

COMMON AUDIT FINDINGS

BARANGAYS and SKs

March 17, 2026

Benguet Sports Complex Gymnasium
Wangal, La Trinidad, Benguet





Commission on Audit *at a glance*

Article IX-D of the 1987 Constitution

SECTION 1 (1). There shall be a Commission on Audit composed of a Chairman and two Commissioners, who shall be natural-born citizens of the Philippines and, at the time of their appointment, at least thirty-five years of age, certified public accountants with not less than ten years of auditing experience, or members of the Philippine Bar who have been engaged in the practice of law for at least ten years, and must not have been candidates for any elective position in the elections immediately preceding their appointment. At no time shall all Members of the Commission belong to the same profession.

SECTION 1 (2). The Chairman and the Commissioners shall be appointed by the President with the consent of the Commission on Appointments for a term of seven years without reappointment. Of those first appointed, the Chairman shall hold office for seven years, one Commissioner for five years, and the other Commissioner for three years, without reappointment. Appointment to any vacancy shall be only for the unexpired portion of the term of the predecessor. In no case shall any Member be appointed or designated in a temporary or acting capacity.

SECTION 2 (1). The Commission on Audit shall have the power, authority, and duty to examine, audit, and settle all accounts pertaining to the revenue and receipts of, and expenditures or uses of funds and property, owned or held in trust by, or pertaining to, the Government, or any of its subdivisions, agencies, or instrumentalities, including government-owned or controlled corporations with original charters, and on a post-audit basis: (a) constitutional bodies, commissions and offices that have been granted fiscal autonomy under this Constitution; (b) autonomous state colleges and universities; (c) other government-owned or controlled corporations and their subsidiaries; and (d) such non-governmental entities receiving subsidy or equity, directly or indirectly, from or through the Government, which are required by law or the granting institution to submit to such audit as a condition of subsidy or equity. However, where the internal control system of the audited agencies is inadequate, the Commission may adopt such measures, including temporary or special pre-audit, as are necessary and appropriate to correct the deficiencies. It shall keep the general accounts of the Government and, for such period as may be provided by law, preserve the vouchers and other supporting papers pertaining thereto.

SECTION 2 (2). The Commission shall have exclusive authority, subject to the limitations in this Article, to define the scope of its audit and examination, establish the techniques and methods required therefor, and promulgate accounting and auditing rules and regulations, including those for the prevention and disallowance of irregular, unnecessary, excessive, extravagant, or unconscionable expenditures, or uses of government funds and properties.

SECTION 3. No law shall be passed exempting any entity of the Government or its subsidiary in any guise whatever, or any investment of public funds, from the jurisdiction of the Commission on Audit.

SECTION 4. The Commission shall submit to the President and Congress, within the time fixed by law, an annual report covering the financial condition and operation of the Government, its subdivisions, agencies, and instrumentalities, including government-owned or controlled corporations, and non-governmental entities subject to its audit, and recommend measures necessary to improve their effectiveness and efficiency. It shall submit such other reports as may be required by law.



The Chairperson



The Commission Proper

The Commissioners



Vision

A trustworthy, respected and independent audit institution that is an enabling partner of government in ensuring a better life for every Filipino.

Mission

To ensure accountability for public resources, promote transparency, and help improve government operations, in partnership with stakeholders, for the benefit of the Filipino people.



THE PRINCIPAL DUTIES OF THE COMMISSION

COA is charged with ensuring the integrity of fiscal and financial transactions of the government through audit and related services. Specifically, it is tasked to:

- 1) Examine, audit and settle all accounts pertaining to the revenue and receipts of, and expenditures or uses of funds and property owned or held in trust by, or pertaining to, the government.
- 2) Promulgate accounting and auditing rules and regulations including those for the prevention and disallowance of irregular, unnecessary, excessive, extravagant or unconscionable expenditures, or uses of government funds and properties.
- 3) Submit annual reports to the President and the Congress on the financial condition and operation of the government.
- 4) Recommend measures to improve the efficiency and effectiveness of government operations.
- 5) Keep the general accounts of government and preserve the vouchers and supporting papers pertaining thereto.
- 6) Decide any case brought before it within 60 days.
- 7) Performs such other duties and functions as may be provided by law.



COA: The Audit Framework

The Audit Framework

Serves as a comprehensive guide outlining the principles, methodologies, and standards that auditors follow to ensure the effective and objective examination of financial records, performance, and compliance.



COA: Three (3) main types of public-sector audit

Financial Audit focuses on determining whether an entity's financial information is presented in accordance with the applicable financial reporting and regulatory framework. This is accomplished by obtaining sufficient and appropriate audit evidence to enable the auditor to express an opinion as to whether the financial information is free from material misstatement due to fraud or error

Compliance Audit focuses on whether a particular subject matter is in compliance with authorities identified as criteria. Compliance auditing is performed by assessing whether activities, financial transactions and information are, in all material respects, in compliance with the authorities which govern the audited entity. These authorities may include rules, laws and regulations, budgetary resolutions, policy, established codes, agreed terms or the general principles governing sound public sector financial management and the conduct of public officials.

Performance Audit focuses on whether interventions, programs and institutions are performing in accordance with the principles of economy, efficiency and effectiveness and whether there is room for improvement. Performance is examined against suitable criteria, and the causes of deviations from those criteria or other problems are analyzed. The aim is to answer key audit questions and to provide recommendations for improvement



KEY AUDIT SECTORS



National Government
Audit Sector (NGAS)

Audits
departments and
agencies
(e.g. DOH, DepED)



Local
Government
Audit Sector
(LGAS)

Audits LGUs
(Provinces, Cities,
Municipalities,
Barangays, SK)



Corporate
Government Audit
Sector (CGAS)

Audits GOCCs
(e.g. Landbank,
GSIS)



The LOCAL GOVERNMENT UNITS (LGUs)

Breakdown of LGUs

- **82 Provinces** (including the newly created provinces in the BARMM region).
- **149 Cities** (composing of the 33 Highly Urbanized Cities, 5 Independent Component Cities, and 111 Component Cities)
- **1,493 Municipalities** - across the 18 regions of the Philippines
- **42,011** barangays / SKs in the Philippines



KEY DUTIES AND RESPONSIBILITIES

CITY / MUNICIPAL ACCOUNTANTS

Under Section 334 of the Local Government Code (RA 7160) and reinforced by the COA Manual on the Financial Management of Barangays, the City / Municipal government exercises "supervisory authority" over its constituent barangays.

Accordingly, the City/Municipal Accountant acts as the primary accounting officer for its component barangays, responsible for auditing, recording, and reporting all barangay financial transactions.

