



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

Item No.: 57
Date: 09 2026 JUN

May 11, 2026

**Sangguniang Panlalawigan
Province of Leyte**
RECEIVED
Date: MAY 13 2026
By: Amie G. Tolosa

**The Honorable Presiding Officer
and Members of the Sangguniang Panlalawigan**
Province of Leyte
Provincial Government Complex Palo, Leyte

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 report of our Auditor on the audit of the accounts and operations of the Provincial Government of Leyte for the year ended December 31, 2025.

The audit was conducted to ascertain the propriety of financial transactions and compliance of the agency to prescribed laws, rules and regulations. It was also made to ascertain the accuracy of financial records and reports, as well as the fairness of the preparation of the financial statements.

The Auditor rendered a qualified opinion on the fairness of the presentation of the financial statements due to the exceptions noted, as indicated in the Independent Auditor's Report.

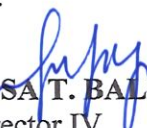
In our transmittal of even date, we requested the Governor to act on the recommendations contained in the report and to inform this Commission through our Auditor on the action(s) taken thereon, within sixty days upon receipt thereof.

We acknowledge the cooperation and support extended to our Audit Team during the audit.

Very truly yours,

FOR THE COMMISSION ON AUDIT:

By:


ELSA T. BALINA
Director IV
Regional Director

EXECUTIVE SUMMARY

Introduction

Consistent with its classification as a first-class local government unit, the Province of Leyte (The Province), through the leadership of Governor Carlos Jericho L. Petilla and Vice-Governor Leonardo M. Javier, Jr., continued its goal in CY 2025 to digitalize its processes and operations. The Province's Management Information Systems (MIS) Division introduced an integrated system for managing its human resources through the use of Facial Recognition-Timesheet-Payroll interface. In addition, a new automated Property Inventory System was developed to keep track of its property and supply asset additions/deletions, and custody.

A financial and compliance audit was conducted on the Province's accounts and operations for CY 2025, with particular emphasis on the audit thrusts identified in COA Unnumbered Memorandum dated October 30, 2024 from the Local Government Audit Sector, which include: Cash and Cash Equivalents; Property, Plant, and Equipment (PPE); Other identified accounts to be audited as a result of the agency risk assessment; and Inter-Agency and Intra-Agency Payables. The audit also covered the review of the LGU's compliance with pertinent legal and regulatory provisions on the withholding of taxes of employees and suppliers and remittances to the Bureau of Internal Revenue; premium contributions and loan amortizations to GSIS and HDMF; premium contributions and remittances to PhilHealth; insurance of government properties; utilization of the 20% Development Fund (DF) and the Local Disaster Risk Reduction and Management Fund (LDRRMF); and other relevant legal and regulatory provisions.

The audit was aimed to ascertain the propriety and validity of the disbursements and receipts, and to obtain reasonable assurance about whether the financial statements are free from material misstatements. It likewise included a review of operating procedures; vouching of transaction documents; interview with management officials and employees concerned; reconciliation and analysis of accounts; ocular inspection of infrastructure projects undertaken; and such other audit techniques considered necessary under the circumstances. The audit also took into consideration the appropriateness of accounting policies used, and the reasonableness of accounting estimates made by management, and evaluated the overall presentation of the financial statements. The audit was conducted in accordance with International Public Sector Standards on Auditing.

Financial Highlights

A comparative analysis of the Financial Position of the Province of Leyte between CY 2024 to CY 2025 showed an increase of ₱895,148,554.41, ₱165,371,451.59, and ₱729,777,102.82 in Assets, Liabilities, and Equity, respectively.



Republic of the Philippines
COMMISSION ON AUDIT
Regional Office No. VIII
Leyte Government Center
Candahug, Palo, Leyte

INDEPENDENT AUDITOR'S REPORT

HON. CARLOS JERICHO L. PETILLA

Governor
Province of Leyte

Report on the Audit of the Financial Statements

Qualified Opinion

We have audited the accompanying financial statements of the Provincial Government of Leyte which comprise the Statement of Financial Position as at December 31, 2025 and the Statement of Financial Performance, Statement of Changes in Net Assets/ Equity, Statement of Cash Flows and Statement of Comparison of Budget and Actual Amounts and Statement of Cash Flows for the year then ended, and Notes to the Financial Statements including a Summary of Significant Accounting Policies.

In our opinion, except for the effects of the matter described in the *Basis of Qualified Opinion* section of our report, the accompanying financial statements present fairly, in all material respects, the financial position of the Provincial Government of Leyte as at December 31, 2025, and its financial performance, cash flows, changes in net assets/equity, comparison of budget and actual amounts for the year then ended and notes to financial statements in accordance with International Public Sector Accounting Standards (IPSASs).

Basis for Qualified Opinion

The Auditor rendered a qualified opinion on the fairness of presentation of the financial statements due to inaccuracies and unreliability in the balances of selected accounts as follows:

1. Misstatement of the year-end balance of the Cash asset account and other related accounts due to various unrecorded transactions totaling ₱12,405,842.28.
2. The balance of the Property, Plant and Equipment account is misstated due to errors and omissions in recording transactions such as: (a) payments of ₱10,803,056.39 for an on-going project were directly recorded in the *Hospitals and Health Centers* account instead of the *Construction in Progress* (CIP) account; (b) progress payments totaling ₱10,856,477.81 for two completed projects were not reclassified to the *Other*

Infrastructure Assets and *School Buildings* accounts; (c) major repairs totaling ₱1,000,578.85 were not capitalized; and (d) various items totaling ₱215,216,758.78 were not recorded in their appropriate accounts.

We conducted our audit in accordance with International Standards of Supreme Audit Institutions (ISSAIs). Our responsibilities under those standards are further described in the *Auditor's Responsibilities for the Audit of the Financial Statements* section of our report. We are independent of the agency in accordance with the Revised Code of Conduct and Ethical Standards for Commission on Audit Officials and Employees (Code of Ethics) and the INTOSAI Ethical Requirements that are relevant to our audit of the financial statements, and we have fulfilled our ethical responsibilities in accordance with these requirements and the Code of Ethics. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our qualified opinion.

Key Audit Matters

Except for the matter described in the *Basis for Qualified Opinion* section, we have determined that there are no other key audit matters to communicate in our report.

Responsibilities of Management and those Charged with Governance for the Financial Statements

Management is responsible for the preparation and fair presentation of the financial statements in accordance with IPSASs, and for such internal control as management determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, management is responsible for assessing the Agency's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the agency or to cease operations, or has no realistic alternative but to do so.

Those charged with governance are responsible for overseeing the Province financial reporting process.

Auditor's Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level assurance, but is not a guarantee that an audit conducted in accordance with ISSAIs will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

As part of an audit in accordance with ISSAIs, we exercise professional judgement and maintain professional skepticism throughout the audit. We also:


- Identify and assess the risks of material misstatements of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Agency's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit observations, including any significant deficiencies in internal control that we identify during our audit.

We also provide those charged with governance with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

COMMISSION ON AUDIT

By:


KATHLEEN E. CINCO
State Auditor IV
OIC - Supervising Auditor

15 April 2026
Local Government Audit Sector – B (Province of Leyte I)
COA Regional Office No. VIII Compound
Candahug, Palo, Leyte

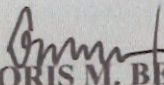


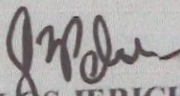
Republic of the Philippines
PROVINCE OF LEYTE
Provincial Government Complex, Brgy. Guindapunan, Palo, Leyte

Statement of Management Responsibility for Financial Statements

The Management of the PROVINCE OF LEYTE is responsible for
(Name of the LGU)
all information and representation contained in the Statement of Financial Position as
of December 31, 2025 and the related Statement of Financial Performance,
(Date)
Statement of Changes in Net Assets / Equity, Statement of Cash Flows and the
Statement of Comparison of Budget and Actual Amounts for the period then ended.
The financial statements have been prepared in conformity with Philippine Public
Sector Accounting Standards and reflect amounts that are based on best estimates and
informed judgment of management with an appropriate consideration of materiality.

