is within the 3rd District of Batangas and serves as a gateway to the Province of Batangas and other southern provinces like Mindoro, Quezon and Bicol. Likewise, it is also the entry of the Southern Tagalog Access Road (STAR) that goes to Batangas City and the modern Batangas International Port. The City of Sto. Tomas comprise approximately 10 thousand hectares of land and its population based on the certification provided by Philippine Statistics Authority with reference No. 15SSSS-DHSD-244 ranges from 149,000 to 159,900 for the year 2015.

The City of Sto. Tomas, Batangas, under the leadership of Mayor Edna P. Sanchez formulates plans and programs unchanging in the achievement of vision and mission of the City which state:

VISION:

"The City of Sto. Tomas as the major trading hub and agro-industrial haven in the CALABARZON region of the Philippines, with God-fearing and empowered Tomasinos with a competitive, business-friendly and dynamic economy, supported by reliable and accessible infrastructure in a sustainable community governed by responsive and technocratic leaders."

MISSION:

- **Excellence** – Ipadaloy ang mataas na antas ng serbisyo sa mamamayan
- **Discipline** – Maging huwaran sa pagpapahalaga sa disiplinang moral at ispiritwal
- **Nature-Care** – Tiyakin ang tama at responsableng paggamit at pangangalaga ng kalikasan
- **Abundance** – Pangunahan ang pagpapa-unlad na kabahagi ang mamamayan
- **Safety** – Panatilihin ang kapayapaan at pag-ibayuhin ang kaayusan

OBJECTIVES:

- Magandang kinabukasan para sa mga bata at kabataan
- Mamamayang may kasiguruhan sa maayos na kabuhayan, kapaligiran, trabaho at pabahay
- Malusog at mapayapang pamayanan
- Maunlad na industriya at turismo
- Makabuluhan at mahusay na pagseserbisyo ng mga lingkod-bayan

The organizational structure of the Municipality is as follows:

a. Key Officials

City Mayor	Edna P. Sanchez
Vice Mayor	Armenius O. Silva
Members of the Sanggunian	Catherine J. Perez Gerardo M. Malijan Danilo P. Mabilangan Arlene F. Mañebo Renante V. Arcillas Helen Grace P. Navarro Cresenciano E. Ramos, Jr. Raymond Timothy V. Almeda Adrian C. Carpio Fausto V. Manzanilla Jr. Severino M. Manzanilla (ABC President) Mico Renzo D. Bathan (SK Federation – President)
City Accountant	Mr. Neil P. Panganiban
City Treasurer	Ms. Dorothy M. Malasique

b. No. of Personnel Complement:

Permanent	410
Casual	15
Temporary	13
Job Order	452
Elective Officials	12
Co-Terminus	<u>14</u>
Total	<u>916</u>

Scope of Audit

Financial and compliance audits were conducted on the accounts and operations of the City Government of Sto. Tomas for CY 2019. The audit was conducted to ascertain the adequacy and reliability of the books of accounts and financial reports, fairness of the presentation of the financial statements and the City's compliance with applicable laws, rules

and regulations, as well as adherence to prescribed policies in handling its finances and operations in general.

