



REPUBLIC OF THE PHILIPPINES  
**COMMISSION ON AUDIT**  
REGIONAL OFFICE NO. VIII  
Candahug, Palo, Leyte

Item No.: 14  
Date: 30 2025 JUL

23 June 2025

**The Honorable Presiding Officer  
and Members of the Sangguniang Panlalawigan  
Province of Leyte**

**Sangguniang Panlalawigan  
Province of Leyte**  
**RECEIVED**  
Date: JUN 24 2025  
By: [Signature]

Sirs/Mesdames:

Pursuant to Section 2, Article IX-D of the Constitution of the Republic of the Philippines, Section 43 (2) of Presidential Decree No. 1445, otherwise known as the “Government Auditing Code of the Philippines”, and in line with this Commission’s efforts toward informing management on how fiscal responsibility had been discharged, we are pleased to transmit the Management Letter on the Compliance by the Province of Leyte on Item 6.1 of DEPED-DBM-DILG Joint Circular No. 1, s. 2017, on the Transparency and Accountability in the Allocation and Utilization of the Special Education Fund (SEF) for the Period from 01 January 2024 to 31 December 2024.

The audit was conducted in accordance with the International Standards of Supreme Audit Institutions on compliance auditing (ISSAI 4000). Those standards require that we plan and perform the audit to obtain a reasonable basis for our conclusions.

In our transmittal of even date, we requested the Local Chief Executive to act on the recommendations contained in the Management Letter and to inform this Commission through our Auditors of the action(s) thereon within sixty days from receipt hereof.



REPUBLIC OF THE PHILIPPINES  
**COMMISSION ON AUDIT**  
**REGIONAL OFFICE NO. VIII**  
Candahug, Palo, Leyte

## **MANAGEMENT LETTER**

**on the**

**COMPLIANCE on Item 6.1 of DEPED-  
DBM-DILG Joint Circular No. 1, s. 2017  
on the Transparency and Accountability  
in the Allocation and Utilization of the  
Special Education Fund (SEF)**

**Provincial Government of Leyte**

For the period January 1, 2024 to December 31, 2024



REPUBLIC OF THE PHILIPPINES  
**Commission on Audit**  
REGIONAL OFFICE NO. VIII  
**LGAS-B, PROVINCE OF LEYTE I**  
Candahug, Palo, Leyte

**OFFICE OF THE SUPERVISING AUDITOR**

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17 June 2025

**Hon. CARLOS JERICHO L. PETILLA**  
Governor  
Province of Leyte

**Management Letter on the Compliance on Item 6.1 of DEPED-DBM-DILG Joint Circular No. 1, s. 2017 on the Transparency and Accountability in the Allocation and Utilization of the Special Education Fund (SEF)  
For the Period from 01 January 2024 to 31 December 2024**

**Dear Governor Petilla:**

- 1) We have audited the compliance with Item 6.1 of DEPED-DBM-DILG Joint Circular No. 1, s. 2017 dated January 19, 2017 on the transparency and accountability in the allocation and utilization of the Special Education Fund of the Provincial Government of Leyte covering the period 01 January to 31 December 2024.
- 2) We conducted our compliance audit in accordance with the International Standards of Supreme Audit Institutions on compliance auditing (ISSAI 4000). Those standards require that we plan and perform the audit to obtain a reasonable basis for our conclusions.
- 3) The Province of Leyte has a Provincial School Board (PSB) created by virtue of Section 98 (b) of RA No. 7160, which shall be composed of the Provincial Governor and the Schools Division Superintendent of Leyte as co-chairmen; the Chairman-Committee on Education, Sangguniang Panlalawigan, SPTA Federation President, President-Non Teaching Staff, Department of Education, Provincial Treasurer, Teachers League President, and SK Provincial Federation President, as members.
- 4) The PSB formulated and approved the Resolution No. 2024-01 dated May 28, 2024, which embodied the programs, projects and activities to be implemented during the

year under the SEF. The same appropriated ₱116,000,000.00 from the proceeds of the special levy on real property constituting the SEF for the same fiscal year and authorizing the disbursement thereof, subject to COA Rules and Regulations.