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


MA. DORIS M. BELOY
Provincial Accountant


CARLOS JERICHO L. PETILLA
Local Chief Executive

PART II

AUDIT OBSERVATIONS AND RECOMMENDATIONS

A. FINANCIAL AUDIT

Errors and Unreverted Stale Checks in the Cash in Bank-LCCA Account

1. **The year-end balance of the Cash asset account of ₱9.051 billion, and other related accounts are misstated due to various unrecorded transactions totaling ₱12,405,842.28, thus affecting the fair presentation of the financial statements of the Province, contrary to paragraph 27 of the International Public Sector Accounting Standards No. 1.**

1.1 The International Public Sector Accounting Standards (IPSAS) No. 1, paragraph 27 states:

Fair Presentation and Compliance with IPSASs

27. Financial statements shall present fairly the financial position, financial performance, and cash flows of an entity. Fair presentation requires the faithful representation of the effects of transactions, other events, and conditions in accordance with the definitions and recognition criteria for assets, liabilities, revenue, and expenses set out in IPSASs. The application of IPSASs, with additional disclosures when necessary, is presumed to result in financial statements that achieve a fair presentation.

1.2 The Cash asset account of the Province of Leyte (hereafter Province) is reported at ₱9,051,436,741.78 as of December 31, 2025, composed of the following:

Table 1: *Schedule of Cash and Cash Equivalent Accounts*

Account	General Fund	Special Education Fund	Special Health Fund	Trust Fund	Total
Cash-Local Treasury	₱ 1,199,772.93	₱ 31,908.81	₱ 0.00	₱ 83,507,512.29	₱ 84,739,194.03
Petty Cash	302,077.30	0.00	0.00	4,800.00	306,877.30
Cash in Bank-Local Currency, Current Account	5,964,021,236.07	227,612,684.95	25,000.00	389,978,364.02	6,581,637,285.04
Cash in Bank-Local Currency, Savings Account	89,678,983.93	0.00	0.00	0.00	89,678,983.93

Account	General Fund	Special Education Fund	Special Health Fund	Trust Fund	Total
Cash in Bank-Local Currency, Time Deposits	2,249,057,276.84	39,992,884.67	0.00	6,024,239.97	2,295,074,401.48
Total	₱8,304,259,347.07	₱267,637,478.43	₱25,000.00	₱479,514,916.28	₱9,051,436,741.78

1.3 The management prepared and submitted to the Audit Team 36 Bank Reconciliation Statements (BRS) for these bank accounts, covering the period January to December 2025. Upon review of these BRSs, it was noted that errors and omissions identified in prior years and reported in the previous year's Annual Audit Report have been corrected, resulting in a significant reduction in reconciling items. However, for the CY 2025 cash transactions, similar errors and omissions persist and were not corrected as of year-end, as discussed below:

a) *Unrecorded receipts, erroneous recording and other book reconciling items that understated the cash accounts – ₱4,356,310.87*

1.4 The Audit Team noted the following errors and omissions:

Table 2: *Errors/Items for reconciliation/recording*

Item No.	Description of Errors/Omissions noted per audit	Accounts Affected	Under/ (Over) Statement	
			Cash and Cash Equivalent Accounts	Other Accounts
1.	Unrecorded fund transfers from Department of Social Welfare and Development (DSWD) (See Appendix G)	Cash in Bank, LCCA Due to NGAs	₱ 2,115,268.00	₱ 2,115,268.00
2.	Unrecorded funds transferred to General Fund (See Annex A)	Cash in Bank, LCCA Prior Period Adjustments	932,801.29	932,801.29
3.	Unrecorded December 2025 deposits (See Appendix G)	Cash in Bank, LCCA Cash-Local Treasury	45,769.00	(45,769.00)
4.	Unrecorded collection on loans receivable for Community Assistance Program (CAP) (See Appendix G)	Cash in Bank, LCCA Loans Receivable- Others	1,481,333.00	(1,481,333.00)
5.	Unrecorded interest income of various accounts (See Appendix G)	Cash in Bank, LCCA Due to Other Funds	2,929.05	2,929.05
6.	Unrecorded fund transfer of interest earned for trust fund (See Appendix G)	Cash in Bank, LCCA Due to Other Funds	(219,521.04)	(219,521.04)
7.	Overstatement of expenses (discrepancy between the	Cash in Bank, LCCA	1,005.00	1,005.00

Item No.	Description of Errors/Omissions noted per audit	Accounts Affected	Under/ (Over) Statement	
			Cash and Cash Equivalent Accounts	Other Accounts
	amount recorded per book and amount per check) (See Appendix G)	<i>Prior Period Adjustment</i>		
8.	Understatement of expenses (discrepancy between the amount recorded per book and amount per check) (See Appendix G)	<i>Cash in Bank, LCCA Prior Period Adjustment</i>	(3,273.43)	(3,273.43)
	Net Understatement		<u>₱ 4,356,310.87</u>	

1.5 The above omissions were primarily due to the delayed or non-submission by the Provincial Treasurer's Office (PTO) to the Provincial Accountant's Office (PACCO) of the supporting documents necessary for the recognition or adjustment of the aforementioned transactions. Also, the PTO was unable to implement appropriate measures to capture information and secure documents related to electronic collections and deposits, thereby contributing to the delayed/non-submission of the required documents.

b) *Non-preparation of adjusting entries on stale or checks outstanding for more than six months – ₱8,049,531.41*

Table 3: *Summary of Total Unreverted Stale Checks (per Fund)*

Bank Account	Amount
General Fund	
LBP Account No. 0182-1125-34 (Drug Ceiling)	₱233,200.10
DBP Account No. 1153-775-9 (Sand and Gravel Fund)	7,353,780.33
DBP Account No. 2419-775-2 (NTA)	371,918.57
Sub-Total- General Fund	7,958,899.00
Trust Fund	
LBP Account No. 0182-1183-97 (DILG Bottom-Up Budgeting)	27,048.91
DBP Account No. 1157-775-4 (LDRRMF)	16,333.50
LBP Account No. 0182-1115-38 (HSDP-DOH Fund)	47,250.00
Sub-Total- Trust Fund	90,632.41
Total Stale and Outstanding Checks (See Appendix H)	₱8,049,531.41

1.6 A portion of the balance pertains to checks for financial assistance meant for distribution by the Provincial Governor to selected barangays during barangay visitation activities. However, when scheduled visits are cancelled, the checks are unclaimed and eventually become stale.

1.7 These checks can no longer be encashed or honored by the bank when more than six months had passed since their issuance. The failure to cancel these stale checks resulted in an understatement amounting to ₱8,049,531.41 of the *Cash in Bank* accounts, as well as the understatement of the accounts *Prior Period Adjustment, Loans Receivable* (for financial

loan assistance granted to payees under the General Fund), and the corresponding *liabilities or other related accounts* in both General and Trust Fund books.

- 1.8 Had there been frequent coordination between the PTO and PACCO in discussing the reconciling items prior to the closing of the books of accounts of the Province, the appropriate adjustments could have been undertaken.
- 1.9 The misstatements of the Cash account and the related accounts caused by the errors and omissions in the recording of the cited transactions affect the fair presentation of the financial statements of the Province as of December 31, 2025.

1.10 **We recommended that the Governor direct the:**

a. Provincial Accountant-

- 1. Coordinate with the PTO for the submission of relevant and sufficient documents relating to the unrecorded financial transactions; and**
- 2. Prepare the appropriate Journal Entry Vouchers to adjust the affected accounts on the noted net understatement caused by errors and omissions amounting to ₱4,356,310.87, and to revert the stale checks totaling ₱8,049,531.41 to the General Fund and Trust Fund books.**

b. Provincial Treasurer-

- 1. Submit promptly to the PACCO all financial reports and documents, in accordance with existing regulations;**
- 2. Institute sound measures to capture information and obtain documents on all electronic collections/deposits; and**
- 3. Coordinate with the Provincial Accountant for a regular reconciliation of records or at least before the closing of the books of the Province, and conduct periodic review of records in the case of stale checks, so that appropriate actions such as check replacement or reversion of funds, whenever applicable, may be taken.**

- 1.11 In their written replies, the Provincial Accountant informed the Audit Team that PACCO had already recorded some of the appropriate reconciling and adjusting entries in the books, while necessary adjustments were made to revert the balances of the stale checks to General and Trust Fund. The Provincial Treasurer also stated that they will demand credit advice and other necessary supporting documents from their depository banks for funds downloaded or reflected to the Provincial Government account from National Government Agencies (NGAs), and will regularly monitor e-collections.

- 1.12 During the exit conference, the Provincial Treasurer also informed the Team that necessary steps were already in place to immediately trace the fund from National Government Agencies that are credited to the account of the Province. As for the deposit from loan receivables from the community assistance program, she stated that they had already requested the list from the Office of the Provincial Agriculture to reconcile the amount. Moreover, the PACCO, PTO, and the Office of the Barangay Affairs committed to coordinate with each other to implement regular monitoring procedures, so that checks issued to municipalities and barangays will not become stale.