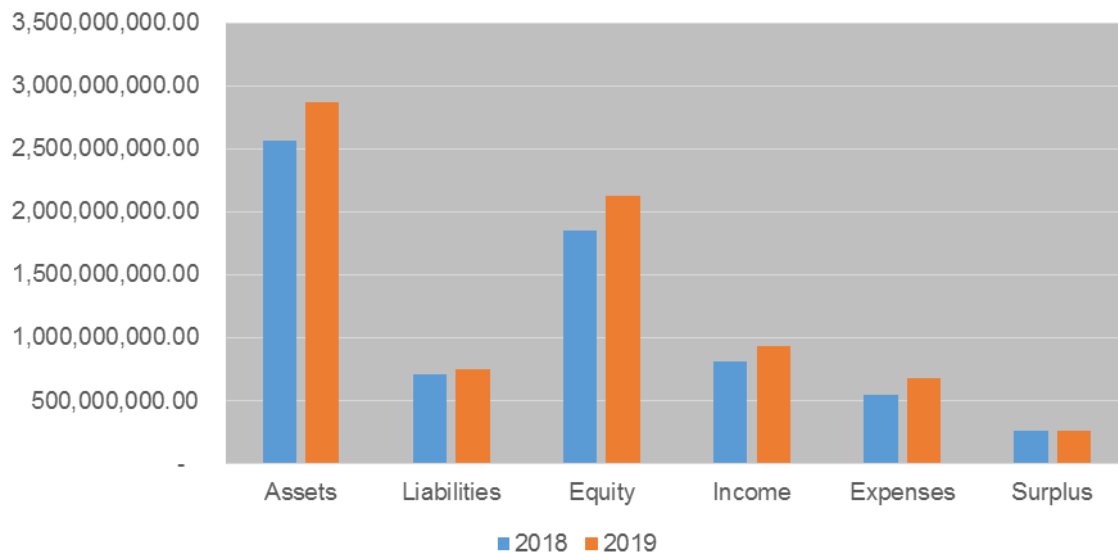
Financial Highlights

For the CY 2019, the City of Sto. Tomas generated revenue of ₱937,257,601.88 sourced from local taxes, Internal Revenue Allotments (IRA), service, business and other sources of income. Total appropriation/allotment was ₱1,333,355,037.16, of which ₱830,483,537.69 or 62.29% was obligated during the year, thus, leaving an unexpended balance of ₱502,871,499.47 or 37.71%.

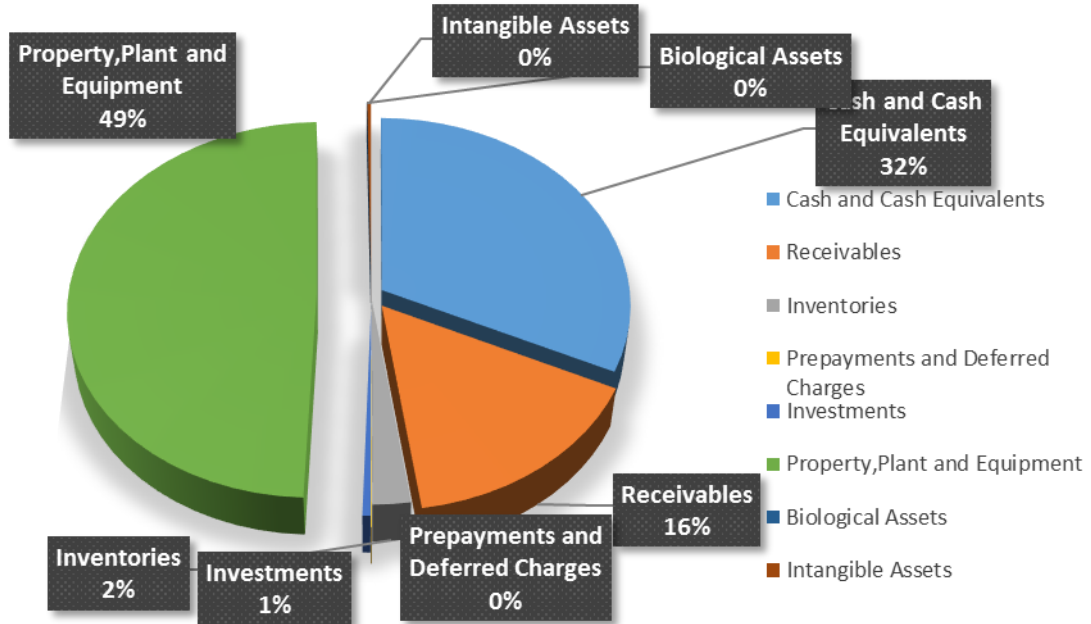
The total assets, liabilities, equity, revenue and expenses of the City for CY 2019 and 2018 are as follows:

	2019	2018	Increase/Decrease
Assets	2,872,301,581.66	2,566,065,970.57	306,235,611.09
Liabilities	749,715,253.05	714,234,067.72	35,481,185.33
Equity	2,122,586,328.61	1,851,831,902.85	270,754,425.76
Income	937,257,601.88	809,094,491.01	128,163,110.87
Expenses	677,766,044.27	550,743,188.70	127,022,855.57
Surplus (Deficit)	263,509,402.61	258,351,302.31	5,158,100.30