- 1) Maintain Barangay Books of Account, including the General Ledger and Subsidiary Ledgers; record all collections, deposits, and disbursements; maintain records of barangay property, equipment, and inventories; monitor the liquidation of cash advances by barangay officials and employees
- 2) Prepare and submit monthly/annual financial statements and reports , and consolidate barangay financial data.
- 3) Prepares the monthly Bank Reconciliation Statement upon receipt of the Bank Statement
- 4) Review all Barangay Vouchers for completeness and legality



Fiscal Responsibilities of Barangay Officials

(Chapter XII of the Manual on the FM of Barangays)

Punong Barangay

- a) In coordination with the barangay development council, prepares the annual executive and supplemental budgets of the barangay;
- b) Implements function, project contracts and activities to provide basic services and facilities to the barangay as appropriated;
- c) Negotiates, enters into and signs contracts for and in behalf of the barangay upon authorization of the SB;
- d) Certifies DVs and payrolls as to validity, propriety and legality of the claim;
- e) Approves claims relating to the disbursements of barangay funds;
- f) Countersigns checks in payment of the claims;
- g) Prepares the PB Certification for barangay check disbursements
- h) Signs the Statement of Management Responsibility over the Financial Statements;
- i) Ensures that all transaction documents and reports are submitted to the C/M accountant;
- j) Keeps complete records on the buildings and other structures of the barangay;
- k) Conducts physical count of supplies, investment property, property, plant and equipment, and biological assets;
- l) Ensures that all accounting documents and records are properly kept by concerned barangay officials and staff; and
- m) Informs the COA Auditor's Office of the resignation, retirement, suspension of the barangay officials including change so that the latter could be subjected to audit.



Fiscal Responsibilities of Barangay Officials

(Chapter XII of the Manual on the FM of Barangays)

Chairman, Committee on Appropriations

- a) Certifies the DV/payroll as to the existence of available appropriations to cover the claim;
- b) Monitors the utilization of appropriations with the use of the appropriate RAOs;
- c) Monitors the utilization of special trust funds with the use of appropriate RSTF.
- d) Maintains the RAOs and RSTF;
- e) Ensures that commitments/charges to the approved appropriations and special trust funds do not exceed the available appropriations and special trust funds; and
- f) Certifies the RAOs and prepares and submits the SAOB at the end of the year to the C/M Accountant for submission to the COA Auditor.



Fiscal Responsibilities of Barangay Officials

(Chapter XII of the Manual on the FM of Barangays)

Barangay Treasurer

a) Collections

- 1) Keeps custody of barangay funds and property and ensure the safety of cash, cash items and barangay records;
- 2) Collects all taxes, fees and other charges due and contributions accruing to the barangay and deposit the same with authorized depository bank;
- 3) Collects for the C/M Treasurer when deputized and remits all collections intact;
- 4) Renders report on collections and deposit made.

b) Disbursements

- 1) Certifies to the availability of cash for the DV/Payroll presented;
- 2) Issues and signs checks for payment of obligations;
- 3) Renders the report on checks, cash and PCF disbursements;
- 4) Maintains the Cashbook to record in and out of cash in the treasury, in depository banks and petty cash;

c) Supplies and Materials and Property

- 1) Keeps the records of supplies and materials and property of the barangay;
- 2) Prepares and maintains the ICS for the issuance of small items with serviceable life of more than one year and PAR for the issuance of property and equipment to end-users; and
- 3) Assists the PB in the conduct of physical count of property.

d) Others

- 1) Update and reconcile his cashbook with the Cash in Bank and Cash Local Treasury accounts appearing in the general ledger maintained by the C/M Accountant.



ROLE of the CITY / MUNICIPAL ACCOUNTANTS to the SK

The SK has financial independence in its operations and disbursements (with the SK Chairperson and Treasurer as signatories), and encashment of its fund, income and expenditures. They prepare and submit the financial records/reports and documents directly to the COA Auditor without going through the review by the City/Municipal Accountant.



Audit / Thrust Areas For LGUs

- I. Financial Audit
- II. Compliance Audit
- III. Other Financial Related Issues
- IV. Other Risk Areas as a Result of the Agency Risk Assessment



Financial Audit

1. Cash and Cash Equivalents
2. Cash Advances
3. Property, Plant and Equipment
4. Inventories
5. Funds transferred to/from National Government Agencies, NGOs/Pos
6. Other Financial Accounts



Compliance Audit

1. Compliance with tax laws and other Regulatory Requirements (GSIS, PhilHealth, Pag-IBIG)
2. Compliance with laws and regulations governing Gender and Development (GAD)
3. Compliance with laws and regulations governing Senior Citizen and Differently-Abled persons
4. Mandatory Remittance of the 5% DPWH Share of the Building Permit Fees and Other Charges (PD No. 1096)
5. Mandatory Remittance of 15% LGU share of the Excise Taxes on Locally Manufactured Virginia Type of Cigarettes (PD No. 7171) (Ilocos, La Union, Abra)
6. Enforcement of COA Disallowance and Charges in COA Memorandum No. 2009-084 dated November 16, 2009
7. Utilization of 20% Development Fund
8. Compliance with COA-DBM Joint Circular (JC) No. 2, s. 2022 dated November 10, 2022, amending COA -DBM JC No. 2 dated October 20, 2020, allowing agencies to engage the service of new Contract of Service (COS) and Job Order (JO) workers and renew the individual contracts of their existing COS and JO workers until 12/31/ 2024
9. Utilization of Local Disaster Risk Reduction and Management Fund (LDRRMF)/Quick Response Fund (QRF)
10. Implementation of Infrastructure Projects



Essential COA Issuances & Regulatory Framework

1. International Public Sector Accounting Standard (IPSAS)
2. Presidential Decree No. 1445 (Government Audit Code)
3. Manual on the Financial Management of Barangays
4. COA Circular No. 2012-001 dated June 14, 2012 - Prescribing the Revised Guidelines and Documentary Requirements for Common Government Transactions (COA Circular No. 2023- 004 dated June 14, 2023 which updated this Circular has been suspended)
5. COA Circular No. 2012-003 dated October 29, 2012 - Updated Guidelines for the Prevention and Disallowance of Irregular, Unnecessary, Excessive, Extravagant and Unconscionable Expenditures
6. COA Circular No. 2016-002 dated May 31, 2016 - Updates on Prescribing the Revised Guidelines and Documentary Requirements for Fund Transfers
7. COA Circular No. 2009-006 - September 15, 2009. Prescribing the use of the Rules and Regulation on Settlement of Accounts

Common Audit Observations (Barangays)



Cash and Financial Management

- 1) Delayed or Non-Deposit of Collections
- 2) Excessive Cash in Possession
- 3) Stale Checks
- 4) Non-Preparation of Bank Reconciliation Statements (BRS)
- 5) Improper Use of Petty Cash Fund (PCF)
- 6) Non-Maintenance of Required Books of Accounts
- 7) Unliquidated Cash Advances
- 8) Non-bonding of Accountable Officer



Cash and Financial Management

1. Delayed or Non-Deposit of Collections.

- ❖ Cash collections were not deposited on time and intact or and as soon as the collections reached ₱5,000.00, thereby, resulting in the accumulation of undeposited collections

The Manual on the Financial Management of Barangays provides among others, that:

1.1.8 All collections shall be deposited intact with government depository bank or other authorized depository bank for the account of the barangay, except those collections to be remitted to the City/Municipal (C/M) Treasurer.