Misstatements in PPE Balance

2. **Balances of various accounts under Property, Plant and Equipment were misstated due to errors and omissions in recording transactions wherein: (a) payments of ₱10,803,056.39 for an on-going project were directly recorded in the *Hospitals and Health Centers* account instead of the *Construction in Progress (CIP)* account; (b) progress payments totaling ₱10,856,477.81 for two completed projects were not reclassified to the *Other Infrastructure Assets* and *School Buildings* accounts; (c) major repairs totaling ₱1,000,578.85 were not capitalized; and (d) various items totaling ₱215,216,758.78 were not recorded in their appropriate accounts as prescribed under the Revised Chart of Accounts for Local Government Units (LGUs), thereby affecting the fair presentation of these accounts in the financial statements.**

- 2.1 Paragraph 27 of IPSAS 1 requires that the financial statements shall present fairly the financial condition of an entity.

- 2.2 Paragraph 13 of the same standard, provides:

Property, Plant and Equipment (PPE)

13. An item of property, plant and equipment should be recognized as an asset when:

(a) it is probable that future economic benefits or service potential associated with the asset will flow to the entity; and

(b) the cost or fair value of the asset to the entity can be measured reliably.

- 2.3 Moreover, Paragraph 4 of Section 50 of the NGAS Manual for LGUs in relation to the construction of PPE provides that during the construction of period, agency assets and public infrastructure shall be taken up in the books as “Construction in Progress” with the appropriate asset classification. As soon as the project is completed, the “Construction in Progress” account shall be closed to the appropriate asset account.

- 2.4 Annex B of COA Circular 2015-009 dated December 1, 2015, prescribed the Revised Chart of Accounts for LGUs, which include inventory, PPE, and other related accounts.
- 2.5 Whereas Annex B of COA Circular No. 2024-006 dated March 14, 2024, provides the description of new accounts on the implementation by LGUs of COA Circular No. 2022-004 dated May 31, 2022, relative to the increase in the capitalization threshold from ₱15,000.00 to ₱50,000.00.
- 2.6 Based on the Statement of Financial Position of the Province as of December 31, 2025, the PPE account has a reported net carrying amount of ₱10,692,920,545.37, the details of which are presented in Table 4.

Table 4. Breakdown of PPE as of December 31, 2025

PPE Account	Amount
Land	₱598,059,704.60
Infrastructure Assets	7,544,664,887.07
Buildings and Other Structures	1,477,977,428.24
Machinery and Equipment	723,873,014.13
Transportation Equipment	119,054,823.69
Furniture, Fixtures and Books	46,269,198.47
Construction in Progress	169,645,414.59
Other Property, Plant and Equipment	13,376,074.58
Total	₱10,692,920,545.37

- 2.7 Review of the records for the above balances revealed the following deficiencies:
- (a) *Payments for progress billings amounting to ₱10,803,056.39 were directly recorded to respective PPE accounts instead of CIP*
- 2.8 Audit disclosed that the payment made by the Province to the contractor for ₱10,803,056.39, covering 50% progress billing for the project - Expansion of the OB Ward and Out-Patient Department (OPD) Building of the Leyte Provincial Hospital, was recorded under the “Hospitals and Health Centers” account. The total cost of the project was ₱21,606,112.76.
- 2.9 The use of this account to record the payment was incorrect as the project had not yet been completed at the time of payment. As of December 31, 2025, the project was only 90% complete, as noted under the Province’s Consolidated Report on Government Projects, Programs, and Activities.
- 2.10 Based on the NGAS Manual for LGUs, payments for projects that are still under construction should be recorded under the “Construction in Progress” account. Only upon completion and readiness for use should the costs be transferred to the appropriate PPE account. Also, recording the disbursement directly to its respective PPE account

prematurely establishes the asset recognition for the corresponding depreciation, even though the same is not yet in use by the Province.

(b) *Progress billing payments totaling ₱10,856,477.81 for two completed projects have not been reclassified to their appropriate PPE accounts*

- 2.11 In contrast with the error discussed in the immediately preceding paragraphs, the Team noted that the full contract costs of the completed Terminal Building and School Building were not fully reclassified or recorded to their appropriate PPE account as of year-end. The details are presented in Table 5.

Table 5. *Completed Projects Not Yet Classified to Appropriate PPE Account*

PPAs	Contract Cost	Amount Reclassified	Amount Unreclassified
Construction of 24m x 20m Mini Transport Terminal Building	₱7,800,744.08	₱2,496,248.50	₱5,304,495.58
Construction of 7m x 36m, 1 Storey, Four Classroom School Building	5,551,982.23	-	5,551,982.23
Total	₱13,352,726.31	₱2,496,248.50	₱10,856,477.81

- 2.12 The reclassified amount pertained to the final billing while the unreclassified amounts were payments for project progress billings that were inadvertently left out or overlooked when PACCO recorded and reclassified the final billings/payments for the projects.

(c) *Major repairs of three PPEs recorded as repairs and maintenance - ₱1,000,578.85*

- 2.13 Audit likewise showed that the Province incurred various expenditures related to the improvement and upgrading of the facilities directly utilized in its operation. However, the Team noted three major repairs that were not recognized as capital expenditures but were recorded under the account "Repairs and Maintenance", the details of which are presented in Table 6.

Table 6. *List of Expenditures Not Recognized as Capital Expenditures*

JEV		Particular	Amount
Date	Number		
12/20/2025	JEV-2025-12-024498	Payment for upgrading of electrical wiring including the removal of (3) three 75KVA distribution transformer and installation of 3 176KVA distribution transformer ODH	₱360,150.00
12/29/2025	JEV-2025-12-027682	100% WA of the project "provision of labor & materials for the installation of filtration system at Macarthur Park Monument, Brgy. Candahug Palo Leyte" MGCP	312,500.00
12/29/2025	JEV-2025-12-027704	Provision of Labor Materials & Equipment for the Upgrading of Electrical Facilities and Installation	327,928.85

JEV		Particular	Amount
Date	Number		
		of Kilowatt Hour Meter at LAC (BFP & Dole Office) PGO-MGCP	
		Total	₱1,000,578.85

2.14 The nature of the transactions involves improvements and upgrading that extend the useful life, increase the capacity or enhance the functionality of the facilities. Accordingly, these expenditures should have been capitalized and recorded as part of the relevant PPE account, in accordance with applicable accounting standards.

(d) *Other misclassified items - ₱215,216,758.78*

2.15 Further review of the PPE-related transactions and documents disclosed various completed assets totaling ₱215,216,758.78 that were not recorded in the proper PPE account, as prescribed in the cited NGAS Manual for LGUs. The detailed list of these items are presented in *Appendix I* while a summary is provided in Table 7.

Table 7. Summary of PPEs Recorded Using Incorrect PPE Titles for CY 2025

No. of PPE items	Recorded as	Correct Account Titles	Amount
26	Other Infrastructure Assets	School Buildings	₱67,917,036.15
14	Other Infrastructure Assets	Flood Control System	35,042,067.22
7	Other Infrastructure Assets	Water Supply System	22,246,735.34
8	Other Infrastructure Assets	Hospitals and Health Centers	13,654,786.68
5	Other Infrastructure Assets	Road Networks	8,718,499.76
2	Other Infrastructure Assets	Buildings	8,680,260.07
1	Other Infrastructure Assets	Power Supply System	16,465,807.30
1	Other Infrastructure Assets	Other Land Improvements	560,500.00
1	Other Structures	Other Land Improvements	3,043,000.30
1	Other Structures	Park, Plazas and Monuments	28,749,750.36
1	Other Structures	School Buildings	4,615,347.67
1	Furniture and Fixtures	Semi-expendable Asset – Furniture and Fixtures	499,900.00
1	Property and Equipment for Distribution	Office Equipment	317,850.00
1	Information and Communication Technology Equipment	Office Equipment	325,800.00
3	Office Equipment	Military, Police and Security Equipment	2,614,815.00

No. of PPE items	Recorded as	Correct Account Titles	Amount
1	Other Property, Plant and Equipment	Power Supply System	300,506.50
1	Power Supply Systems	Other Infrastructure Assets	1,464,096.43
75	Total		₱215,216,758.78

- 2.16 As disclosed by the PACCO, it had been their practice to use the account *Other Infrastructure Assets* in recording projects where the end-user or beneficiary is not the Province. This practice appears to be based on the assumption that projects not directly utilized or controlled by the Province should not be classified under the specific infrastructure or PPE account ordinarily used for assets owned or operated by them. The Team, however, observed that such practice was not consistently applied to all infrastructure projects, as there were similar projects where the end-user was not the Province, yet were recorded under their appropriate PPE account rather than the “Other Infrastructure Assets” account.
- 2.17 Moreover, such recording treatment places undue emphasis on the identity of the end-user rather than on the nature, characteristics, and intended usage of the asset, which are the primary basis for proper classification under applicable accounting standards. The automatic use of the “Other Infrastructure Assets” account without sufficient evaluation of the asset’s specific features results in a broad and non-specific classification of infrastructure projects, thereby overstating the “Other Infrastructure Assets” account, while correspondingly understating the appropriate individual asset accounts.
- 2.18 The foregoing deficiencies resulted in the misstatements of the PPE accounts and other related accounts, as presented below:

Affected Accounts	Effect of errors noted from (a) to (d)		Net misstatement (over)/under
	overstatement	understatement	
Other Infrastructure Assets	173,285,692.52	6,768,592.01	(166,517,100.51)
School Buildings		78,084,366.05	78,084,366.05
Flood Control System		35,042,067.22	35,042,067.22
Water Supply System		22,246,735.34	22,246,735.34
Hospitals and Health Centers	10,803,056.39	13,654,786.68	2,851,730.29
Road Networks		8,718,499.76	8,718,499.76
Buildings		8,680,260.07	8,680,260.07
Power Supply System	1,464,096.43	16,766,313.80	15,302,217.37
Other Land Improvements		3,603,500.30	3,603,500.30
Park, Plazas and Monuments		28,749,750.36	28,749,750.36
Other Structures	36,408,098.33	640,428.85	(35,767,669.48)

Affected Accounts	Effect of errors noted from (a) to (d)		Net misstatement (over)/under
	overstatement	understatement	
Furniture and Fixtures	499,900.00		(499,900.00)
Office Equipment	2,614,815.00	643,650.00	(1,971,165.00)
Information and Communication Technology Equipment	325,800.00		(325,800.00)
Military, Police and Security Equipment		2,614,815.00	2,614,815.00
Other Property, Plant and Equipment	300,506.50	360,150.00	59,643.50
Construction in Progress-Building and Other Structures	10,856,477.81	10,803,056.39	(53,421.42)
Semi-expendable Asset – Furniture and Fixtures		499,900.00	499,900.00
Property and Equipment for Distribution	317,850.00		(317,850.00)
Government Equity*	1,000,578.85		(1,000,578.85)

**for the overstated Repairs and Maintenance account of prior year*

2.19 We recommended that the Provincial Accountant prepare the necessary journal entries to correct the errors/misclassifications on the following:

- a. Payments for the 50% progress billing of ₱10,803,056.39 which was directly recorded to *Hospitals and Health Centers*, instead of the CIP account, including any recorded depreciation;
- b. Unreclassified amounts of completed Mini Transport Terminal Building and the one-storey School Building of ₱5,304,495.58 and ₱5,551,982.23, respectively;
- c. Expenditures for the major repairs amounting to ₱1,000,578.85 that were not capitalized in accordance with applicable accounting standards. Henceforth, only minor repairs shall be duly recorded as repairs and maintenance expenses; and,
- d. Infrastructure projects, PPE, and other related accounts totaling ₱215,216,758.78 that were recorded using incorrect accounting titles.

2.20 We further recommended that the PACCO strengthen its review process in the recording of transactions to prevent future errors/misclassifications.

2.21 In her reply, the Provincial Accountant took note of the recommendations and informed the Team that she had already prepared some of the adjusting entries for the noted

deficiencies. She also confirmed that this fiscal year, their office will observe, validate and strengthen accounting policies, systems and procedures governing the recognition, classification and recording of Property, Plant and Equipment.

B. OTHER FINANCIAL RELATED ISSUES

Unliquidated Financial Assistance

3. **The laxity of the Provincial Government in monitoring and enforcing the timely liquidation of financial assistance to barangays and municipalities, Sangguniang Kabataan, and other government/non-government agencies/organizations or groups, resulted in the accumulation of unsettled accounts totaling ₱313,490,643.19 as of year-end, of which ₱243,132,643.19 are aged more than one year to 16 years, thereby compromising transparency, accountability and the proper utilization of public funds, and increasing the potential risk of mismanagement.**

- 3.1 COA Circular No. 94-013 dated December 13, 1994, prescribes the Rules and Regulations in the Grant, Utilization and Liquidation of Funds Transferred to Implementing Agencies. Sections 4.6 and 4.7 of the same provides the following:

4.6 Within ten (10) days after the end of each month/end of the agreed period for the Project, the IA shall submit the Report of Checks Issued (RCI) and the Report of Disbursement (RD) to report the utilization of the funds. Only actual project expenses shall be reported. The reports shall be approved by the Head of the IA.

4.7 The SA shall draw a Journal Voucher to take up the reports for the liquidation per the RCI (rephrasing supplied)

- 3.2 Meanwhile, COA Circular 2007-001 dated October 25, 2007 is the Revised guidelines in the granting, utilization, accounting and auditing of the Funds released to Non-Government Organizations/People Organization (NGOs/POs).

Section 5.4 Within sixty (60) days after the completion of the project, the NGO/PO shall submit the final fund utilization report certified by its accountant and approved by its President/Chairman to the government organization xxxx. The validity of these documents shall be verified by the internal auditor or equivalent official of the government organization and shall be the basis of the gov't organization in recording the fund utilization in its books of accounts. These documents shall support the liquidation of funds granted to the NGO/PO. (rephrasing supplied)

- 3.3 Related to this, COA Circular 2016-002 dated May 31, 2016, provides Updates on Prescribing the Revised Guidelines and Documentary Requirements for Fund Transfers, specifically amending Item 3.1.1 of COA Circular 2012-001 as follows:

“Certification by the Accountant that funds previously transferred to the Implementing Agency (IA) has been liquidated and accounted for in the books.”

3.4 As of December 31, 2025, the Province accumulated receivables from financial assistance (FA) amounting to ₱313,490,643.19. The summary and aging of these accounts are presented in Table 8.

Table 8. *Aging of Outstanding Financial Assistance*

FA Recipient	Balance as of 12/31/25	One year or less	Over one year to three years	Over three years to five years	Over five years to 10 years	Over 10 years to 16 years
LGUs	242,514,429.83	69,580,000.00	41,096,001.31	45,432,533.67	20,890,872.25	65,515,022.60
NGAs	11,918,829.11	520,000.00	100,000.00	-	130,000.00	11,168,829.11
NGOs/POs	59,057,384.25	258,000.00	400,000.00	58,399,384.25		
Grand Total	313,490,643.19	70,358,000.00	41,596,001.31	103,831,917.92	21,020,872.25	76,683,851.71

3.5 The balance of the Due from LGUs pertains mainly to unliquidated FAs granted to the different municipalities and barangays of the Province to support their programs, projects, and activities. Others were granted to several SK Federations and Liga ng mga Barangay.

3.6 A further review of the accounts disclosed that the barangays of Carigara, Tanauan, Abuyog, Burauen, and Palo ranked among the top five with unliquidated FAs, which were granted easily because only a barangay resolution along with proposed project documents was required. It was also observed that some LGUs were given additional assistance even if the previous FAs had not yet been liquidated.

3.7 For the account Due from NGAs, an amount totaling ₱10.868 million represented balances that could not be traced and/or are under reconciliation due to the lack/absence of records and documents. Hence, this balance was categorized and included in the “over 10 years to 16 years” column of Table 8.

3.8 Same with the other grantees, additional FAs were also granted to some NGOs/POs with existing unsettled/unliquidated balances.

3.9 The detailed list of unsettled FAs is presented in Appendices K to O.

3.10 The accumulation of these balances was due to the Province’s laxity in granting the FAs, and the lack of adequate monitoring and strict enforcement of its timely liquidation. This had compromised transparency, accountability and the proper utilization of public funds, and increasing the potential risk of mismanagement.

3.11 **We recommended that the Provincial Governor direct the Provincial Accountant to:**

- 1) **Prepare and issue demand letters to concerned municipalities, barangays, associations, and NGOs/POs, requiring the immediate liquidation of the financial assistance, particularly those aged over one year; and**
 - 2) **Coordinate with the concerned Municipal Accountants, Municipal Treasures, Barangay Treasurers, and associations, to facilitate reconciliation of their respective records. Henceforth, conduct regular and periodic verification, analysis, and validation of the existence of the receivables.**
- 3.12 **We also recommended that the Province refrain from granting financial assistance to municipalities, barangays, association, and NGOs/POs, with existing or unliquidated FAs.**
- 3.13 In her reply, the Provincial Accountant informed the Team that the PACCO issues demand letters annually to the concerned municipalities, associations and NGOs/POs, with unliquidated financial assistance. She gave an assurance that she will continue to coordinate with the concerned recipients to facilitate reconciliation, periodic verification, and validation of outstanding balances to achieve increased compliance with the liquidation process. The Office of the Barangay Affairs also gave their commitment to assist PACCO with the immediate distribution of the prepared demand letters to concerned barangays.
- 3.22 During the exit conference, the Provincial Accountant told us that some LGUs have already submitted liquidation documents. With regards to the long outstanding balances of the LGUs, the Office of the Barangay Affairs will send a letter to the present officials asking assistance to locate the documents or projects implemented and validate the same. For the balances of the National Government Agencies, the Provincial Accountant will coordinate with the concerned office. They will likewise validate the status of the concerned NGOs/POs so that the appropriate communication will be issued.