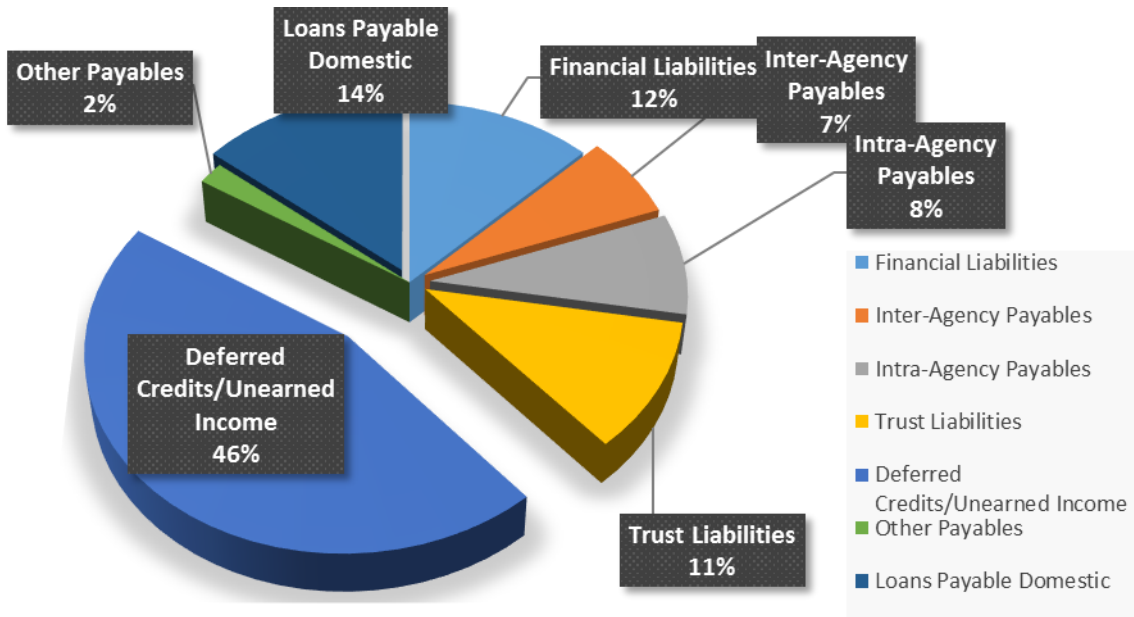
Highlight of Financial Operations



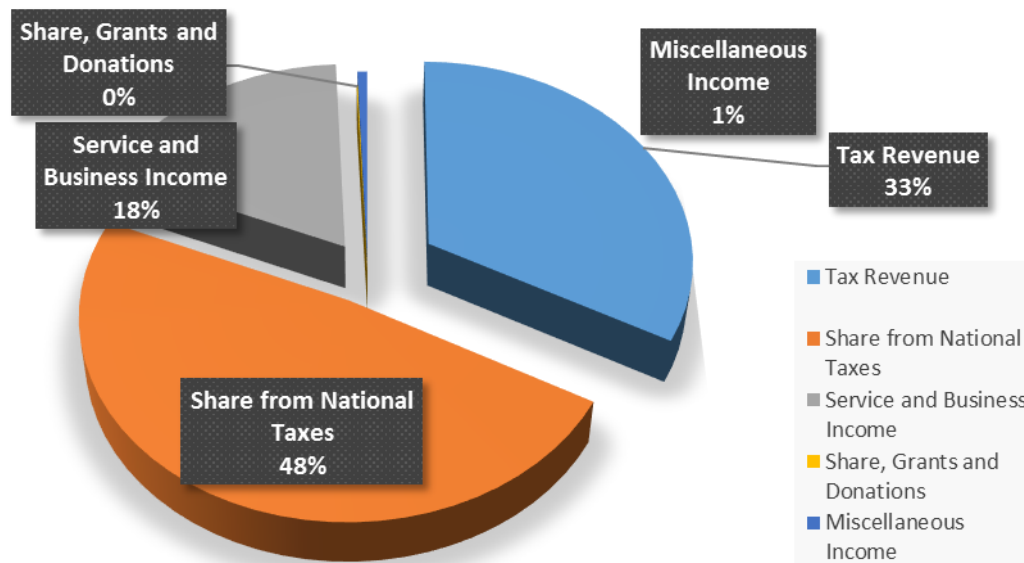
Assets of the City comprised mainly of Property, Plant and Equipment (PPE) and Cash and Cash Equivalents which are 49 and 32 per cent, respectively, of the total assets, as follows:



While liabilities of the City comprised mainly of Deferred Credits/Unearned Income, and Financial Liabilities and Trust Liabilities which are 46 per cent and 23 per cent (combined percentage for Financial and Trust Liabilities), respectively, of the total liabilities.



Most of the income earned by the City is generated from the Share from National Taxes and Tax Revenues which are 48 per cent and 33 per cent, respectively of total revenue. Tax revenues come from property, business, and local taxes.