- 5) We have examined the SEF Budget, inquired with the concerned local officials and/or employees, verified its financial statement, and conducted other audit procedures to ensure its compliance with the foregoing Joint Circular in promoting and enhancing transparency and accountability in the allocation and utilization of the SEF.
- 6) We wish to bring to your attention to our audit observation and recommendation which were communicated through Audit Observation Memorandum (AOM) to the concerned officials of the Province of Leyte, and on the exit conference meeting conducted on June 16, 2025. Their responses were incorporated in this Management Letter (ML), where appropriate.

#### **Basis for the Conclusion**

- 7) Verification disclosed deviations on the compliance on the transparency and accountability in the allocation and utilization of SEF as follows:
  - a. Although the Provincial Budget Officer was furnished with the copy of the approved budget, the date of receipt is not known. Both the Provincial Accountant and the Provincial Treasurer were likewise not given their own copies of the SEF Budget.

#### **Conclusion on the Subject Matter**

- 8) Based on the audit work performed, as noted in the Basis for the Conclusion paragraph, the Province of Leyte is not fully compliant with all the requirements stated under Item 6.1 of DEPED-DBM-DILG Joint Circular No. 1, s. 2017.

#### **Detailed Observations and Recommendations**

*Non-compliance with the Prescribed 7-day Period for furnishing the SEF Budget*

- 9) **The Approved Special Education Fund (SEF) Budget for CY 2024 was furnished to the Provincial Budget Officer, but the date of receipt was not known. Moreover, the Provincial Accountant and the Provincial Treasurer were not given copies of the said budget, as required in Item 6.1 of DEPED-DBM-DILG Joint Circular No. 1, s. 2017, hence this deficiency could hinder key officials from conducting timely and proper planning, allocation, and monitoring of funds.**

- 10) Item 6.1 of DEPED-DBM-DILG Joint Circular No. 1, s. 2017 shows the indicative timeline for furnishing the approved SEF Budget as follows:

<b>Activities and Documents</b>	<b>Person/s Responsible</b>	<b>Indicative Timelines</b>
Furnish the Local Budget Officer, the Local Accountant and the Local Treasurer a copy of the SEF Budget as basis for disbursement or certification of availability of funds and for recording purposes	LSB	Not later than seven (7) days after the approval of the SEF Budget

- 11) The SEF Budget for CY 2024 was approved on May 28, 2024 by the Provincial School Board through Provincial School Board Resolution No. 2024-01, wherein the Province of Leyte allocated One Hundred Sixteen Million Pesos (₱116,000,000.00) as budget for Special Education Fund (SEF) for CY 2024. The breakdown of the appropriation is as follows:

<b>Maintenance and Other Operating Expenses</b>		<b>₱ 52,700,000.00</b>
Other Professional Services	600,000.00	
Repair & Maintenance-Bldgs. & Other Structures	10,000,000.00	
Subsidy to National Government	10,000,000.00	
Subsidy to Local Government	10,000,000.00	
Grants & Donations	22,000,000.00	
Representation Expense	100,000.00	
<b>Capital Outlay</b>		<b>63,300,000.00</b>
Construction of School Building	52,300,000.00	
Construction of Other Structures	11,000,000.00	
<b>TOTAL APPROPRIATION</b>		<b><u>₱116,000,000.00</u></b>

- 12) We noted that although the Provincial Budget officer was furnished a copy, it is not clear when it was received because no transmittal letter was found. Moreover, the Provincial Accountant, and the Provincial Treasurer were not given a copy within seven (7) days after the approval of the SEF Budget, which should have been **on or before June 05, 2024**.
- 13) In our inquiry with the representative from the Provincial School Board, he told us that he is not aware that copies of the approved SEF budget should be furnished not later than seven (7) days after its approval. Despite furnishing a copy to the Provincial Budget Officer, the exact date of receipt cannot be determined due to the

absence of a transmittal letter. He further disclosed that the Provincial Accountant, and Provincial Treasurer were not given a copy.