Delayed Completion of 20% DF Infrastructure Projects Due to Invalidly Issued Suspension Orders

4. **The completion of six infrastructure projects with contract cost totaling ₱63,180,984.04 incurred delays ranging from 15 to 155 days beyond the original target completion dates, thus, the benefits expected from the projects were not timely realized.**
- 4.1 Section 10, Annex E of the 2016 Revised Implementing Rules and Regulations (RIRR) of Republic Act (RA) 9184 states:
10. Suspension of Work
 - 10.1 The procuring entity shall have the authority to suspend the work wholly or partly by written order for such period as may be deemed necessary, *due to force majeure or any fortuitous events or for failure on the part of the*

contractor to correct bad conditions which are unsafe for workers or for the general public, to carry out valid orders given by the procuring entity or to perform any provisions of the contract, or due to adjustment of plans to suit field conditions as found necessary during construction. The contractor shall immediately comply with such order to suspend the work wholly or partly.

10.2 The contractor or its duly authorized representative shall have the right to suspend work operation on any or all projects/activities along the critical path of activities after fifteen (15) calendar days from date of receipt of written notice from the contractor to the district engineer/regional director/consultant or equivalent official, as the case may be, due to following:

- a. There exist right-of-way problems which prohibit the contractor from performing work in accordance with the approved construction schedule.
- b. Requisite construction plans which must be owner-furnished are not issued to the contractor precluding any work called for by such plans.
- c. Peace and order conditions make it extremely dangerous xxxx.

4.2 Under Appropriation Ordinance No. 2024-05, the Sangguniang Panlalawigan approved the Fiscal Year 2025 budget of the Province in the total amount of ₱4,045,000,000.00 to cover various expenditures for its operations and the priority thrusts of the administration such as the construction of infrastructure projects, other structures and facilities in various municipalities and barangays vital to local progress, economic development, and recovery, and upgraded hospital facilities for improved health care.

4.3 The Province operationalized the programs, activities and projects (PPAs) embodied in the Annual Investment Program (AIP), utilizing the 20% Development Fund (DF) amounting to ₱786,000,000.00. Consequently, among the disbursements for CY 2025 under the Fund were payments for the final billing of contractors on awarded construction projects in the different municipalities of Leyte.

4.4 During the audit we found six contracts paid in 2025 totaling ₱63,180,984.04 (see Appendix J) that were given suspension orders, which delayed the completion of the projects from at least 15 days to the maximum of 155 days, as summarized under Table 9:

Table 9- Schedule of Projects with Suspension Orders

Project	Contract Amount	Notice to Proceed	Duration	Should be Completion Date	Actual Completion	No. of Days Delay
Construction of 800 cu.m. Concrete Reservoir, Brgy Gacat, Baybay City	₱19,898,748.78	08/21/23	240 CD	04/16/24	11/09/24	152

Project	Contract Amount	Notice to Proceed	Duration	Should be Completion Date	Actual Completion	No. of Days Delay
Rehabilitation & Improvement MPB (Gfloor Area-2140 sqm; Sfloor-307.52sqm) Municipal Bldg, Carigara, Leyte	29,976,684.11	09/25/23	240 CD	05/21/24	12/07/24	155
Construction of 5m x7m Two Storey Building (MPB) Brgy Sta. Cruz, Villaba, Leyte	2,190,281.19	05/06/24	90 CD	08/03/24	01/02/25	152
Construction of 29m x 15m MPB, Brgy Bulod, Dulag, Leyte	6,656,223.76	09/16/24	150 CD	02/12/25	05/23/25	70
Construction of 200m x .80m (Depth-.80m) Drainage Canal, Brgy Bonoy, Matag-ob, Leyte	1,188,213.91	06/10/25	40 CD	07/20/25	08/04/25	15
Construction of Drainage Canal and Flood Control (Stone Masonry 175 x 2.10m) (Drainage Canal 402m x70m) Brgy Sta Cruz, Palo, Leyte	3,270,832.29	02/17/25	90 CD	05/18/25	08/11/25	55
TOTAL	₱63,180,984.04					

4.5 The varying reasons given for the work suspensions included land dispute, relocation of obstruction in the project site, site problems, and refusal to grant access by the landowner. These reasons were verified during an ocular inspection conducted by the Audit Team for the following projects, thus:

- The project *Construction of the Concrete Reservoir in Brgy. Gacat, Baybay City*, which was delayed by *152 days* was suspended due to a land dispute between opposing claimants to the lot where the reservoir was supposed to be built.
- The Rehabilitation of a municipal building in Carigara, Leyte, was also *suspended for 155 days* due to obstruction of trees in the project site, and the transfer of electrical wiring.
- The other four (4) projects were also suspended mainly due to obstruction and/or denial of access to the site by a landowner of private property.

- 4.6 When the Provincial Engineers Office (PEO) was informed about these site deficiencies, they explained that complete documents about the project site were submitted by the proponent barangay or municipality at the start of the project, and that these deficiencies arose only during the actual implementation of the contract.
- 4.7 The Team observed that the conditions under which the suspension orders were issued did not align with the requirements mentioned under Section 10, Annex E of the 2016 RIRR of RA 9184, which prescribes that work on a project can be suspended only due to force majeure, or any fortuitous events, or failure on the part of the contractor to correct bad conditions rendering it unsafe for workers or the general public. Notably, the reasons given in the suspension orders for the projects listed in Table 9 such as site obstructions, land dispute, and denial of access were not within the definition of a “force majeure or fortuitous event” contemplated by the legal guidelines. Even so, these reasons could have been discovered or revealed had the PEO, in coordination with the proponents, promptly conducted site investigations during detailed engineering activities before actual work and implementation were commenced on the projects.
- 4.8 The delays in project completion caused by a lack of valid/legal justification, hinder the timely realization of the expected benefits under these contracts. As a consequence, the core objectives of the DF, such as the promotion of socio-economic development and investment in capital assets for improved quality of life, were not timely realized.
- 4.9 **We recommended that the PEO, after securing complete project documents from the proponent municipality or barangay, promptly conduct site investigations to confirm location availability and access, before actual work and project implementation are started.**
- 4.10 **We further recommended that the Province limit the granting or issuing of suspension orders to the grounds mentioned in Section 10, Annex E of the 2016 RIRR of RA 9184.**
- 4.11 In the reply of the Provincial Engineer, he told the Team that during the coordination meeting between the end user and the PEO before implementation, the property sought to be developed was declared by the barangay officials to be lawfully owned by the barangay. The suspension, however, was caused by adverse claimants who interposed their claims of ownership and objections to the project during its implementation, challenging the barangay/end user’s declaration of ownership. He assured us that management is taking steps to enhance the policies and strengthen the implementation system to ensure that the projects can be implemented without claims or other issues involving road right-of-way.

GAPS in the implementation of GAD PPAs

5. **Various gaps were observed in the implementation of Gender and Development Projects, Programs and Activities during CY 2025, such as: (a) 14 projects/activities totaling ₱149,188,400.00 were not strictly gender responsive; and (b) non-**

implementation of four significant projects/activities totaling ₱10,168,000.00, thereby defeating the purpose of addressing gender issues towards gender equality and women's empowerment, and depriving the constituents of the benefits that could have been derived therefrom had the projects been properly implemented.

5.1 Item 1.0 of the PCW-DILG-DBM-NEDA Joint Memorandum Circular (JMC) No. 2013-01 titled, "Guidelines on the Localization of the Magna Carta of Women" was issued on July 18, 2013 to prescribe policies and procedures in mainstreaming gender perspective in local planning, programming and budgeting; local legislation; project development, implementation, monitoring and evaluation pursuant to RA 9170 or the Magna Carta of Women (MCW).

5.2 In relation thereto, the pertinent provisions of the same joint circular also provide:

C.1 General Guidelines

- 1) LGUs shall formulate their annual GPBs within the context of their mandates to ensure gender mainstreaming in their policies, programs and projects. GAD planning and budgeting shall be integrated in the regular activities of the LGUs, the cost of implementation of which shall be at least five percent (5%) of their total Annual Budgets. The development, allocation and utilization of the GPB shall be implemented in accordance with this JMC.

