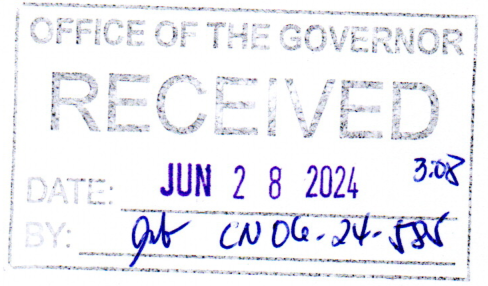


REPUBLIC OF THE PHILIPPINES

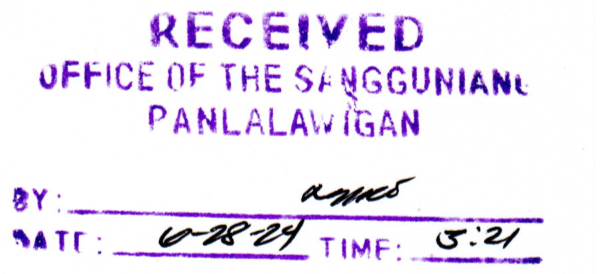
Commission on Audit

**REGIONAL OFFICE NO. I**

City of San Fernando, La Union



June 26, 2024

**HONORABLE RAPHAELLE VERONICA “RAFY” ORTEGA-DAVID**

Provincial Governor

Province of La Union

**Dear Governor Ortega-David:**

We transmit herewith the report on the financial, compliance, and revenue audit of the accounts and operations of the Province of La Union for the year ended December 31, 2023 in compliance with Section 2, Article IX-D of the Philippine Constitution and pertinent sections of Presidential Decree No. 1445.

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

The report consists of three parts: Part I - Audited Financial Statements, Part II – Audit Observations and Recommendations and Part III – Status of Implementation of Prior Years’ Audit Recommendations. We discussed our observations and recommended courses of action with the concerned management officials and staff during the exit conference held on May 20, 2024. Management’s comments are included in the report, where appropriate.

We rendered a qualified opinion on the fairness of presentation of financial statements of the Province of La Union for the year ended December 31, 2023.

Significant audit observations are as follows:

1. Obligations were recognized only upon payment rather than at the time the contracts were perfected. Consequently, obligations for prior-year contracts of goods and infrastructure projects were only recorded in CY 2023. This practice is contrary to IPSAS No. 24, resulting in an overstatement of the amounts presented under the Original and Final Budget and Actual Amounts columns of the Continuing Appropriations for Capital Outlay in the SCBAA. The overstatement amounts to ₱124,363,836.47, respectively;
2. The PGLU only utilized 51%, or ₱178,779,497.91 out of the total 20% of the DF current year budget amounting to ₱350,071,598.00, due to weak linkage between planning and budgeting and the inclusion of PPAs that are not well-planned and procurement-and-implementation-ready, contrary to Sections 3.2.1 and 3.2.3 of the Department of Budget and Management (DBM)-Department of Finance (DOF)-Department of the Interior and Local Government (DILG) Joint Memorandum Circular (JMC) No. 2020-001 and Budget Operations Manual (BOM); thus, the development needs of constituents were not satisfied in the most timely, effective and efficient manner;
3. Eleven infrastructure projects amounting to ₱57,542,560.20 were delayed by 30 to 200 days due to inadequate planning, lack of detailed engineering, and coordination with the stakeholders and end-users, contrary to Annex “A” of the 2016 Revised IRR of RA No. 9184, therefore hindering the constituents from timely enjoying the benefit from these projects; and
4. The justification for granting time extensions due to material shortages and rain-related delays, ranging from 76 to 181 days, for 11 infrastructure projects totaling ₱54,555,776.27 could not be confirmed due to a lack of supporting documents, discrepancies between the number of suspended days and the data from PAGASA, as well as inconsistencies in the suspended days granted to nearly identically located projects. This does not align with the pertinent provisions of Annex E of the Revised IRR of RA No. 9184, thereby raising concerns about the reasonableness of the extensions granted, which prolonged the implementation of the projects.

The other audit observations are presented in detail in Part II – Audit Observations and Recommendations portion of this report.

We request that the recommendations contained in the report be promptly implemented and we will appreciate being informed of the actions taken thereon within 60 days from receipt hereof, pursuant to Section 99 of the General Provisions of the General Appropriations Act of FY 2023 (Republic Act No. 11936), using the prescribed format of the attached copy of the Agency Action Plan and Status of Implementation (AAPSI).

We acknowledge the cooperation extended to the audit team by the officers and staff of the Agency.

Very truly yours,

**KARLO P. ALMONIDOVAR**

Officer-in-Charge

Copy furnished:

1. The Secretary

Department of the Interior and Local Government

Franscisco Gold Condominium, EDSA, Cubao, Quezon City

1. The Regional Director

Bureau of Local Government Finance

Region I, City of San Fernando, La Union

1. The Presiding Officer

Sangguniang Panlalawigan

Province of La Union

1. The Director (e-copy)

National Library of the Philippines

T.M. Kalaw St., Ermita, Manila

1. UP Law Center (e-copy)

Bocobo Hall, UP Law Complex

University of the Philippines, Diliman, Quezon City

1. Commission Central Library (e-copy)

Commission on Audit

Commonwealth Avenue, Quezon City

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| **PROVINCIAL GOVERNMENT OF LA UNION** | | | | | | | | | |
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| **AGENCY ACTION PLAN and** | | | | | | | | | |
| **STATUS of IMPLEMENTATION** | | | | | | | | | |
| **Audit Observations and Recommendations** | | | | | | | | | |
| **For the Calendar Year 2023** | | | | | | | | | |
| **As of \_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_** | | | | | | | | | |
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| **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 Date** | |
| **From** | **To** |
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| Name and Position of Agency Officer | | Date |  |  |  |  |  |  |  |
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| Note: Status of Implementation may either be (a) Fully Implemented, (b) Ongoing, (c) Not Implemented, (d) Partially Implemented, or (e) Delayed | | | | | | | |  |  |

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REPUBLIC OF THE PHILIPPINES

Commission on Audit

**REGIONAL OFFICE NO. I**

PROVINCE OF LA UNION

PROVINCIAL SATELLITE AUDITING OFFICE

City of San Fernando, La Union

**Office of the Audit Team Leader**

June 18, 2024

**KARLO P. ALMONIDOVAR**

Officer-in-Charge

COA Regional Office No. I

City of San Fernando, La Union

Thru: **TRACY ANN D. SUNICO**

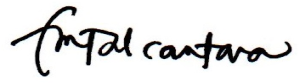
Supervising Auditor

Dear Ma’am:

In compliance with Section 2, Article IX-D of the Philippine Constitution and pertinent sections of Presidential Decree No. 1445, we conducted a comprehensive audit on the accounts and operations of the Provincial Government of La Union for the year ended December 31, 2023.

The results of our audit are embodied in the attached report consisting of three parts: Part I - Audited Financial Statements, Part II – Audit Observations and Recommendations, and Part III - Status of Implementation of Prior Years’ Audit Recommendations. The significant observations and recommendations were discussed with concerned management officials and employees in an exit conference on May 20, 2024. Management’s comments were included in the report, where appropriate.

Our audit was conducted in accordance with the International Public Sector Accounting Standards (IPSAS) and we believe that it provides reasonable basis for the results of the audit.

 Very truly yours,

**ATTY. CHELSEA MARIFE T. ALCANTARA**

Audit Team Leader