Awards and Recognitions

1) The City Government of Sto. Tomas was a recipient of various awards such as:

- a) **Plaque of Recognition City Government of Sto. Tomas, Batangas**
National Rabies Prevention and Control Program
LGU – National
September 27, 2019
- b) **1st Place Best LGU Implementer – City Government of Sto. Tomas**
National Rabies Prevention and Control Program
LGU – Province Wide
September 27, 2019
- c) **Plaque of Recognition City Government of Sto. Tomas, Batangas**
Ala Eh Maiskwelahan: Isang Radyo Eskwela sa Batangas by Department of Agricultural Training Institute 4A
Regional – CALABARZON
September 3, 2019
- d) **Top Same Day Destination (Municipal Category)**
2nd CALABARZON Tourism Expo
- e) **Most visited destination in the Province of Batangas and top major contribution in the 2018 Day Visitor Arrivals of Batangas.**
September 16, 2019

- 2) Notable City employees were also conferred with the following awards:
- a) Ms. Dorothy M. Malasique – City Treasurer ranked as 1st Top Collecting Officer.
 - b) Mr. Raymond Arcillas - 2nd Place IEC Making Contest.
 - c) Ms. Melanie B. Cortez - Natatanging Kaagapay na Agricultural Extension Worker ng DA-ATI 4A.

Audit Opinion on the Financial Statements

The Auditor rendered a qualified opinion on the fairness of presentation of financial statements of the City due to:

1. The existence, fairness and condition of the Property, Plant and Equipment (PPE) with net book value of ₱1,413,359,832.05 at year end could not be fully ascertained due to the following deficiencies:
 - There is a reported net discrepancy of ₱79,685,766.09 between the Report on the Physical Count of Property, Plant and Equipment (RPCPPE) and the amounts presented in the financial statements due to the incomplete inventory taking conducted by the General Services Office (GSO), contrary to Section 58 of Presidential Decree (PD) No. 1445, otherwise known as the “Government Auditing Code of the Philippines”, Handbook on Property and Supply Management System, and Section 124, Chapter 7, of the Manual on New Government Accounting System (MNGAS) for Local Government Units (LGUs), Volume I; and
 - Presence of beginning/unreconciled balances in the Schedules of Property, Plant and Equipment prepared and submitted by the Accounting Office in the amount of ₱9,576,368.22.
2. The City failed to comply substantially with the Accounting and Reporting Guidelines on the Local Roads Asset Management System prescribed under COA Circular No. 2015-008 dated November 23, 2015, thus casts doubt on the fair presentation of the Infrastructure Assets - Road Network account with net book value of ₱55,435,641.48 in the financial statement as of December 31, 2019.
3. The accuracy and reliability of the reported year-end balances of Real Property Tax (RPT) Receivable and Special Education Tax (SET) Receivable accounts and their reciprocal liability accounts amounting to ₱164,834,506.49 each are doubtful due to unreconciled balances between the records of the City Accountant and the City Treasurer, contrary to Section 111 of PD No. 1445 and Section 20 of the MNGAS for LGUs, Volume I. This affects the fair presentation of said accounts in the financial statements.
4. The City failed to conduct physical inventory count and prepare Report of Physical Count of Inventory (RPCI) which resulted in the unreconciled records of the Accounting and GSO, contrary to Section 58 of PD No. 1445 and Section 124 of the MNGAS for LGUs, Volume I.

5. The Other Payables and Land accounts under General Fund (GF) were overstated by ₱1,008,000.00 due to the incorrect entry made by the Accounting Office in recognizing the amount refunded from the sale of lot to the City, thus affecting the fair presentation of the financial statements, contrary to Paragraph 27 of International Public Sector Accounting Standard (IPSAS) 1.

For the above cited deficiencies, we recommended that the City Mayor:

1. instruct the:

- City Accountant and City GSO to evaluate the causes of the material discrepancy of ₱79,685,766.09 to ascertain the fairness and reliability of the PPE balances in the financial statements; and instruct the City GSO together with the Inventory Committee to conduct a complete physical count of the properties, reconcile the results thereof with accounting records and submit the same to the Audit Team to ascertain the existence, validity and correctness of the PPE as well as the reliability of balances presented in the financial statements; and
- City Accountant to make detailed evaluation and tracing of the noted unreconciled beginning balances to reflect the reliable balances of these accounts in the Financial Statements.

2. require the:

- Inventory Committee, in coordination with the City Engineering Office, to: (i) conduct physical inventory of all existing local road networks in the City and prepare the corresponding Report on the Physical Count of Local Road Network and reconcile it with the accounting records; and (ii) furnish a copy of the said report to the Audit Team for verification and audit;
- General Services Officer to: (i) periodically maintain a complete Report on Local Road Networks; (ii) prepare the Road Map and keep a complete Local Road Network Property Cards of all roads and their components; and (iii) furnish copies thereof to the concerned offices, particularly the City Accountant, as basis for reconciliation with the accounting records;
- City Engineer to provide the City Accountant the complete description and cost segregation of road components for road projects;
- City Accountant to: (i) keep and maintain subsidiary records for roads and road components for every road network and reconcile the same to the result of the physical inventory taken at the end of each year; and (ii) provide separate depreciation for the road and the road components;
- City Assessor to facilitate the assessment of the road network and road mapping to identify the assessed value of the lots where the roads were constructed as basis of the Accounting Office for the correct cost to be presented in the registry/subsidiary ledgers; and