X x

- 4) *In identifying GAD PPAs, LGUs shall at all times give priority to those that will address emerging and/or continuing issues and concerns on:*
 - a) Provision of basic services and facilities to protect and fulfill women's human rights, including their right to protection from all forms of violence;
 - b) Women's economic empowerment, including women's participation in economic governance;
 - c) Participation in local governance and decision-making; and
 - d) Other provisions of the MCW.

C.3 Costing and Allocation of the GAD Budget

- 1) At least five percent (5%) of the total LGU budget appropriations authorized under the Annual Budget shall correspond to activities supporting GAD PPAs. The GAD budget shall be drawn from the

LGU's maintenance and other operating expenses (MOOE), capital outlay (CO), and personal services (PS). The GAD budget shall not constitute an additional budget over an LGU's total budget appropriations. The five percent (5%) GAD budget shall endeavor to influence the remaining 95% of the LGU budget toward gender-responsiveness.

5.3 While Section 36, Chapter VI of RA No. 9170 states that:

SEC. 36. Gender Mainstreaming as a Strategy for Implementing the Magna Carta of Women. – Within a period prescribed in the implementing rules and regulations, the National Commission on the Role of Filipino Women (NCRFW) shall assess its gender mainstreaming program for consistency with the standards under this Act. It shall modify the program accordingly to ensure that it will be an effective strategy for implementing this Act and attaining its objectives.

5.4 A review of the GAD Plan and Budget (GPB) for CY 2025 and the corresponding Accomplishment Report showed significant gaps in its implementation and utilization. These are discussed extensively as follows:

(a) *PPAs did not strictly adhere to Gender Issues or Mandate, thus making them non gender responsive – ₱149,188,400.00*

5.5 The audit of GAD Funds disclosed that the identified GAD issues of 14 Programs, Projects, and Activities (PPAs) with total appropriation of ₱149,188,400.00 were not gender responsive, and did not directly address emerging and continuing issues and concerns affecting women, and all other forms of gender-based discrimination. The details of the PPAs that were identified to lack gender-responsiveness are listed in Table 10.

Table 10. *Identified GAD PPAs That Are Not Gender Responsive*

	Name of PPA	Gender Issue or GAD Mandate	Actual Results	Appropriation
<i>Client-Focused</i>				
<i>Gender Issue</i>				
1	Health and Nutrition Program	High prevalence of malnutrition among 0–59-month-old preschoolers	100% MLGUs w/ complete & validated OPT Plus & capacity development activities and technical assistance provided to 15 MLGUs	₱1,500,000.00
2	Health-related hospital programs and activities and procurement of health/medical equipment and medicines	Lack of essential promotive and curative health service in RHUs, District and Provincial Hospitals	360,000 children, women and men of all ages were sick and 38000 were confined in 43 RHUs and 9 District/Provincial Hospitals	120,000,000.00
3	Edukasyong Pantulay Pangkabuhayan (E2Ps) on Information	Limited access to technology-related skills training for the youth	33 graduates of the ICT project (M:23; F:10)	2,500,000.00

Name of PPA		Gender Issue or GAD Mandate	Actual Results	Appropriation
	Communication Technology (ICT) Project			
4	Medical Mission Caravan	Low access to medical service among men, women and children from far-flung barangays	Medical consultation availed by pedia, adult and SCs (M: 3298; F:5082) Dental Services availed by 1082 patients (M:424; F:658) Optical consultation and provision of reading glasses availed by 3292 beneficiaries (M:961; F:2331) Grooming services availed by 613 beneficiaries (M:320; F:293)	20,000,000.00
		Sub-total		144,000,000.00
GAD Mandate				
5	Enhanced Comprehensive Local Integration Program (E-CLIP)	AO # 10 of 2018 Centralizing all governments efforts for the reintegrated of former rebels and creating for the purpose an Inter-Agency Tasks Force	1 provincial orientation conducted	195,000.00
6	Enhanced Comprehensive Local Integration Program (E-CLIP)	AO # 10 series of 2018 Centralizing all government efforts for the reintegration of former rebels and creating for the purpose an Inter-agency Task Force	Not conducted	171,000.00
7	Former Rebels on Enhanced Comprehensive Local Integration Program (E-CLIP)	AO # 10 Series of 2018 Centralizing all government efforts for the reintegration of former rebels and creating for the purpose an Inter-agency Task Force	Not conducted	50,000.00
8	Public Employment Service Office (PESO) Program	Book 1 article of the Phil. Labor Code and Sec. Code and RA 8759	SPES availed by 75 beneficiaries (M: 31; F:44) GIP availed by 116 beneficiaries (M: 32; F:84)	1,185,000.00
9	Veterinary Public health/ Livestock & poultry production support services Animal Health	Limited access to veterinary services and animal diseases monitoring resulting to man, women and children exposure to animal rabies and other animal diseases	15,058 dog/cat owners availed of the services (M:7893; F:7165) 21 outreach services conducted and availed of 1207 beneficiaries (M:735; F:472) and 10 trainings conducted availed by 240 farmers (M:130; F:110)	972,400.00
10	Pantawid Pamilyang Pilipino Program	RA 11310 An Act expanding Pantawid	1 provincial activity attended by 41 focal persons	95,000.00

Name of PPA		Gender Issue or GAD Mandate	Actual Results	Appropriation
		Pamilyang Pilipino Program		
11	Unlad Kabataan Program	RA 8044 Youth in Nation Building Act of 2005 Section 2	1 workshop conducted and attended by 20 youth	120,000.00
12	Enhanced Comprehensive Local Integration Program (E-CLIP)	RA 9710 "The Magna Carta of Women" Section 9 (b) Women shall have the right to protection and security in situations of armed conflict and militarization	5 rebels availed of the assistance	100,000.00
13	Enhanced Comprehensive Local Integration Program (E-CLIP)	RA 9710 "The Magna Carta of Women" Section 9 (b) Women shall have the right to protection and security in situations of armed conflict and militarization.	Not conducted	300,000.00
14	Leyte-IDOL	RA No. 8044 Youth in Nation-Building Act Sec. 2 (d) Mobilization of youth abilities, talents and skills and redirecting their creativity, incentive genius and wellspring of enthusiasm and hope for the freedom of our people from fear, hunger and injustice	Not conducted	2,000,000.00
		Sub-total		5,188,000.00
		Grand Total		₱149,188,400.00

- 5.6 Our review revealed that the identified issues were largely generic and development-oriented, lack clear gender analysis, and were not supported by sex-disaggregated data or an evidence-based assessment of gender gaps. As such, the PPAs failed to establish a direct linkage between the proposed interventions and the specific needs of women, men, and other gender groups.
- 5.7 Moreover, these activities appeared to be regular agency programs and services that were not enhanced or redesigned to respond to gender equality objectives such as health services, veterinary programs, employment facilitation, social protection services, and other sectoral interventions; PPAs that clearly lack sufficient gender analysis and justification to establish their direct contribution to gender equality.
- 5.8 The deficiency could have been avoided if the GAD database had been properly utilized as a tool for gender-responsive planning, programming, and policy formulation. The GAD database is intended to provide relevant gender statistics and information necessary for evidence-based decision-making. Its effective use enables gender analysis by identifying disparities between women and men in access to basic services and facilities, control over

resources, and the exercise of rights, privileges, benefits, and opportunities within the Province.

(b) *Four PPAs were not implemented - ₱10,168,000.00*

- 5.9 Further evaluation of the GAD Accomplishment Report revealed that four PPAs designed to directly promote women’s empowerment and gender equality, totaling ₱10,168,000.00, were not implemented. The details are presented in Table 11:

Table 11. *Unimplemented PPAs under GAD Plan and Budget as of December 31, 2025*

Name of PPA		Activity	Appropriation
Client-Focused			
Gender Issue			
1	Maternal and Child Health and Family Planning Program	Provision of FP commodities	10,000,000.00
		Sub-total	10,000,000.00
GAD Mandate			
2	PMOC Program	Collection and consolidation of PMOC Reports	96,000.00
3	Women Welfare Program	Distribution of hygiene kits to women deprived of liberty	22,000.00
4	Women Welfare Program	Provision of financial assistance to victims of trafficking an VAWC clients	50,000.00
		Sub-total	168,000.00
		Grand Total	₱10,168,000.00

- 5.10 The failure to implement the PPAs as planned is inconsistent with the provisions of GAD, as it denies women the intended benefits that could have been realized had these PPAs been implemented. The delay or non-implementation of these PPAs undermines the intended impact of addressing the gender related issues identified in the Province and of promoting women’s empowerment.
- 5.11 The Team also observed that the Province’s CY 2025 GBP was prepared and submitted to the DILG Regional Office No. VIII for review and was subsequently approved, as evidenced by the Certificate of Review and Endorsement dated June 7, 2024. However, copy of the said DILG-endorsed GBP was not submitted to Audit Team within five (5) days upon receipt from DILG Regional Office as required. Instead, the report was submitted only on February 2, 2026 upon the request of the Team.
- 5.12 Additionally, although the Province of Leyte had also prepared the GAD Accomplishment Report for the current year, the document was likewise submitted to the Team only on March 18, 2026.
- 5.13 Inquiry disclosed that the focal person was aware about the requirement to submit the GBP and Accomplishment Report to the COA Audit Team. However, her familiarity with specific timelines, especially the 5-day period prescribed under the applicable guidelines, was limited. As a result, the submission was not made in accordance with Section V of

COA Circular No. 2014-001. Thus, the timely submission of the GPB and GAD Accomplishment Report to the COA Audit Team which could facilitate the proper evaluation and audit of GAD-related funds and activities, was not achieved.