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 ₱5,000.00.

4.1.3 The prescribed officially numbered receipts shall be issued in strict numerical sequence. Strictly, erasures and alterations are not allowed in preparing the OR.



Cash and Financial Management

2. Excessive Cash in Possession

- ❖ Cashier or Treasurer holding cash in excess of the approved Fidelity Bond limit.
- ❖ C/M Accountant is encouraged to require the BT to deposit cash on hand if the balance of the CIT account is high.



Cash and Financial Management

3. Stale Checks

- ❖ Failure to cancel checks that have been outstanding for over six months, resulting in misstated cash balances.

Item 8.1.25, Chapter VIII of the Manual on Financial Management of Barangays prescribes the procedures to be followed in the event of staled checks:

“The BT shall immediately notify the PB and the C/M Accountant of the check staled in the hands of the payee. The C/M Accountant shall make the necessary adjustments in the books. The PB shall prepare the PBC for the replacement check.”



Cash and Financial Management

4. Non-Preparation of Bank Reconciliation Statements (BRS)

- ❖ Non-preparation or delays in BRS preparation thus, making it difficult to identify and correct bank or book errors promptly.

4.2.8 Upon receipt of the Bank Statement, the C/M Accountant shall prepare a monthly Bank Reconciliation Statement



Cash and Financial Management

5. Improper Use of Petty Cash Fund (PCF)

- ❖ PCF used for regular, recurring, and non-emergency expenses that should be paid via check
- ❖ PCF not fully liquidated at year-end or in case the BT ceases to be one or resigns
- ❖ PCF exceeded the monthly petty and emergency expenses contrary COA Circular No. 97-002
- ❖ Payments made from the PCF were not paid through a Petty Cash Voucher (PCV)
- ❖ Inadequate supporting documents were attached to the replenishment of the PCF
- ❖ Funds under the Petty Cash Custodian were not segregated



Cash and Financial Management

6. Non-Maintenance / Non-Preparation of Required Cashbook and Reports

- ❖ Failure to maintain the Cash Book and to prepare/submit the required Reports (RCD, RCR, RAAF, etc.)

Item 1.2.11 of the Manual on the Financial Management of Barangays requires that a cashbook shall be maintained and updated daily. Annex 8 of the same Manual states that the cashbook is prepared by the Barangay Treasurer to “record daily collections and deposits, cash advance for payroll of the barangay, cash advances granted for specific and time bound undertakings of the barangay and to monitor the balance of Cash in Bank account and the Petty Cash under the accountability of the BT.”



Cash and Financial Management

7. Observations on the Grant and Liquidation of Cash Advances (COA Circular Nos. 97-002 and 2012-001 and Item 5.2.2 of the Manual on the Financial Management of Barangays)

- ❖ Cash Advances (CAs) were granted;
 1. despite an outstanding/unliquidated cash advance
 2. for purposes other than those allowed under COA Circular No. 97-002
 3. to an elected official
 4. to non-bonded employees and individuals who were not unauthorized to disburse funds
 5. to ineligible employees for purposes other than those allowed in COA Circular 97-002
 6. after the intended activity has commenced and used to pay expenses incurred before the grant, thereby defeating the purpose of the cash advance and its necessity doubtful



Cash and Financial Management

7. Observations on the Grant and Liquidation of Cash Advances (COA Circular Nos. 97-002 and 2012-001 and Item 5.2.2 of the Manual on the Financial Management of Barangays)

❖ Liquidation of Cash Advances (CAs)

1. Liquidation of CAs were not sufficiently/properly documented or did not align with its intended purpose
2. Non-liquidation or Liquidation of CAs beyond the reglementary period/completion of their intended purpose while unutilized CAs were not immediately returned (e.g., 30 days for local travel)
3. Cash Advances (CAs) were erroneously recorded as liquidated as of yearend although the corresponding checks of these CAs were still reported as outstanding checks in the Bank Reconciliation as at yearend.
4. Treasurer or other Accountable Officers were not properly bonded



Cash and Financial Management

7. Observations on the Grant and Liquidation of Cash Advances (COA Circular Nos. 97-002 and 2012-001 and Item 5.2.2 of the Manual on the Financial Management of Barangays)

❖ Liquidation of Cash Advances (CAs)

5. Liquidation of a cash advance for payroll was more than the amount granted, resulting in the overstatement of expenses and understatement of equity accounts.
6. Cash advances remained unliquidated as of year-end
7. Late recording of the liquidations have affected the balances of the corresponding expense and Government Equity accounts in the financial statements



Cash and Financial Management

8. Non-Bonding of Accountable Officers

The fidelity bonds of accountable officers were not renewed on time, resulting in noncompliance with the guidelines set forth by the Bureau of the Treasury (BTr) in Treasury Circular (TC) No. 02-2019, dated April 25, 2019. As a result, the agency may face potential risks, as losses of government funds may not be fully covered by insurance, nor can they be indemnified in cases of cash shortages, defalcation, or unresolved losses in the accounts of the accountable officers



Cash and Financial Management

The agency did not adhere to the guidelines prescribed by the Revised Cash Examination (CE) Manual and provisions of the Manual on the NGAS for LGUs , to wit:

1. Collections were not deposited intact and in required frequency
2. Non-reconciliation of the Cash in Treasury account resulting in undetected errors in the recording of collections as of year-end;
3. Long outstanding checks were not properly followed up and controlled, resulting in stale checks which remained unreversed as of year-end; thus, Cash in Bank and Government Equity accounts were both understated
4. Collections of collecting officers and/or field collectors were not remitted immediately to the Municipal Treasurer.
5. Abnormal balance of the Cash in Treasury account rendered the account inaccurate and unreliable.
6. Cash collections presented during the cash examination date were not deposited immediately after the cash count.
7. The fidelity bonds of accountable officers were not renewed on time or non-bonding of AOs



Property, Plant, and Equipment (PPE)

