



October 15, 2025

**THE HONORABLE MEMBERS**  
**Sangguniang Panlungsod**  
**City of Naga**

Committee Report:

**OVERSIGHT COMMITTEE**  
**15<sup>TH</sup> SP CH-079-Oversight-1**

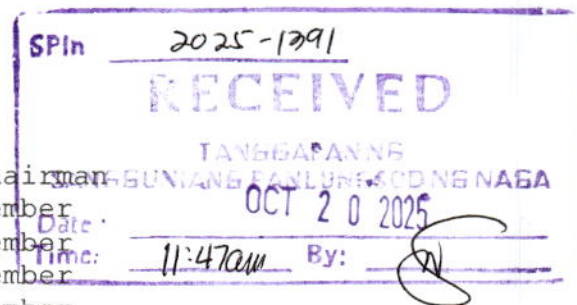
Gentlemen & Ladies:

The committee hearing of the Oversight Committee was convened on this date to treat and deliberate on matters requiring appropriate action and proper disposition. The official record of the proceedings is as follows:

**I. ROLL CALL**

Present:

Hon. Gabriel H. Bordado, Jr.	- Chairman
Hon. Elmer S. Baldemoro	- Member
Hon. Jessie R. Albeus	- Member
Hon. Ghiel G. Rosales	- Member
Hon. Vito C. Borja II	- Member
Hon. Gilda Gayle R. Abonal-Gomez	- Member
Hon. Melvin Ramon g. Buenafe	- Member
Hon. Wilfredo Jude A. Diokno	- Member
Hon. Francisco M. Mendoza	- Member
Hon. Allan Reiz C. Macaraig	- Member
Hon. David Casper Nathan A. Sergio	- Member
Hon. Jefson Romeo B. Felix	- Member



2025 Senior Citizen Sangguniang Panlungsod

Hon. Merlaflor M. Acabado	- Chairman
Hon. Ernesto A. de la Cruz	- Member
Hon. Simeon Jesus B. Adan, Jr.	- Member
Hon. Josefa B. Rustia	- Member
Hon. Ruth P. Zapanta	- Member
Hon. Ma. Nilda P. de Guzman	- Member
Hon. Jose E. Ilo	- Member
Hon. Gloria V. Chavez	- Member
Hon. Corazon V. Milano	- Member
Hon. Teresa M. Camata	- Member
Hon. Lilybel R. Larrauri	- Member
Hon. Anita DLC. Delmiguez	- Member
Hon. Gloria SF. Corod	- Member

Absent:

Hon. Ma. Corazon M. Peñaflor	- Member
------------------------------	----------

INVITED GUESTS:

(Please refer to the attached Attendance Sheet)

Hon. Gabriel H. Bordado Jr., City Vice Mayor & Chairman of the Oversight Committee called the hearing to order at around 10:10 A.M. at the Sangguniang Panlungsod Session Hall, City Hall, City of Naga. The Secretary called the roll and informed the Body that there was a quorum and therefore, the Body proceeded to deliberate on the matters requiring appropriate action.

SC Simeon Adan, Jr. led the opening prayer.

At this point, the Chair read to the Body pertinent provisions of SP Resolution No. 2025-283, particularly Section 27, which read as follows: *'The committee shall review the implementation and enforcement of all city ordinances, local implementation of national laws, programs, projects and policies, and such other matters the Sangguniang Panlungsod may assign or refer. For this purpose, the Committee may invite concerned officials from the executive department including the City Mayor herself or her representative and heads of national government agencies assigned in the City of Naga in its meeting'*.

## **II. BUSINESS FOR THE DAY**

### **1. Annual Audit Report on the City of Naga for the Year 2024 submitted by the Commission on Audit; (Spin2025-0670)**