5.14 The foregoing deficiencies defeated the purpose of addressing gender issues towards gender equality, women's empowerment and deprived the constituents of the benefits that could have been derived therefrom had the projects been properly implemented.

5.15 **We recommended that the GAD Focal Person:**

- 1. Conduct a thorough evaluation of the continuing and emerging issues affecting women, including gender disparities within the Province, and ensure that the PPAs included in the GAD Plan Budget directly address these issues, with the goal of advancing women's welfare and reducing gender biases and gaps in society;**
- 2. Ensure that all identified PPAs in the GAD Plan and Budget are fully implemented and that the GAD Fund is optimally utilized through proper planning and timely execution of PPAs as outlined in the GPB.**
- 3. Submit the GAD Plan and Budget to the Audit Team within five (5) days from receipt of the DILG-endorsed GPB, and the GAD Accomplishment Report within five (5) working days from the end of January of each ensuing year.**

5.16 In the letter reply, the GAD Focal person informed the Team that for PPAs that were not strictly gender responsive, they recognize the need for more explicit gender-responsiveness documentation and that these have undergone the Harmonized Gender Development Guidelines tool during the planning stage to accurately determine the level of attribution to the GAD budget. They likewise explained that several of the PPAs were no longer implemented to avoid duplication of expenses because these were already provided by another agency.

DRRM Activities not included in LDRRMFIP

6. The Province implemented eight disaster risk management-related projects and activities amounting to ₱3,076,432.50 that were not included in the approved Local Disaster Risk Reduction and Management Fund Investment Plan, thus, the intended purpose of the Fund for planned and prioritized disaster risk management interventions was not fully achieved.

6.1 The COA Circular No. 2012-002 dated September 12, 2012 provides:

Accounting and Reporting Guidelines

5.1 Local Disaster Risk Reduction and Management Fund (LDRRMF)

5.1.1 Xxx

5.1.2 A LDRRMFIP for the DRRM program shall be prepared annually. It shall present the 30% allocation for QRF in lump-sum and the allocation for disaster mitigation, prevention and preparedness with details as to projects and activities to be funded. The LDRRMF Investment Plan (LDRRMFIP) shall also include under a separate caption, the list of projects and activities charged to the unexpended LDRRMF of previous years. xx

- 6.2 For CY 2025, the Provincial Government of Leyte allocated ₱202,250,000.00 for its LDRRMF, equivalent to five percent of the estimated revenue from regular sources. Based on the Report on Sources and Utilization of LDRRMF, the Province also had continuing appropriations totaling ₱429,205,090.86 from prior years, of which ₱126,954,741.01 was lodged under the General Fund and ₱302,250,349.85 was in the Special Trust Fund.
- 6.3 The Audit Team also received a copy of the LDRRMFIP showing the programs and projects for the CY 2025 LDRRM Fund, Trust Fund, and Continuing Appropriations. Under the document, 40 PPAs were enumerated that broke down the full allocation of ₱202,250,000.00, including the 30% Quick Response Fund (QRF) of ₱60,675,000 in lump-sum, as required by law.
- 6.4 A review and comparison of the Accounting Office’s Report on Sources and Utilization of DRRM Fund against the Registry of Allotment and Obligation maintained by the Provincial Budget Office disclosed eight projects/activities amounting to ₱3,076,432.50, implemented by the Province, that were not included in the submitted LDRRMFIP. These items are described in detail under Table 12.

Table 12: List of transactions not identified in LDRRMFIP

Date	Particulars	Amount
12/29/2025	Purchase of 6 units automated external defibrillator	₱ 1,431,000.00
12/29/2025	Supply and delivery of 4 units automated external defibrillator	954,000.00
12/29/2025	Procurement of various rescue supplies and equipment	537,182.50
12/29/2025	Daitol, Marlito- Purchase of 2,400 kls. Seaweed planting materials Eucheuma Cottonii or ‘guso’ to be planted in Brgy. Cambinoy, Palompon, Leyte	48,000.00
12/29/2025	Avenido, Joel- Purchase of 2,400 kls. Seaweed planting materials Eucheuma Cottonii or ‘guso’ to be planted in Brgy. Cambinoy, Palompon, Leyte	48,000.00
12/29/2025	Basale, Tomas- Purchase of 2,400 kls. Seaweed planting materials Eucheuma Cottonii or ‘guso’ to be planted in Brgy. Cambinoy, Palompon, Leyte	48,000.00
12/29/2025	Mabiya, Roberto- Purchase of 2,400 kls. Seaweed planting materials Eucheuma Cottonii or ‘guso’ to be planted in Brgy. Cambinoy, Palompon, Leyte	48,000.00
12/29/2025	Talingting, Lauriano- Purchase of 2,400 kls. Seaweed planting materials Eucheuma Cottonii or ‘guso’ to be planted in Brgy. Cambinoy, Palompon, Leyte	48,000.00
	TOTAL	₱ 3,076,432.50

- 6.5 The transactions presented in Table 12 were obligated and recorded as payable as of December 31, 2025, and were specifically charged under the 70% Prevention and Mitigation Fund portion of the CY 2025 LDRRM Fund. Upon review of the Annual Investment Program (AIP) and its supplemental document, we noted that the said projects were duly identified therein with sufficient allocation. However, upon inquiry, the Provincial Disaster Risk Reduction and Management Officer stated that these transactions were overlooked in LDRRMFIP, as he was not able to submit a revised plan to the Audit Team and other concerned provincial offices before charging them against the LDRRMF.
- 6.6 Further inquiries with the focal person from the Provincial Budget Office also revealed that they charged the above-mentioned transactions to the CY 2025 LDRRMF on the basis only of Purchase Requests, without checking if the items were actually included in the LDRRMFIP as one of the identified projects to be implemented for the year. She further explained that due to the voluminous transactions they receive from various offices, this was overlooked.
- 6.7 The LDRRMFIP is intended to serve as the basis for programming and utilization of the 70% LDRRMF. The absence of the above projects/activities in the plan indicates lack of proper planning and weak compliance with existing guidelines. Due to the foregoing deficiencies, the utilization of LDRRM Funds for activities that were not duly planned or authorized increases the Fund's risk of inefficient or inappropriate use. Moreover, the intended purpose of the LDRRMF for planned and prioritized DRRM interventions was not fully achieved.
- 6.8 **We recommended that the:**
- a. Budget Officer -**
 - 1. Ensure that all PPAs to be funded and obligated under the LDRRMF are specifically identified and included in the LDRRMFIP before approval; and,**
 - 2. Coordinate with the PDRRM Officer and other concerned offices regarding projects not identified in the LDRRMFIP.**
 - b. PDRRM Officer -**
 - 1. Submit a revised 2025 LDRRMFIP incorporating the aforementioned transactions previously excluded from the plan; and,**
 - 2. Henceforth, regularly monitor and coordinate with concerned implementing offices on projects to be charged against the LDRRMFIP and, when necessary, revise the plan within the applicable fund year.**
- 6.11 In his reply, the Provincial Disaster Risk Reduction Management Officer claimed that the LDRRMFIP submitted to the Team was the second revised plan, not the final copy which included the identified transactions.

Compliance with Tax Laws

7. The Province withheld and remitted the CY 2025 taxes on compensation and creditors to Bureau of Internal Revenue (BIR) totaling ₱14,892,653.18, and ₱10,247,105.87, respectively.

Compliance with GSIS Rules and Regulations

8. The Province withheld and remitted the CY 2025 premium contributions, and payment of loan amortizations to GSIS totaling ₱172,450,957.14, and ₱154,936,605.43, respectively.