- 1) Misstated PPE balances**
- 2) Unreliable PPE balances**
- 3) No Property Acknowledgment Receipt (PAR)**
- 4) Lack of Land Titles**
- 5) Non-Disposal of Unserviceable Properties**
- 6) Unreliable Local Road Networks (LRN) balances**



Property, Plant, and Equipment (PPE)

1. Misstated PPE balances due to:

- a) Unrecorded PPEs (e.g. Assets acquired through donation or from other government units not recorded in the books)
- b) Misclassification of PPEs and erroneous recording of repairs/construction materials
- c) Non-transfer of completed infrastructure project to their appropriate asset accounts
- d) Errors/non-provision of Depreciation; and
- e) Inclusion of PPEs that are under the control of other government agencies



Property, Plant, and Equipment (PPE)

2. Unreliable PPE balances due to:

- a) Non-conduct of the annual physical count;
- b) Incomplete/absence of pertinent PPE records and report (RIPE, PEC, PELC);
- c) Incomplete /erroneous recording of assets;
- d) Incomplete details/information required in accomplishing different PPE records and reports;
- e) Full reliance on the accounting records during the conduct of physical inventory;
- f) Discrepancy between accounting and barangay records and reports;
- g) Unaccounted/Lost Property, Plant and Equipment
- h) Inclusion of demolished building;
- i) Lack of records and data on the cost and accumulated depreciation of certain property items;
- j) Incomplete supporting documents to facilitate recording



Property, Plant, and Equipment (PPE)

3. No Property Acknowledgment Receipt (PAR)

- ❖ *Various equipment issued to end-users were not supported with PAR, thus, accountabilities over barangay properties cannot be established*



Property, Plant, and Equipment (PPE)

4. Lack of Land Titles

- ❖ *Barangay-owned lands and buildings were not supported by Transfer Certificates of Title (TCT) in the name of the Barangay.*
- ❖ *The land where the Barangay Hall and other Structures were erected remained untitled in the name of the barangay, thus leaving the barangay at risk of adverse claims from other interested parties.*



Property, Plant, and Equipment (PPE)

5. Non-Disposal of Unserviceable Properties

- ❖ *Unserviceable properties have not been disposed or still included in the PPE account resulting in the further deterioration of the assets and depriving the barangay of additional income from their sale*



Property, Plant, and Equipment (PPE)

6. Unreliable Local Road Networks balances due to:

- a) Non-provision of depreciation;*
- b) Erroneous provision of residual value in the computation of depreciation expense*
- c) Non-disclosure in the Notes to FS; and*
- d) Non-segregation of components, resulting to erroneous provision of depreciation*



Property, Plant, and Equipment (PPE)

COA Circular No. 2015-008 dated November 23, 2015 provides for the accounting and reporting guidelines on the Local Road Asset Management System on initial recognition, subsequent measurement, and de-recognition. It provides, among others, the following:

Item IV(4) – The road lot component of the road network system shall not be subject to depreciation.

“Item IV(13) – Each depreciable component of the road network shall be depreciated separately following the straight line method of depreciation.

Item V(3) – Segregate and recognize the cost of each component of the local roads with identified cost.

Item V(4) – Determine the components of local roads identified in the inventory without corresponding cost and recognize the cost of each component at its fair value.



Property, Plant, and Equipment (PPE)

COA Circular No. 2015-008 dated November 23, 2015

Item VI.1. The General Services Officer that at the end of the accounting period render a Report on Local Road Network of the local government unit concerned

Item VI.2. The total road network system shall be disclosed in the Notes to Financial Statements of the Agency.

Item VII.a.1. The Local Accountant to prepare Local Road Network Ledger Card.

Item VII.b.2. The General Services Officer to keep a complete Local Road Network Property Card for all roads and its components.



Property, Plant and Equipment (PPE)

- Non-marking of motor vehicles with “For Official Use Only” under which should be written the name of the LGU contrary to the provision of Section V (2) of the COA Circular No. 75-6 dated November 7, 1975, thus vulnerable to unauthorized use of the same to the detriment of the government
- PPE were not properly labeled nor tagged with property stickers thereby, preventing the easy identification and establishment over the ownership of the property
- Prohibited markings on motor vehicles (such as the photo of the Mayor, Governor, Congressman, etc.)



Other Financial Accounts – Receivables

- 1) Remained unsettled and/or were not properly supported with subsidiary ledgers thus casting doubt on the validity and existence of the said account.
- 2) Dormant in the books of the barangay
- 3) Misstated due to misclassification (e.g. Advances to Officers and Employees account recorded as Other Receivables account)



Other Financial Accounts – Fund Transfers to/from NGAs/LGUs/NGOs/POs

- 1) Not supported with a Memorandum of Agreement (MOA); absence of documents and/or lack of information to validate the nature of the balances
- 2) Not regularly monitored, verified and validated fund transfers to barangays, as required under Paragraphs 6.1 and 7.1–7.2 of COA Circular No. 2016-005 and Section 3.1.1 of COA Circular No. 2012-001, resulted in the accumulation of unliquidated fund transfers as of yearend.
- 3) Remained outstanding as of yearend contrary to COA Circular No. 2007-001 dated October 25, 2007.
- 4) Not utilized in pursuit of the mandate of the source agency and not for public purpose



Other Financial Accounts – Fund Transfers to/from NGAs/LGUs/NGOs/POs

Misstated Due to/from LGUs account due to:

- a. erroneous recording of the receipt of cash from different source agencies**
- b. erroneous recognition of the funds transferred to various LGUs**
- c. non-recording of liquidation reports/utilization**
- d. dormancy and non-liquidation of funds transferred**
- e. non-reconciliation of the Due to LGUs account with the Report on Status of Fund Transfers to Barangays or with the amounts confirmed by the source agencies**
- f. erroneous recording of funds transferred as Due from LGUs instead as a debit to Due to NGAs**
- g. non-recognition of the transfer of fully liquidated discontinued/completed projects understating the Government Equity**
- h. non-return of unexpended balances to Source Agencies**



Other Financial Accounts – Inventory

Unreliable/Misstated Inventory balances due to:

- a. Non-conduct of annual physical count;
- b. Incomplete or absence of inventory records and reports;
- c. Non-recognition of the purchase of inventories (Inventories procured were not recorded in the appropriate Inventory accounts but were expensed outright)
- d. Non-recognition of the issuance of inventories due to absence of RIS and SSMI and erroneous recording of inventory transactions
- e. Non-reconciliation of the inventory records of the Accounting Office and the records of the Barangay Treasurer caused by the non-conduct of physical count of inventories.