- City Accountant, General Services Officer and the City Engineer to: (i) be mindful of their mandated duties and responsibilities outlined in COA Circular No. 2015-008 to ensure that the components of Road Network System of the City are properly identified, valued and accounted for in the books and completely presented in the financial statements; and (ii) prioritize the immediate identification of the local road networks for CY 2014 and prior years to reflect the complete balance of Road Network account in the financial statements; and ensure good working coordination among LGU offices to strictly follow and implement COA Circular No. 2015-008 dated November 23, 2015.
3. instruct the City Accountant to –
- establish at the beginning of the immediately succeeding year the due and collectible for the year RPT/SET Receivables and not at the end of the year pursuant to Section 20, NGAS Manual for LGUs, Volume I; and
 - maintain the necessary subsidiary ledgers for the RPT and SET Receivables in order to validate the balances of the accounts presented in the financial statements and to ensure accuracy and reliability of the balances reported monthly.
4. require the:
- Inventory Committee to conduct a complete physical inventory count of inventories and prepare the corresponding RPCI to ascertain actual existence of inventory items and to facilitate systematic reconciliation of records with the Accounting and GSO. Likewise, furnish the Auditor concerned with the RPCI not later than July 31 and January 31 of each year for proper evaluation thereof;
 - Inventory Committee, in coordination with the Accounting Office and the GSO to exert additional effort to determine the actual status of the cited old/beginning balances recorded in the Other Supplies and Materials Inventory and Textbooks and Instructional Materials for Distribution for proper accounting thereof; and
 - GSO to submit the required distribution lists or proof that the recipients actually received the inventory items distributed for the Accounting Office to prepare the Journal Entry Voucher (JEV) for the recognition of the appropriate expenditures.

We further recommended that the City Accountant and the City GSO strictly comply with the regulations on proper accounting and management of all supplies and materials in order to have reliable balances of inventories and related expenses accounts and to safeguard the same against possible misappropriation.

5. require the City Accountant to make the necessary adjusting entry to correct the erroneous entry made upon receipt of the refund for the fair presentation of the financial statements.

Significant Audit Observations and Recommendations

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

1. The RPCPPE as of December 31, 2019 prepared and submitted by the City General Services Officer (GSO) was not compliant with the prescribed format and not completely filled up and lacked vital information pertaining to the actual result of the physical inventory count undertaken, contrary to Section 57, Chapter 2 of the MNGAS for LGUs, Volume II.

We recommended the City Mayor to instruct the City GSO to:

- prepare the RPCPPE in conformity with the format and contents prescribed by Annex 49 Chapter II of the MNGAS for LGUs, Volume II and ensure that the same be submitted to the Auditor concerned on or before January 31 of each year; and
 - completely fill up and include the vital information on the RPCPPE pertaining to the actual result of the physical inventory count undertaken for the reliable comparison of the report with the records of the Accounting Office.
2. Tax delinquencies on real property tax for CY 2019 and prior years have accumulated to ₱138,535,160.50 due to the City's non-exhaustion of remedies provided under Sections 258, 259, 260 and 263 of RA No. 7160, hence depriving the City of additional funds which could have been used to implement more beneficial projects/programs for its constituents.

We recommended that the City Mayor instruct the City Treasurer to –

- exert additional effort to trace and identify the delinquent taxes dated below CY 2017 for proper classification and ageing of the accounts for the appropriate actions to be undertaken thereof;
 - implement more effective, efficient and aggressive synergized tax campaign and develop additional strategies to improve tax revenue generation and to intensify collection of RPTs, not only current taxes but also the delinquent taxes in order to generate more income; and
 - regularly provide the Office of the City Accountant the Report of Delinquent Real Property Tax as the basis of the latter on the reconciliation of their accounts.
3. Non-maintenance by the Accounting Office of Supplies Ledger Cards (SLCs) and GSO of Stock Cards (SCs) and Property Cards (PCs) for the Inventory accounts for the proper and systematic monitoring of the receipts and issuances of the said inventory and reconciliation thereof, contrary to Sections 114 and 120 of the MNGAS for LGUs, Volume I.

We recommended that the City Mayor instruct the City Accountant to maintain and update regularly the SLC for each category of supplies and materials and the General Services Officer to maintain regularly SCs and PCs for proper and systematic monitoring of receipts and issuances of inventories.