#### **FACTS & FINDINGS:**

1. The Chair said that this was the first committee hearing of the Oversight Committee to tackle the Audit Report of the City of Naga for the Year 2024 submitted by the Commission on Audit. The State Auditor sent a letter that he cannot attend today's hearing because of COA Memorandum No. 90-634 which prohibits them to attend. The Chair also acknowledged the presence of the members of the Local Finance Committee and other department heads.
2. Hon. Macaraig said that when this matter was penned into the calendar during the Sangguniang Panlungsod regular session, he was the one who made the motion to refer this matter to the Oversight Committee. He said that they were convened not to punish anybody but rather to apply remedial suggestions and measures on some of the audit observations as a collegial body especially in consideration of the upcoming budget hearings.
3. Ms. Ruby Singson, City Accountant, said that the audit report was the result of the audit conducted by the COA last March to April 2025, and their office received the report on June 25, 2025. The report contained the audited financial statements of the city. She added that the COA issued a qualified audit report on the presentation of the financial statements due to material findings.
4. On the query regarding the qualified and unqualified audit observations, Ms. Ruby Singson, City Accountant, explained to the Body that the qualified audit opinion is a report issued by an auditor stating that the financial statements of the LGU-Naga are accurate and reliable, with the exception of specific, material issues that are not pervasive. It indicates a problem that is significant but limited in scope, meaning the auditor can still provide an opinion on the rest of the financial statements. The auditor provides this opinion because they found either material misstatements or are unable to obtain sufficient evidence, but the issue does not affect the entirety of the financial statements. She said that there were some discrepancies in the reports of the COA particularly on the records of inventory, property, plant, and equipment which remain unreconciled with the GSO and Accounting.

5. While the unqualified audit opinion, also known as a "clean opinion", means the audit has concluded that the financial statements of the LGU are presented fairly, in all material respects, and that they comply with applicable accounting standards like GAAP. This is the most positive type of audit report, indicating transparency, with financial records being reliable, and internal controls adequate.
6. On the query whether the audit is conducted on an annual basis, Ms. Singson responded that the audit is conducted annually, and it is the mandate of the COA to audit all government agencies, including the city. She further explained that at the beginning of each audit, an entrance conference is usually held, and the actual audit is conducted after the Accounting Office submits the Year-End Financial Statements. The covered period includes the transactions from January to December, 2024.
7. Hon. Macaraig asked about the deadlines given to the offices cited in the COA findings for their compliance.
8. Ms. Singson stated that for each audit finding and its corresponding recommendation presented, the actions taken by the concerned offices were already noted/indicated.
9. Hon. Macaraig asked further why out of the 108 audit recommendations in 2023, only 36 have been implemented as of March 2025. He sought assurance of 100% compliance with the recommendations. Ms. Singson responded that it is not within her level or capacity to provide such assurance. Furthermore, she said that the audit observations and recommendations have already been responded to by the concerned offices during the exit conference. She added that all the responses from the concerned offices were consolidated by the i-Governance office.
10. Mr. Willy Prilles recalled that the former City Administrator, Hon. Baldemoro, had been tasked with ensuring that the agencies mentioned in the COA audit report performed their duties. He said that under the current administration, the Transition Committee could be mobilized to take the lead in ensuring the full compliance with the audit recommendations. They can compel the involved offices to respond favorably to the COA findings. He noted that the COA audit report was addressed to the City Mayor, thus the said office has the responsibility of directing the concerned offices to comply with the COA audit findings.
11. Hon. Albeus stated that after Typhoon Kristine, the City received donations from the Office of the President and various local government units (LGUs). He referred to page 142 of the report and enumerated the donations received by the City Government totaling ₱34,165,000.00. He inquired as to the amount already liquidated from the said donations.
12. Ms. Singson apologized for not bringing the actual records. She stated that based on the latest report, the donations have not yet been fully liquidated. She noted that, of the ₱30 million received from the Office of the President, about ₱2 million remained unutilized as of this date. Hon. Bordado asked if the ₱2 million mentioned was unliquidated. Ms. Singson clarified that it represented unutilized funds. She assured that she could provide the Sangguniang Panlungsod with the actual status report on the donated accounts.
13. Hon. Albeus requested that the Sangguniang Panlungsod be furnished with the report on the utilization of the donations. Ms. Singson confirmed that the requested report would be provided at the soonest time.