Other Financial Accounts – Financial Liabilities - Accounts and Loans Payable/Other Payables

The Payable account is misstated due to the ff:

- a. recognition of liabilities for undelivered/not rendered goods or services
- b. non-recording of expenses in the period they were incurred
- c. improper recognition of payable account without appropriation
- d. misclassification of accounts payable due to individuals not employed by the LGU recorded instead as Due to Officers and Employees
- e. inadequate supporting documents
- f. misstatements arising from accounting errors and omissions were not corrected or not timely adjusted as of year-end
- g. Guaranty Deposits Payables which have prescribed beyond the warranty period remained outstanding for over one years



Other Financial Accounts – Financial Liabilities - Accounts and Loans Payable/Other Payables

The reliability and existence of the various payable accounts are unreliable due to:

- a. inclusion of payables that have been outstanding for more than 2 years
- b. subsidiary ledgers showing abnormal balances
- c. undocumented payables
- d. non-submission of schedules



Other Financial Accounts – Financial Liabilities - Accounts and Loans Payable/Other Payables

Trust Liabilities-DRRMF

- a. The unexpended balance of the Local Disaster Risk Reduction and Management Fund (LDRRMF), was not transferred to the Trust Fund bank account by year-end, contrary to COA Circular No. 2012-002.
- b. Was overstated due to the excess transfer of the current year's unexpended LDRRMF to the special trust fund
- c. The savings, unutilized and unexpended balance of the LDRRMF trust fund after 5 years were not reverted back to the unappropriated surplus of the General Fund, thereby depriving the management additional funds for other programs, projects, and activities.



Procurement and Disbursements

1) Compliance with the Philippine Government Procurement Law (RA 9184, now RA 12009)

- ✓ Non-preparation or submission of APP or PPMPs
- ✓ Non-Posting on the PhilGEPS website for transparency of all procurement opportunities (Invitation to Bid, Request for Quotation), Bid Notices, Bidding Documents, Notice of Award, Contract, Purchase Order, and Notice to Proceed)
- ✓ Failure to invite observers
- ✓ Unjustified resort to alternative methods
- ✓ Splitting of Contracts
- ✓ Non-imposition of liquidated damages for delays in the delivery or completion
- ✓ Non-posting of Performance Securities



Procurement and Disbursements

1) Compliance with the Philippine Government Procurement Law (RA 9184, now RA 12009)

- ✓ The Barangay directly resorted to shopping or negotiated procurement in the purchase of various goods even if the amounts involved exceeded the ₱50,000.00 threshold
- ✓ Payments of the fifteen percent mobilization fees for infrastructure projects were released without the supporting documents or were not supported with the required irrevocable standby letter of credit of equivalent value from a commercial bank, a bank guarantee or a surety bond callable upon demand
- ✓ Goods, services and utilities were procured without Contract/Purchase Orders, paid through cash, and applicable taxes were not consistently withheld contrary to prescribed procurement and disbursement guidelines



Procurement and Disbursements

- 1) Compliance with the Philippine Government Procurement Law (RA 9184, now RA 12009)
 - ✓ Retention money for various infrastructure projects was released before the lapse of the one-year defects liability period and/or was substituted with an improper surety bond.
 - ✓ The Barangay was not registered with the PhilGEPS which resulted in the non-posting of the Invitation to Bid/Request for Expression of Interest, Notice of Award, and Notice to Proceed of the clustered projects procured through competitive bidding
 - ✓ The Barangay Bids and Awards Committee has not yet been established



Procurement and Disbursements

- 2) Missing Supporting Documents
- 3) Purchases without Approved Purchase Request (PR)
- 4) IUEEU (Irregular, Unnecessary, Excessive, Extravagant, and Unconscionable) Expenditures
- 5) Procurement from Non-Qualified Suppliers
- 6) Delay in Project Implementation
- 7) Non-submission of copies of perfected contracts /purchase orders and their supporting documents to the Office of the Auditor within five (5) working days from the execution of the contract



Budget and Compliance

- 1) RA 7160 Expenditures Exceeding Appropriation
- 2) 20% Development Fund
- 3) 5% LDRRMF
- 4) Non-Submission of Monthly Reports
- 5) Non-Compliance with Full Disclosure Policy
- 6) Honoraria in Excess of Limits
- 7) Lack of Sangguniang Barangay Resolutions



Budget and Compliance

Compliance with RA 7160 or the Local Government Code

- a. Spending more than what was authorized in the Annual or Supplemental Budget.
- b. Savings from completed projects were not reviewed by Barangay Officials for reversion and re-appropriation to other development PPAs, thus the funds have remained idle in the bank.
- c. Personal Services (PS) expenditures exceeded the PS Limitation
- d. Unexpended appropriations for Personal Services and Maintenance and Other Operating Maintenance Expenses were not reverted at year-end but were carried forward in the ensuing years (Sections 322 and 328 of RA 7160)
- e. Advance payment of the honoraria and wages of the Barangay Officials and Employees thus posed risk of loss of government funds (Sections 338, 339 and 393 of RA No. 7160 by paying the honoraria and salaries and wages at the end of the month after the Barangay Officials and Employees have rendered their duties, prepared the required barangay and committee reports, and attended mandatory meetings)
- f. Payments to various suppliers were made prior to the actual delivery of the items in violation of Section 338 of Republic Act (RA) No. 7160



Budget and Compliance

Utilization of Development Fund

At least 20% of the National Tax Allotment (NTA)

Basis: Section 287 of R.A. No. 7160 or the LGC of 1991 requires that every LGU shall appropriate in its Annual Budget not less than 20% of its annual IRA for development projects to be incorporated in the Annual Development Plan.

DBM-DOF-DILG Joint Memorandum Circular (JMC) No. 2020-01 dated November 4, 2020, provides for the revised guidelines on the appropriation and utilization of the 20 percent of the Annual IRA for Development Projects.

Item 3.1 states that: “In accordance with Section 287 of RA No. 7160, each local government unit shall appropriate in its annual budget no less than 20% of its annual internal revenue allotment for development projects.”

Item 3.2 of the same JMC provides that the development projects that may be included under the 20% DF shall be those that are necessary, appropriate, or incidental to efficient and effective local government, and those which are essential to the promotion of the general welfare of the people.

The LGUs shall ensure that the development projects to be funded out of the 20% DF are well-planned and procurement-and-implementation ready.”

Item 4.0 further states that “The responsibility and accountability in ensuring that the development projects funder 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.”