Likewise, we recommended that regular reconciliation of records between the City Accountant and the General Services Officer must be made to reflect the correct balance of Inventory accounts in the financial statements.

4. Three parcels of land purchased by the City for CY 2019 were not covered by Certificate of Titles in violation of Article 47(c) of Rules and Regulations Implementing the Local Government Code (LGC) of 1991 prescribed under Administrative Order (AO) No. 270, s. 1991, Section 148 of the Rules and Regulations on Supply and Property Management in the Local Governments prescribed under COA Circular No. 92-386 dated October 20, 1992, casting doubt on the legality of its possession, utilization or development and exposing the said parcels of land to third party claims. Moreso, the properties were approved and paid without complete documentation contrary to Section 13 of the Revised Documentary Requirements for Common Government Transactions prescribed under COA Circular No. 2012-001 dated June 14, 2012 rendering the validity and propriety of the claims doubtful.

We recommended that the City Mayor instruct the City Assessor to undertake appropriate action to secure Certificates of Title from the Land Registration Authority.

We also recommended that the City Mayor instruct the City Accountant to cause the submission of all lacking documents to allow in audit the purchase of lots and to strictly comply with the documentary requirements on the procurement of land.

Likewise, we recommended that the City Mayor ensure that the City Accountant see to it that all claims against government funds be supported with all the required documentations and refrain from paying disbursement vouchers with incomplete supporting documents.

5. The City failed to recognize prepaid insurance amounting to ₱483,234.34 for the unexpired portion of the insurance paid in advance by the City for its building and motor vehicles, resulting in the understatement and overstatement of the Prepaid Insurance and Insurance Expenses accounts, respectively, by the same amount for CY 2019, contrary to the accrual basis of accounting embodied in Paragraph 7 of IPSAS 1.

We recommended that the City Mayor instruct the City Accountant to:

- ensure that at every year-end, adjusting entries are prepared to recognize the unexpired portion of the insurance premiums paid in advance to reflect reliable balances of the affected accounts; and
- effect adjustment on the total insurance expense recorded in CY 2019 to recognize as asset the unexpired portion of the insurance premiums paid in accordance with the accrual basis of accounting.

6. The reliability of the balance of Breeding Stocks account amounting to ₱835,800.00 could not be ascertained due to the absence of complete supporting documents and inadequate monitoring by the City on the status of these breeding animals contrary to Section 111 of PD No. 1445, Paragraph 27 of IPSAS 1 and Paragraph 13 of IPSAS 27.

We recommended that the City Mayor require the City Agriculturist and other concerned City officials to monitor properly the City's dispersal program and submit the progress

report and make reconciliation with the accounting records. Also, the City Agriculturist prepare and submit semi-annually the inventory and status of these breeding animals to the Accounting Department for proper recognition in the books of any increase or decrease on the quantity and value of these assets.

7. Unserviceable properties with gross amount of ₱16,728,867.96 were not disposed within reasonable time, contrary to COA Circular No. 89-296 dated January 27, 1989, Sections 165 and 166 of the Rules and Regulations on Supply and Property Management in the Local Governments and Section 79 of PD No. 1445, thus exposing these properties to further deterioration and asset misappropriation and depriving the City from recovering their residual values and generating additional income from sale of these assets..

We recommended that the City Mayor direct the Chairman of the Committee on Disposal to initiate/facilitate the immediate disposal of the unserviceable properties in accordance with said rules in order not to expose these properties to further deterioration or loss of recovery of salvage value and to generate additional income thereof.

8. Audit of the compliance of the City on the application of its key properties of insurance revealed the following:
 - A. The City failed to insure its key properties amounting to ₱857,748,278.36 with the Government Service Insurance System (GSIS), contrary to Section 5 of RA No. 656, otherwise known as the Property Insurance Law, Section 1 of Administrative Order (AO) No. 33 and COA Circular No. 2018-002 dated May 31, 2018, thereby exposing the City to greater risk and non-indemnification in case of loss and destruction from fortuitous events which may impair the government's interest.

In view of the foregoing, we recommended that the City Mayor:

- require the General Services Officer to identify insurable properties of the City, taking into consideration the current condition or serviceability of each property, such that those which are not serviceable must not be included, and include in their Annual Investment Plan the cost of premiums required for the insurance of these properties; and
 - instruct the City Budget Officer to appropriate funds in the annual budget for the insurance premiums billed for all insurable property of the City; and
 - ensure that properties to be acquired by the City in the future will be fully and adequately insured in compliance with RA No. 656.
- B. Consolidated Property Inventory Form (PIF) was neither prepared nor submitted by the City to the Government Service Insurance System (GSIS) and to the Audit Team, contrary to the COA Circular No. 2018-002, thus complete information required by the GSIS on the inventory of their assets and properties, including the latest appraised/market values thereof were not obtained.