14. Hon. Bordado inquired if there were any further comments or reactions.
15. Hon. Diokno requested for a hard copy of the report. He stated that the City Accountant mentioned matters concerning property, plant, and equipment (PPE). Hon. Diokno sought clarification on the Commission on Audit (COA) observation cited on pages 61 and 62 of the report. He stated that the physical count and accounting records of PPEs as of December 31, 2024, did not reconcile, resulting in a discrepancy of ₱1,803,199,223.62, or 27.5% of total assets. He noted that this discrepancy was mainly attributed to road networks, land improvements, school buildings, other structures, and flood control systems. He added that, according to the COA, the required physical inventory report was not submitted, prompting COA to rely on the previous year's report.
16. Hon. Diokno remarked that, as a new member of the Sangguniang Panlungsod, he was surprised by the magnitude of the discrepancy. Hon. Bordado then sought the reaction of the City Accountant.
17. Ms. Singson stated that the first Audit Observation Memorandum (AOM) cited by Hon. Diokno was a recurring issue previously raised against the City Government even before her tenure.
18. Hon. Bordado inquired whether "recurring" also meant that the discrepancy amount remained the same. Ms. Singson explained that the values differed each year, but the underlying issue regarding the reconciliation between physical counts and accounting records persisted. She explained that the City had initiated a One-Time Cleansing of all PPE accounts. The first step was for the Inventory Committee to prepare a list of all PPE owned by the City Government of Naga (CGN). However, this was not completed due to incomplete records from concerned offices. She added that the CGN created two Inventory Committees: one for infrastructure assets; and the other for Infrastructure projects. The Committee for infrastructure projects, headed by the City Engineer's Office (CEO) with members from the GSO, CASSO, and HSDO, failed to submit the required report as cited by COA. Hon. Bordado asked if the committees were organized only this year. Ms. Singson replied that they were created in 2023.
19. Ms. Singson continued that the actual physical count was not conducted because the list of items for inventory had not been completed, hence the non-reconciliation.
20. For the Local Road Network, Ms. Singson reported that the Committee had completed its inventory and valuation, assigning replacement values to road assets amounting to ₱3.8 billion. However, the said amount could not yet be booked by the City Accounting Office (CAccO) pending completion of the One-Time Cleansing process.
21. Hon. Bordado stated that, in other words, the discrepancy that had surprised Hon. Diokno still existed. Ms. Singson confirmed this, explaining that the One-Time Cleansing process was still ongoing. She noted that the program was mandated by a Memorandum Circular intended to assist government agencies in reconciling PPE accounts.
22. Hon. Bordado asked if the City Accountant could give the Sangguniang Panlungsod assurance that the ₱2 billion discrepancy would eventually be resolved. Ms. Singson confirmed this and stated that the Committee created for the One-Time Cleansing would prepare several reports to aid the CAccO in reconciling the records.
23. Hon. Bordado then recognized Hon. Mendoza and Hon. Macaraig for their respective comments.

24. Hon. Mendoza cited an example: when a structure is constructed, its cost is recorded in the books. He asked whether subsequent repairs or rehabilitations are added to the original cost. Ms. Singson replied that this would depend on whether the rehabilitation would extend the useful life or increase the economic benefits of the structure. Hon. Mendoza further illustrated that if a road originally valued at ₱100,000 was later repaired for ₱10,000 and ₱50,000, the total book value would become ₱160,000. He emphasized that discrepancies in reports could be due to recording issues – the physical count considers only existing structures, not the accumulated costs of prior repairs included in the accounting records.
25. He suggested that the new inventory should reassess all existing road networks and assign appropriate values based on either replacement or construction costs to reconcile recorded values with the actual condition of structures.
26. Hon. Bordado sought the reaction of the City Accountant. Ms. Singson concurred with Hon. Mendoza's observation, reiterating that such reconciliation is the goal of the One-Time Cleansing.
27. Ms. Singson added that the report submitted by the CEO for the local road network, amounting to ₱3 billion, was still subject to validation. As of December 31, 2024, validation has not yet been completed, hence no adjustments have been made to the City's books. She clarified that the reported amount represented replacement values, while the accounting records reflected construction costs. She explained that if multiple projects were implemented on the same road segment, their costs would be cumulatively recorded.
28. Hon. Bordado acknowledged the presence of Former City Legal Officer, Atty. Bragais.
29. Hon. Macaraig inquired whether the City Mayor's Office was the primary office responsible for ensuring COA compliance. Ms. Singson replied that each audit observation identifies specific accountable offices. Hon. Macaraig noted that the COA recommendation was addressed to the City Mayor and Management, which Ms. Singson confirmed.
30. Hon. Macaraig stated that under the City Mayor's Office, the CAccO is most involved in COA audit compliance, particularly through the Finance Committee. Ms. Singson clarified that responsibility still depends on the nature of the audit finding. Her office handles financial audits, while PPE compliance falls under the Inventory Committee and other concerned offices. She added that recent AOMs from COA are now directly addressed to specific offices, unlike in previous years when they were sent to the City Mayor's Office.
31. Hon. Macaraig acknowledged that the COA recommendations to the City Mayor were specific and inquired who ensures compliance from the concerned offices. Ms. Singson responded that COA issues an Agency Action Plan and Status of Implementation (AAPSI) for all audit observations, and that the I-Gov Office currently consolidates all such reports.
32. Hon. Sergio suggested that we should request the City Mayor to form a task force to be chaired by one of the members of the Transition Committee and co-chaired by the Chairperson of the Local Finance Committee with the responsibility of preparing an action plan with a corresponding timeline.
33. Hon. Mendoza said that the i-Governance Office is responsible for following-up on the compliance with the audit observations.