Budget and Compliance

Utilization of Development Fund

At least 20% of the National Tax Allotment (NTA)

- ✓ Non-completion/delayed implementation of projects funded under 20% BDF due to the following:
 - a. Lack of proper planning in the implementation of Annual Investment Plan;
 - b. Not Procurement-And-Implementation Ready Development Projects;
 - c. Deviation from the procurement schedule;
 - d. Late procurement of projects; and
 - e. Delayed programming

- ✓ Annual Appropriation for PPAs under the 20% DF was deficient
- ✓ Failure to spend at least 20% of the National Tax Allotment (NTA) on development projects
- ✓ Non-submission of Annual Development Plan and relevant Utilization Reports
- ✓ Realignment of funds for a project was made without the necessary supplemental budget



Budget and Compliance

Local Disaster Risk Reduction and Management Fund (LDRRMF) (5% of their estimated revenue from regular sources)

Basis: RA No. 10121 or the Philippine Disaster Risk Reduction and Management Act of 2010

COA Circular NO. 2012-002 dated September 12, 2012 “Accounting and Reporting Guidelines for the LDRRMF of LGUs, National Disaster Risk Reduction and Management Fun (NDRRMF) given to LGUs and Receipts from other Sources”



Budget and Compliance

Local Disaster Risk Reduction and Management Fund (LDRRMF)

ALLOCATION:

- ✓ The allocated LDRRMF were less than 5% of the total revenue from regular sources, thus rendered the funds under appropriated. (Section 21 of R.A. No.10121)



Budget and Compliance

Local Disaster Risk Reduction and Management Fund (LDRRMF)

LDRRMF Investment Plan:

- ✓ Non preparation/non-updating of LDRRMFIP
- ✓ LDRRMFIP not approved by the Sanggunian; thereby, the utilization of the LDRRMF were deemed unauthorized



Budget and Compliance

Local Disaster Risk Reduction and Management Fund (LDRRMF)

Utilization:

- ✓ Unutilized DRRM funds due to the following:
 - a. inclusion of underfunded projects in the plan;
 - b. non-identification of projects to be charged against the special trust fund consequently, the objective of building a disaster resilient community was not fully attained;
 - c. duplication of DRRM projects and activities; and
 - d. non-realignment of unutilized funds to other DRRM projects and activities.



Budget and Compliance

Local Disaster Risk Reduction and Management Fund (LDRRMF)

Utilization:

- ✓ Disbursements that could have been funded out of the General Fund were charged to the LDRRMF
- ✓ The DRRMF was used to pay the monthly honoraria/incentive or non-disaster related expenses
- ✓ Charges under the 30% Quick Response Fund did not conform to the provisions of COA Circular No. 2012-002 dated September 12, 2012, and Section 6.3 of the DBM and DILG Joint Memorandum Circular No. 2013-1 dated March 25, 2013



Budget and Compliance

Local Disaster Risk Reduction and Management Fund (LDRRMF)

Reporting:

- ✓ The monthly report prepared on the utilization of LDRRMF was not in accordance with the guidelines prescribed, thus casts doubt on the proper utilization thereof
- ✓ The Reports on Sources and Utilization of DRRMF, was either not prepared and submitted or the submission was delayed, resulting in the limited evaluation of the implementation of the programs, projects and activities intended for the fund



Other Financial Accounts – Financial Liabilities - Accounts and Loans Payable/Other Payables

Trust Liabilities-DRRMF

- a. The unexpended balance of the Local Disaster Risk Reduction and Management Fund (LDRRMF), was not transferred to the Trust Fund bank account by year-end, contrary to COA Circular No. 2012-002.
- b. Was overstated due to the excess transfer of the current year's unexpended LDRRMF to the special trust fund
- c. The savings, unutilized and unexpended balance of the LDRRMF trust fund after 5 years were not reverted back to the unappropriated surplus of the General Fund, thereby depriving the management additional funds for other programs, projects, and activities.



Budget and Compliance

GENDER and DEVELOPMENT (GAD)

Basis:

- ❖ Republic Act No. 9710 (Magna Carta of Women, 2009): The central framework mandating gender mainstreaming, GFPS, and the 5% Gender and Development (GAD) budget.
- ❖ PCW-NEDA-DBM JC 2012-01 (national agencies), PCW-DILG-DBM-NEDA JMC 2016-01 (LGUs), and PCW MC 2011-01 (GFPS).
- ❖ COA Circular No. 2014-001 dated March 18, 2014;
- ❖ COA Circular No. 2021-008
- ❖ COA Memoranda No. 2017-001/2018-009 (Audit checklists and reporting)
- ❖ COA Memorandum No. 2025-001-0001 aligns audits with the Magna Carta of Women



Budget and Compliance

GENDER and DEVELOPMENT (GAD)

Common Audit Findings:

- ✓ The Barangay did not allocate at least 5% of their total budget appropriations for their GAD Fund
- ✓ The Barangay did not fully institutionalize GAD Database, thus, affected the systematic and effective planning and implementation of various programs on GAD
- ✓ The Barangay did not prepare and submit the GAD Plan and Budget (GPB)
- ✓ The GPB lacked the necessary endorsement from the Department of Interior and Local Government (DILG)
- ✓ Regular programs of the Barangay, were directly classified as gender-focused programs/projects in its GPBs without conducting assessment for proper attribution.
- ✓ Non-reconciliation of the amount of GAD Budget and corresponding actual utilization with those in the RAO and SAOB
- ✓ Non-administration of HGDD tests on programs and projects for attribution



Budget and Compliance

GENDER and DEVELOPMENT (GAD)

Common Audit Findings:

- ✓ GAD Accomplishment Report (AR) was not supported with pertinent supporting documents
- ✓ Programs, projects and activities identified in the GAD Plan and Budget of the Barangay were not implemented as of yearend
- ✓ GAD Budgets not maximized due to: a) several non-eligible activities/ expenditures that were charged against the GAD budget; and b) poor monitoring thereof



Budget and Compliance

Compliance with Tax, PhilHealth, PAG-IBIG Laws

Basis:

- ❖ Section 5 of Bureau of Internal Revenue (BIR) Revenue Regulation (RR) No. 11-2018 dated January 31, 2018 provides, among others, that withholding agents shall file BIR Monthly Remittance Forms every tenth (10th) day of the following month when the withholding is made, regardless of the amount withheld. For withholding agents using EFPS facility, the due date is on the fifteenth (15th) day of the following month. Withholding agents with zero remittance are still required to use and file the same form.
- ❖ The same regulation provides that “If the withholding agent is the Government or any of the agencies, political subdivisions or instrumentalities, or a government-owned or controlled corporation, the employee thereof responsible for the withholding and remittance of the tax shall be personally liable for the addition to the tax prescribed herein.