We recommended that the City Mayor direct the City General Services Officer and Property Custodian to prepare and submit the Consolidated PIF to the GSIS and the Audit Team on or before April 30 of each year in compliance with COA Circular No.

2018-002 as accomplishing said form will facilitate the determination of properties of the City that shall be insured with the GSIS.

9. Cash advances in the amount of ₱1,399,145.13 remained unliquidated at year end due to the inability of the City Accounting Office to monitor and require the Accountable Officers (AOs) to settle immediately their cash advances (CAs) once the purpose for which the CAs were granted has been served, contrary to the relevant provisions of COA Circular No. 97-002 dated February 10, 1997, Section 89 of PD No. 1445, and Item No. 6.2.2.7 of Commission on Audit-Department of Budget and Management-Department of the Interior and Local Government-Department of National Defense (COA-DBM-DILG-DND) Joint Circular No. 2015-01 dated January 08, 2015, exposing the same to possible misuse of funds and non-recognition of expenses in the period they were incurred.

We recommended that the City Mayor direct the City Accountant to:

- constantly monitor and remind all AOs to immediately liquidate their outstanding cash advances as soon as the purpose for which they were granted has been served; and
- send demand letters regularly, particularly to AOs and employees who are still in active service, and in case of failure of liquidation despite demand, any money due them may be withheld pursuant to COA Circular No. 97-002.

10. The net-take home pay of 39 employees of the City went below the mandated minimum amount of ₱5,000.00, contrary to Section 52 of RA No. 11260 or the General Appropriations Act (GAA) for the Fiscal Year (FY) 2019 due to the City's failure to institute effective controls for payroll processing and monitor payroll deductions, thus defeating the purpose of the provision in ensuring that all government employees bring home a decent portion of their earnings after paying all their obligations and contributions.

We recommended that the City Mayor:

- assign the preparation of payrolls to the HRMO, while the verification of payroll to the Accounting Office which shall validate whether the payrolls are accurate, appropriate and proper before they are paid; and
- require the HRMO and the City Accountant to institute effective controls for payroll processing and monitor payroll deductions to ensure that the net take home pay will not be lower than ₱5,000.00.

11. The operation of the Internal Audit Service/Unit (IAS/U) created and organized by the City as mandated under Section 2 of RA No. 3456, as amended by RA No. 4177, was still not completely undertaken, thus Management was not accorded with the assistance in the achievement of an efficient and effective fiscal administration and performance of agency affairs and functions. Moreover, 130 plantilla positions were not filled up, thus giving no assurance that delivery of basic services was attained at its maximum as well as denying job opportunities for qualified applicants.

We recommended that the City Mayor instruct the Human Resource Management Officer to:

- prioritize to put in operation the City's IAS by hiring qualified applicants for the three vacant positions to assist in the achievement of an efficient and effective fiscal administration and performance of City's affairs and functions;
- publish the Notice of Vacancy regularly to fast track the selection of qualified applicants for the 130 vacant plantilla positions and subsequent appointment thereof; and
- consider evaluation of the performance of individuals under Job Order Contracts to open opportunity for possible appointment to permanent/regular positions.

12. Section 12(c)(6) of RA No. 10121, Sections 5.1.2 , 5.1.12 and 5.1.13 of COA Circular No. 2012-02 dated September 12, 2012 and National Disaster Risk Reduction and Management Council-Department of Budget and Management-Department of the Interior and Local Government (NDRRMC-DBM-DILG) Joint Memorandum Circular (JMC) No. 2013-1 pertaining to the utilization, accounting and reporting of Local Disaster Risk Reduction and Management Fund (LDRRMF) were not strictly observed by the City, thus depriving the constituents of the efficient, effective and responsive disaster risk reduction program.

- A. Optimal utilization of the LDRRMF during CY 2019 was not achieved due to laxity in the implementation of programs and projects, contrary to Section 12(c)(6) of RA No. 10121, thus may affect the readiness and capabilities of the City to build disaster-resilient communities and enhance disaster preparedness and response at all levels.
- B. The City's Local Disaster Risk Reduction and Management Fund Investment Plan (LDRRMFIP) did not indicate the list of activities and projects charged to the unexpended LDRRMF of previous years as required under Item 5.1.2 of COA Circular No. 2012-02 dated September 12, 2012, thus monitoring of utilization of the previous years' LDRRMF could not be undertaken.
- C. Balances from CY 2014 and prior totaling ₱5,842,398.56 remained unutilized for five years and were not reverted back to the Unappropriated Surplus of the General Fund which amount could have been appropriated for regular projects and activities of the City Government.