- 14) Furthermore, the Provincial Accountant and Provincial Treasurer revealed that if there are disbursements against the SEF, they just ask the budget office if it is included in the appropriation.
- 15) A copy of the approved SEF Budget is used as the basis for disbursement or certification of availability of funds and for recording purposes. Failure to furnish the SEF Budget to frontline offices on time may lead to delays in implementing programs and activities funded by the SEF, potentially affecting the quality of services provided.
- 16) **We recommended that the Provincial School Board furnish the Provincial Budget Officer, Provincial Accountant and Provincial Treasurer with a copy of the SEF Budget within the prescribed seven-day period from its approval, to avoid delays in the processes which require the issuance of certifications on the availability of SEF funds and in the monitoring/recording of its utilization.**
- 17) During the exit conference meeting, the Provincial School Board representative promised that starting CY 2025, they will furnish the Provincial Budget Officer, Provincial Accountant, and the Provincial Treasurer copy of the approved budget within seven (7) after its approval.

#### **Status of Implementation of Prior Year's Audit Recommendations**

- 18) The status of implementation of the prior year's audit recommendations could not be presented in this report since this is the first separate report on Compliance Audit on the transparency and accountability in the allocation and utilization of SEF by the Province of Leyte. The audit observations and recommendations of the previous years' compliance audit on this audit area, if any, were incorporated in the Annual Audit Report on the Province and could be found in Part III thereof.

## Acknowledgment

- 19) We wish to express our appreciation to the officials/employees of the Provincial Government of Leyte for the cooperation and assistance extended to our Audit Team during the audit.

Very truly yours,

**COMMISSION ON AUDIT**

By:

  
**KATHLEEN E. CINCO**  
State Auditor IV  
OIC-Supervising Auditor 

*Copy furnished:*

- The Secretary of the Sangguniang Panlalawigan,  
Province of Leyte

## Province of Leyte

### AGENCY ACTION PLAN and STATUS OF IMPLEMENTATION

**Audit Observations and Recommendations – Compliance on Item 6.1 of DEPED-DBM-DILG Joint Circular No. 1, s. 2017 on the Transparency and Accountability in the Allocation and Utilization of the Special Education Fund (SEF) For Calendar Year 2024**

Ref.	Audit Observations	Audit Recommendations	Agency Action Plan				Status of Implementation	Reason for Partial/Delay, Non-implementation if applicable	Action taken/ Action to be taken
			Action Plan	Person/Dept. Responsible	Target Implementation				
					From	To			
ML SEF 2024	The Approved Special Education Fund (SEF) Budget for CY 2024 was furnished to the Provincial Budget Officer, but the date of receipt was not known. Moreover, the Provincial Accountant and the Provincial Treasurer were not given copies of the said budget, as required in Item 6.1 of DEPED-DBM-DILG Joint Circular No. 1, s. 2017, hence this deficiency could hinder key officials from	We recommended that the Provincial School Board furnish the Provincial Budget Officer, Provincial Accountant and Provincial Treasurer with a copy of the SEF Budget within the prescribed seven-day period from its approval to avoid delays in the processes which require the issuance of certifications on the availability of SEF funds and in the monitoring/recording							

Ref.	Audit Observations	Audit Recommendations	Agency Action Plan				Status of Implementation	Reason for Partial/Delay, Non-implementation if applicable	Action taken/ Action to be taken
			Action Plan	Person/Dept. Responsible	Target Implementation				
					From	To			
	conducting timely and proper planning, allocation, and monitoring of funds.	of its utilization.							

Agency sign off:

**Honorable Carlos Jericho L. Petilla**  
 Provincial Governor

\_\_\_\_\_ Date

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