Budget and Compliance

Compliance with Tax, PhilHealth, PAG-IBIG Laws

Basis:

- ❖ Section 18.b of the Revised IRR of the National Health Insurance Act of 2013 (RA No. 7875 as amended by RA No. 9241 and 10606) requires that the monthly contributions of employed members shall be remitted by the employer on or before the date prescribed by the Corporation. Failure of the employer to remit the required contribution and to submit the required remittance list shall make the employer liable for reimbursement of payment of a properly filed claim in case the employee or dependent/s concerned avails of Program benefits, without prejudice to the imposition of other penalties as provided in the said rules, pursuant to Section 18.d of the same RIRR and COA Circular No. 003-2015.
- ❖ Rule VII of the IRR of RA No. 9679 also known as the Home Development Mutual Fund of 2009 provides that all employers shall remit to the Fund their contributions and the contributions of their employees as well as the latter's loan amortization or payment to the Fund, as provided for under Section 2 of this rule, within fifteen (15) days from the date the same were collected unless another period is previously agreed upon between the employer and the Fund or within such periods as the Fund may prescribe otherwise



Budget and Compliance

Compliance with Tax, PhilHealth, PAG-IBIG Laws

Common Audit Findings:

- ✓ Payment of transactions were not withheld taxes resulting in under-collection/remittance BIR.
- ✓ Withheld taxes were not remitted intact and on time to the BIR resulting to accumulation of unremitted taxes at yearend
- ✓ Tax remittances were not supported with complete documents, casting doubt on the propriety of the remittances made.
- ✓ Taxes withheld from cancelled payments were still remitted to the BIR while taxes withheld from a supplier was remitted to the BIR twice resulting in an over remittance of taxes.



Budget and Compliance

Compliance with Tax, PhilHealth, PAG-IBIG Laws

Common Audit Findings:

- ✓ Non-withholding of the PhilHealth or PAG-IBIG contribution of its officials and employees;
- ✓ Non-remittance of government share.
- ✓ PhilHealth or PAG-IBIG premiums were remitted without corresponding employees share deducted from their honoraria



Compliance Audit

Compliance with laws and regulations governing Senior Citizen and Differently-Abled persons

Legal Framework for Compliance

Republic Act No. 9994: The Expanded Senior Citizens Act of 2010.

Republic Act No. 7277: Magna Carta for Disabled Persons.

General Appropriations Act (GAA): Annual provisions requiring at least 1% of agency budgets for these sectors.

DBM-DSWD Joint Circular No. 2003-01: Provides specific guidelines for the 1% budget setting



Compliance Audit

Compliance with laws and regulations governing Senior Citizen and Differently-Abled persons

- 1. Failure to Allocate Funds:** Agencies are often found violating provisions of the GAA and Joint DSWD-DBM-NAPC Circulars by not allocating or fully utilizing at least 1% of their budget for senior citizen and PWD programs.
- 2. Lack of Specific Projects:** Audit reports have cited agencies for failure to develop specific projects designed to address the needs of senior citizens and differently-abled persons.
- 3. Accessibility and Facilities:** Deficiencies in compliance with accessibility laws (BP 344) are frequently noted, such as a lack of ramps, special toilets, and tactile paving in public buildings.
- 4. Non-submission of Reports:** Failure to submit mandatory reports regarding programs for SCs and PWDs to the National Commission of Senior Citizens or relevant agencies is a common issue, which can result in audit observations



Compliance Audit

Mandatory Remittance of the 5% DPWH Share of the Building Permit Fees and Other Charges (PD No. 1096) - Under PD No. 1096 and its Implementing Rules and Regulations (IRR), the building permit fees collected by the Office of the Building Official (OBO) are distributed, generally with 80% going to the city/municipality, 15% to the OBO for operating expenses, and 5% to the DPWH for the National Building Code Development Office (NBCDO)

The 5% Department of Public Works and Highways (DPWH) share of building permit fees is not applicable to Barangays. Based on Presidential Decree No. 1096 (National Building Code) and related Joint Memorandum Circulars, this 5% share is a national government share to be remitted by city/municipal treasurers directly to the Bureau of Treasury



Compliance Audit

Mandatory Remittance of 15% LGU share of the Excise Taxes on Locally Manufactured Virginia Type of Cigarettes (RA No. 7171) (Ilocos, La Union, Abra)

Mandated Use of Funds

Under RA 7171, these funds must be used exclusively for:

Cooperative projects to increase farmer income.

Livelihood projects (agro-industrial or home-based).

Agro-industrial projects (tobacco curing, processing plants).

Infrastructure projects (farm-to-market roads) that directly support tobacco farmers

The 15% share of local government units (LGUs) from excise taxes on locally manufactured Virginia-type cigarettes (RA 7171, as amended) is primarily applicable to provinces, cities, and municipalities



Compliance Audit

Enforcement of COA Disallowance and Charges in COA Memorandum No. 2009-084 dated November 16, 2009

A disallowance that has become final and executory was not recorded in the books of accounts contrary to the Rules and Regulations on Settlement of Accounts (RRSA) prescribed by COA Circular No. 2009-006 dated September 15, 2009, resulting in the understatement of the receivable and equity accounts.

Audit suspensions, disallowances and charges found in the audit of various transactions remained unsettled



Compliance Audit

- 1) Non-Compliance with Full Disclosure Policy. Failure to post financial documents on Barangay Disclosure Boards.
- 2) Honoraria in Excess of Limits. Paying honoraria to officials that exceeds the rates prescribed by the Department of Budget and Management (DBM).
- 3) Lack of Sangguniang Barangay Resolutions. Transactions made without the necessary Resolution authorizing the Punong Barangay to enter into contracts.



Implementation of Projects

- The list of all on-going and forthcoming government projects, programs, and activities (PPAs) for Calendar Year (CY) 2024, along with the updates on the percentage of completion reflected in project signboards for infrastructure projects, was not submitted to the Audit Team, and not posted or updated at project sites, contrary to COA Circular No, 2013-2014 dated January 30, 2013
- Disbursement Vouchers (DVs) for payment of progress and final billings and release of retention money for infrastructure projects were processed and paid despite the absence of various documentary requirements



Implementation of Projects

- Inadequate detailed engineering for the procurement of infrastructure projects
- Structural defects and deficiencies
- Delayed completion of infrastructure project due to a suspension period
- Changes in the contract was not duly approved by the head of the procuring entity
- Non-termination of projects, whose contract duration has long expired
- A completed project remained idle and not utilized by the public.
- Various work items that were included as part of the contact cost of infrastructure projects were not substantially supported
- No calibrated actions were undertaken by Management for the projects that incurred negative slippages of 5% or more resulting in the non-imposition of appropriate sanctions on the erring contractors and delay in the delivery of the service



Financial Reporting & Document Management

Delayed Submission of Accounts

- ❖ Monthly and year-end reports (Trial Balances, Financial Statements) often bypass the required submission deadlines.

Missing Supporting Documents

- ❖ Disbursements lack critical attachments like official receipts (ORs), invoices, or inspection reports.