We recommended that the City Mayor:

- direct the City Disaster Risk Reduction and Management Officer (CDRRMO) to plan judiciously the utilization of the LDRRMF and to accelerate implementation of PPAs to achieve the goal/target set by the City for disaster relief, recovery, and risk reduction and management;
- require the CDRRMO to include in the LDRRMFIP the list of PPAs which will be funded by the unexpended appropriation of previous years or the fund balance under the Trust Liability-DRRM and submit the list of PPAs funded or to be funded from the unexpended LDRRMF of prior years; and

- direct the City Accountant and the City Budget Officer to revert back the unexpended balance of LDRRMF totaling ₱5,842,398.56 to the Unappropriated Surplus of the General Fund.

13. Three (3) infrastructure projects with a total contract cost of ₱5,488,107.38 inspected and evaluated by COA Technical Audit Specialists (TAS) were found above COA estimates by a total of ₱265,220.73. Likewise, deficiency was noted in the Construction of Child Development Center at Brgy. Poblacion III, Sto. Tomas Batangas to the disadvantage of the constituents of the City if not immediately rectified by the contractor.

We recommended that the City Mayor direct the:

- City Engineer to require Romal Construction immediate correction of the deficiency noted in the Construction of Child Development Center at Brgy. Poblacion III, Sto. Tomas Batangas. Otherwise, demand payment from the contractor the amount of ₱9,089.06; and
- City Accountant to require the concerned contractors to refund the excess of contract cost over the COA estimates amounting to ₱265,220.73.

14. The Due to National Government Agencies (NGAs) account under the Trust Fund books totaling ₱31,883,557.46 included grants/assistance received from various NGAs for the implementation of different programs/projects/activities (PPAs) which were either partially completed and/or unimplemented as of year-end, thus depriving the beneficiaries of prompt local service delivery and the intended benefits that can be derived from PPAs that shall have been implemented.

We recommended that the City Mayor, in coordination with the responsible departments, aim to reduce unnecessary delays in project implementation and strictly effect the necessary processes to expedite the accomplishment/completion of the unimplemented and ongoing projects to allow the early enjoyment of benefits by the general public and the full utilization of the funds received from NGAs.

15. Evaluation of bids and post qualification of bidders were not done efficiently for 41 infrastructure contracts totaling ₱129,187,373.52 which results in the awarding of two to 15 projects to one contractor having the same or overlapping contract implementation period, contrary to Sections 34.1 and 34.3 of the Revised Implementing Rules and Regulations (RIRR) of RA No. 9184, thus may expose the government to risk of possible substandard quality of work.

We recommended that the City Mayor:

- a) direct the Bids and Award Committee (BAC) and the Technical Working Group (TWG) to:
 - scrutinize the sufficiency of the winning bidder's manpower and equipment on all projects to be awarded, not per individual project only, in cases where the latter is the lowest bidder for several projects having similar or overlapping implementation period. This is to oblige the winning contractor to supplement its manpower and/or equipment or to disqualify it from obtaining several awards or contracts;

- monitor contractors with ongoing projects with other government agencies and to coordinate with those involved in implementing infrastructure projects not disclosed in the Statement of On-going and Completed projects to avoid overlapping which may result to possible substandard quality of work;
- b) instruct the City Engineer to:
- monitor strictly and closely all projects which are implemented simultaneously by contractors and prepare an individual status report per project to be submitted for monitoring purposes and evaluation of the quality of work and efficiency of said contractors; and
 - consider re-evaluation of estimates of project duration based on experience from previous projects' actual completion and reduce the stipulated contract time, if proper. This would allow the City to implement more projects during the year given the shorter time provided to the contractors to complete the projects.

Due to the COVID 19 pandemic, the exit conference with the management officials and staff was not conducted. In lieu of this, management's comments were acknowledged through the letters received from the Local Chief Executive.

Unsettled Suspensions, Disallowances and Charges

As at December 31, 2019, the City has no outstanding audit suspensions, disallowances and charges based on the Notice of Suspensions (NS), Notice of Disallowances (ND), Notice of Charges (NC).

Status of Implementation of Prior Year's Recommendations

Of the 55 prior year's audit recommendations embodied in the CY 2018 Annual Audit Report, 23 were fully implemented, 18 were partially implemented while the remaining 14 were not implemented by the City Government of Sto. Tomas.