With regards to compliance, he stated that the Sangguniang Panlungsod also has a role to play. He explained that when there is a request for appropriation, the Sangguniang Panlungsod should require a Certificate of Availability of Funds. In addition, the project or activity should be included in the Annual Investment Program. If the request is charged to the Calamity Fund, it should be accompanied by a CDRRMC Resolution, and the City Disaster Risk Reduction and Management Investment Plan should also be attached. He emphasized that these documents must be strictly required before the Sangguniang Panlungsod can approve any request for appropriation.

34. Mr. Bercasio, member of the Transition Committee, said that they are willing to provide an outline containing the specific concerns, the corresponding actions to be taken, and the deadlines for each. He added that they will raise to the City Mayor the proposal for the creation of a task force. He explained that their current approach is to review each recommendation, identify the offices involved, and coordinate with the respective heads of those offices to ensure that the concerns are properly addressed.
35. The Chair asked if Mr. Beracsio agreed to the proposal of Hon. Sergio to form a Task Force. Mr. Bercasio responded that he would relay the proposal to the City Mayor and suggested including a representative from the Sangguniang Panlungsod to allow alignment of measures while reviewing the findings. He stated that as manifested by Mr. Prilles, the group currently handling the matter is merely an ad hoc body.
36. Hon. Buenafe nominated an appropriate member from the Sangguniang Panlungsod to serve as a member of the proposed task force, such as the Chairman of the Blue Ribbon. Furthermore, Hon. Macaraig also nominated Hon. Baldemoro, Hon. Mendoza and Hon. Gomez as members of the special task force. He noted that both Hon. Baldemoro and Hon. Mendoza had previously served in the Executive Department, while Hon. Gomez is the Chairperson of the Committee on People Empowerment and Good Governance.
37. Hon. Mendoza said that he has been with the City Government of Naga for a long time as the City Budget Officer. He suggested offering the nomination to someone with a fresh perspective to serve in the special task force. Hon. Sergio added that the decision regarding the membership of the special task force should be made by the Executive Department.
38. Hon. Rosales called the attention of the Body to the amount being requested by the Commission on Audit for refund, representing the Cost of Living Allowance (COLA) paid to public school personnel, as well as the cash incentives, financial assistance, and honorarium granted to Barangay and SK officials. He noted that these were classified as illegal and irregular disbursements in 2019, with a management action plan to reiterate the demand for refund from the barangays concerned. He then asked if this will be implemented.

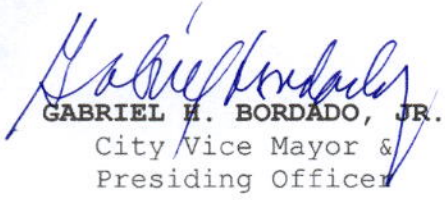
**DISPOSITION:**

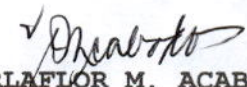
*Nath - COLA  
Gomez / Prilles  
Mendoza*

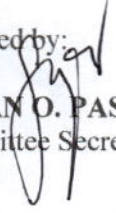
After lengthy and careful discussion on the matter, on motion of Hon. David Casper Nathan Sergio, seconded by Jessie Albeus and Hon. Melvin Ramon Buenafe, the committee resolved to pass a resolution urging the City Mayor to create a Special Task Force to prepare and implement an action plan addressing the COA observations and recommendations, and to include at least three (3) members of the Sangguniang Panlungsod in the said Task Force.

The committee hearing adjourned at 12:00 Noon.

Respectfully submitted,

  
**GABRIEL H. BORDADO, JR.**  
City Vice Mayor &  
Presiding Officer

  
**MERLAFLO M. ACABADO**  
SC City Vice Mayor &  
Presiding Officer

Prepared by:  
  
**LILIAN O. PASCUAL**  
Committee Secretary