Unreconciled Bank Balances

- ❖ Large variances between the General Ledger and Bank Statements due to a failure to prepare monthly Bank Reconciliation Statements.



Financial Reporting & Document Management

Non-Maintenance of Books of Accounts

- ❖ Incomplete or absent Journals, Ledgers, and the Registry of Appropriations and Obligations (RAO).

Erroneous Account Classification

- ❖ Misuse of the Revised Chart of Accounts for Barangays, such as recording capital assets as repairs and maintenance.

Unrecorded Donations:

- ❖ Failure to record "Donations in Kind" or direct payments made by other LGUs/national agencies on behalf of the barangay.



Financial Reporting & Document Management

Incomplete Notes to FS

- ❖ Financial statements lack necessary disclosures to explain significant account movements.

Non-Submission of Contracts

- ❖ Failure to submit copies of perfected contracts and purchase orders within five working days to the Auditor.

Lack of Subsidiary Ledgers

- ❖ Failure to maintain detailed records for individual accounts like "Due to Other LGUs" or "Receivables".



Internal Control & Governance

- 1) **Inadequate Internal Control System:** Lack of check-and-balance mechanisms in the handling of cash and supplies.
- 2) **Non-Bonding of Accountable Officers:** Barangay Treasurers or Property Officers not covered by the Fidelity Bond.
- 3) **Lack of Honoraria Guidelines:** Paying honoraria or allowances to officials beyond the DBM-prescribed rates.
- 4) **Failure to Post Financial Reports:** Non-compliance with the Full Disclosure Policy (posting on bulletin boards).
- 5) **Non-Maintenance of Logbooks:** Missing registries consumption (Trip Tickets) or attendance.



Internal Control & Governance

- 1) **No Inventory of Supplies:** Failure to track office and medical supplies, leading to stock-outs or wastage.
- 2) **Dormant Accounts:** Maintaining balances in the books for years without movement or supporting records.
- 3) **Excessive Representation Expenses:** Spending on meals and entertainment without a direct public purpose.
- 4) **Non-implementation of Prior Year's Recommendations:** Failure to address previous audit findings, leading to reiterated observations.



Common Audit Observations (Sangguniang Kabataan)



Sangguniang Kabataan (SK)

SK Reform Act of 2015 (RA 10742)

COA Circular No. 2020-003: Prescribes the Handbook on the Financial Transactions of the SK (HFTSK), the foundational guide for SK financial independence.

DBM-DILG-NYC JMC No. 2025-1: Reiteration of the automatic release of the 10% SK fund and budgeting guidelines for FY 2025.

COA Circular No. 2026-001 (Jan 8, 2026): The most recent update providing accounting guidelines for honoraria, personnel services, and mandatory benefits under RA 11768.



Sangguniang Kabataan (SK)

1. Absence of Annual Barangay Youth Investment Program (ABYIP)

- ✓ Expenses incurred without being specifically listed in the approved Comprehensive Barangay Youth Development Plan or ABYIP . No plan, no valid expense.

Section 20 (c) of RA No. 10742 (the SK Reform Act of 2015).

The ABYIP serves as the specific, line-itemed plan of programs, projects, and activities (PPAs) for the budget year. SK funds cannot be disbursed without an approved ABYIP.

The SK must approve the ABYIP through a resolution before the preparation of the SK annual budget begins.



Sangguniang Kabataan (SK)

2. Non-Bonding of SK Treasurers

- ✓ SK Treasurers handling funds without being properly bonded with the Bureau of the Treasury

The HFTSK guidelines require the SK Treasurers to be bonded.



Sangguniang Kabataan (SK)

3. Non-Submission of Monthly Financial Reports.

✓ Delays in submitting reports to the COA.

Monthly Reports

- 1) Bank Reconciliation Statement (BRS): Reconciles the SK's records with the Monthly Bank Statement.

Quarterly Reports

- 1) Statement of Receipts and Payments (QSRP)
- 2) Report of Accountability for Accountable Forms (RAAF)
- 3) Summary of Budget, Commitments, Payments and Balances
- 4) Summary of Specific Purpose Fund, Commitments, Payments and Balances

Due Date: Submitted within 20 days after the end of each quarter

Annual Reports

- 1) Statement of Receipts and Payments (ASRP) –within 60 days after the end of each year.
- 2) Statement of Comparison of Budget and Actual Amounts – within 60 days after the end of each year.
- 3) Report on Inventory of Purchased Property and Equipment –not later than January 31 of the following year
- 4) Report on Inventory of Donated Property and Equipment – concerned not later than January 31 of the following year.
- 5) Notes to Financial Statements –within 60 days after the end of each year.



Sangguniang Kabataan (SK)

4. Missing SK-Specific Books of Accounts.

- ✓ Failure to maintain the following required:
 - 1) Register of Cash Receipts, Deposits and Other Related Financial Transactions (RCRD) to be maintained by the SK Treasurer;
 - 2) Register of Cash in Bank and Other Related Financial Transactions (RCB) to be maintained by the SK Treasurer;
 - 3) Registry of Budget, Commitments, Payments and Balances (RBCPB) to be maintained by the BMO; and
 - 4) Registry of Specific Purpose Fund, Commitments, Payments and Balances (RSPFCPB) to be maintained by the BMO.



Sangguniang Kabataan (SK)

5. Unauthorized Honoraria

- ✓ Paying honoraria to SK members without a formal resolution or exceeding the limit set by the DBM.

COA Circular No. 2026-001 (Jan 8, 2026): The most recent update providing accounting guidelines for honoraria, personnel services, and mandatory benefits under RA 11768



Sangguniang Kabataan (SK)

6. Lack of Quorum for Resolutions

- ✓ Financial transactions supported by resolutions signed by only a minority of the SK Council or SK Chairpersons signing checks without the required "SK Resolution" authorizing the specific disbursement.



Sangguniang Kabataan (SK)

7. Improper Transfer of Funds

- ✓ The 10% SK fund not being transferred automatically by the Barangay to the SK's independent bank account within the first five days of the month.



Sangguniang Kabataan (SK)

8. Travel Expenses without Authority

- ✓ Youth officials traveling for "seminars" without an approved Travel Order or Certificate of Appearance.



Sangguniang Kabataan (SK)

9. Procurement through Reimbursement.

- ✓ Buying supplies (t-shirts, balls, etc.) through "out-of-pocket" reimbursement rather than the mandated Procurement Method.



Sangguniang Kabataan (SK)

10. Ineligible Expenses

- ✓ Using SK funds for "General Administration" (like office repairs or gas for the Punong Barangay) instead of the 9 mandated youth development areas (e.g., Health, Education, Environment).





THANK YOU!

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