Compliance with Home Development Mutual Fund Rules and Regulations

9. The Province withheld and remitted to HDMF the employees' premium contributions, and payment of various loans for CY 2025 totaling ₱78,657,729.38 and ₱73,503,156.66, respectively.

Compliance with PhilHealth Rules and Regulations

10. The province withheld and remitted the CY 2025 employees' contributions to Philippine Health Insurance Corporation (PHIC) totaling ₱35,805,940.68, and ₱32,327,990.60 respectively.

PART III

A. STATUS OF IMPLEMENTATION OF PRIOR YEARS' AUDIT RECOMMENDATIONS

Of the 21 audit recommendations embodied in the CY 2024 and Prior Years' Annual Audit Reports, 9 were implemented, and 12 were not acted upon by management.

Ref.	Audit Observations	Recommendations	Management Action	Status of Implementation	Reasons for Partial/Non-Implementation
CY 2024 AAR Finding No. 1 page no.45	Unclaimed checks and undeposited check collections amounting to ₱3,099,387.50 and ₱510,960.00, respectively, have turned stale without being cancelled, thus, the accuracy of the Cash in Bank-Local Currency, Current Account consolidated balance of ₱4,341,799,902.16 at the end of the year cannot be ascertained.	We recommended that the Provincial Accountant draw a Journal Entry Voucher to revert the balance of the unclaimed stale checks to the General Fund. We also recommended that the Provincial Treasurer verify the status of the undeposited check collections sent to Ormoc City District Hospital so that a replacement check can be requested, when appropriate. Moreover, we recommended that the Provincial Treasurer send a written notice to the payee of the unclaimed checks, informing them of its existence and providing instructions on the process for requesting the issuance of a new check.			A new set of stale checks were not adjusted during the CY 2025 audit; thus, this observation was reiterated in Part 2 of CY 2025 Annual Audit Report
CY 2024 AAR Finding No. 2 page no.51	The existence, accuracy and completeness of properties in various PPE accounts with total carrying balance of	We recommended that the - Inventory Committee: 1. Conduct a complete physical count of all		Not Implemented	As with CY 2026, the RPCPPE for CY 2025 had not yet been submitted as physical inventory of

Ref.	Audit Observations	Recommendations	Management Action	Status of Implementation	Reasons for Partial/Non-Implementation
CY 2020 AAR Finding No. 1 page no.46	₱12,116,429,519.33 as at December 31, 2024, or 62% of the total assets of the Province, is doubtful because:	properties of the Provincial Government of Leyte in CY 2025;		Not Implemented	assets had not been completed, in which case reconciliation will not be possible.
CY 2015 AAR Finding no. 18 page no. 68	(a) actual physical count of the properties has not been conducted by the Inventory Committee resulting in unreconciled PPE balances amounting to ₱265,499,695.18;	2. Prepare the RPCPPE, submitting copies thereof to the Provincial Accountant, the COA & the PGSO not later than January 31, 2026, and every year thereafter.		Not Implemented	
	(b) improper recording of depreciation resulting to net overstatement of ₱865,384,575.87; and (c) semi-expendable items totaling ₱16,842,135.98 were recorded as PPE.	3. Provincial General Services Office (PGSO) collaborate with the Provincial Accounting Office to reconcile their respective records to ensure consistency and alignment in the cleansing of PPE records in compliance with the practical steps outlined in COA Circular No. 2020-006.		Not Implemented	
		Provincial Accountant:			
		4. Draw the adjusting journal entry to reflect the correct carrying values of the PPEs listed in Appendix I, pending the conduct of the complete physical count of properties and the reconciliation of records;		Not Implemented	

Ref.	Audit Observations	Recommendations	Management Action	Status of Implementation	Reasons for Partial/Non-Implementation
		<p>5. Formally request from the COA-ITO for the manual input of the residual value in the recording of the depreciation; and</p> <p>6. Prepare appropriate adjusting entries to reclassify the various inventory items in the PPE accounts and the accumulated depreciation.</p>		<p>Not Implemented</p> <p>Implemented</p>	
<p>CY 2024 AAR Finding No. 3 page no.57</p>	<p>Completed infrastructure projects with a total combined cost of ₱110,646,071.70 were not recorded as Property, Plant, and Equipment (PPE) assets in the books of accounts of the Province as of December 31, 2024.</p>	<p>7. We recommended that the Provincial Accountant draw a Journal Entry Voucher (JEV) to transfer the completed projects from Construction in Progress account to its proper PPE Accounts.</p> <p>8. We also recommended that all completed projects, accompanied by the necessary supporting documents such as the approved Statement of Work Accomplished, Certificate of Completion, and Certificate of Acceptance, be recorded as PPE in the books of accounts of the Province at year-end.</p>		<p>Implemented</p> <p>Implemented</p>	

Ref.	Audit Observations	Recommendations	Management Action	Status of Implementation	Reasons for Partial/Non-Implementation
		<p>the Provincial Budget Officer, to revert to the unappropriated surplus the balances corresponding to interest earned from fund transfers where the SAs did not require the return; and</p> <p>18. Henceforth, monitor the status of funds, promptly implement the PPAs, submit the liquidation reports in a timely manner, and refund the unutilized funds.</p>		Implemented	
<p>CY 2020 AAR Finding No. 3 page no.64</p> <p>CY 2018 AAR Finding No. 1 page no.43</p> <p>CY 2016 AAR Finding no. 2 page no. 43</p> <p>CY 2015 AAR</p>	<p>The existence of the Inventory account balance totaling to ₱226,666,664.70 at year end could not be established and its accuracy could not be ascertained because the balance includes non-moving consumable items procured in prior years and no complete physical inventory was conducted in CY 2020 and in prior years, thereby, rendering the inventory account balance as at December 31, 2020 doubtful, thus, not fairly</p>	<p>19. We recommended that the LCE:</p> <p>Direct the Inventory Committee to conduct annual physical count of inventories, prepare RPCI, reconcile the results of the physical count with the records of the GSO and of the Provincial Accountant and furnish a copy of the approved RPCI to the Audit Team;</p>		Not implemented	<p>Per validation, the inventory of assets had not yet been completed as of year-end 2025, in which case the RPCI for CY 2024, as with CY 2023, have not yet been prepared and submitted.</p>

Ref.	Audit Observations	Recommendations	Management Action	Status of Implementation	Reasons for Partial/Non-Implementation
Finding no. 17 page no. 65	presented in the Statement of Financial Position.				
CY 2012 AAR Finding no. 18 page no. 96	Procurement of construction materials for the implementation of two (2) infrastructure projects by administration with aggregate cost of ₱5,885,965.00, was split into smaller Contracts/ Purchase Orders and resorted to small-value procurement, instead of public bidding, contrary to Section 10, R.A. 9184, Sections 20.2, 21.2.2, and 54(1) of the Revised Implementing Rules and Regulations of R.A. 9184 and Item 2(a), Annex "H" of the Revised IRR issued under GPPB Resolution No. 3-2009.	20. Management should strictly observe the provisions of Section 10, R.A. 9184, Section 54(1) and Item 2(a) of Annex "H" and other applicable provisions of the Revised Implementing Rules and Regulations issued under GPPB resolution No. 3-2009 dated July 22, 2009.		Not implemented	A Notice of Disallowance was issued on this transaction, on which an appeal is pending.
CY 2012 AAR Finding no. 20 page no. 105	Bid Proposals for Four (4) River Control/Rechanneling projects were rated "PASSED", "POST-QUALIFIED" and subsequently awarded and paid in the amounts of ₱19,142,911.40	21. Management including the Bids and Awards Committee (BAC) should strictly comply with the bidding and post qualification requirements relative to the procurement of		Not implemented	A Notice of Disallowance was issued on this transaction, on which an appeal is pending.

Ref.	Audit Observations	Recommendations	Management Action	Status of Implementation	Reasons for Partial/Non-Implementation
	and ₱16,032,247.95	government contracts.			

B. SUMMARY OF SUSPENSIONS, DISALLOWANCES AND CHARGES

As of December 31, 2025, the unsettled suspensions, and disallowances, amounted to ₱139,294,588.55 and ₱34,000,524.54, respectively, and none for Notice of Charge. Details are shown below:

Particular	Beginning Balance (As of December 31, 2024)	Issued this period (NS/ND/NC) Jan. 1 to December 31, 2025	Settled this period (NSSDC) Jan. 1 to Dec. 31, 2025	Ending Balance (As of December 31, 2025)
Notice of Suspension	₱159,140,767.33	-	₱19,846,178.78	₱139,294,588.55
Notice of Disallowance	34,000,524.54	-	-	34,000,524.54
Notice of Charge	-	-	-	-

The above balances pertain to previous administrations. However, NSs totaling ₱139,294,588.55 have no supporting documents: