

EXECUTIVE SUMMARY

A. Introduction

The Municipality of San Juan was created by virtue of Commonwealth Act No. 1625 which was enacted on March 20, 1907. On June 17, 2007, the Municipality of San Juan was converted into a highly urbanized city to be known as the City of San Juan pursuant to Republic Act (RA) No. 9388. The City has a total land area of 5.94 square kilometers and one of the smallest political subdivisions of the National Capital Region (NCR) which accounts for less than one per cent of the total area of the NCR.

The City's mission is to provide quality and effective social services to the people, pursue sustainable, inclusive and equitable economic growth, and promote ecological balance through a responsive, transparent, efficient, and technologically advanced governance in partnership with empowered people towards achieving excellence.

The City of San Juan is under the leadership of Mayor Francisco Javier M. Zamora and is supported by Vice Mayor Jose Angelo Rafael E. Agcaoili and the members of the Sangguniang Panlungsod.

The City has a total of 1,874 personnel complement composed of the following:

Appointive	2
Temporary	9
Elective Officials	13
Permanent	927
Casuals	6
Contractual	275
Co-terminus	22
Job Order	606
Contract of Service	14
Total	1,874

B. Financial Highlights

The City's assets, liabilities and equity for Calendar Year (CY) 2023 were P7.423 billion, P2.317 billion and P5.106 billion, respectively. On the other hand, income collected totaled P2.682 billion, while expenses incurred amounted to P2.517 billion, as summarized with corresponding figures for CY 2022:

	2023	2022	Increase/Decrease
Assets	P7,422,737,593.08	P7,364,450,604.02	P58,286,989.06
Liabilities	2,317,213,645.53	2,292,981,739.92	24,231,905.61
Government			
Equity	5,105,523,947.55	5,071,468,864.10	34,055,083.45
Revenue	2,693,598,712.55	2,718,895,594.51	(25,296,881.96)
Expenses	P2,527,731,281.58	P2,405,100,257.07	P122,631,024.51

Of the total appropriations of P3.868 billion and P2.634 billion was obligated during the year, details as follows:

Fund	Appropriations		Obligations	
	CY 2023	CY 2022	CY 2023	CY 2022
Current Appropriation				
General Fund (GF)	P3,001,253,067.50	P2,951,846,446.35	P2,185,996,765.14	P2,189,449,519.59
Special Education Fund (SEF)	358,992,621.62	381,298,495.00	343,440,619.09	296,497,156.43
Sub-total	3,360,245,689.12	3,333,144,941.35	2,529,437,384.23	2,485,946,676.02
Continuing Appropriation				
GF	422,851,788.67	494,051,178.78	104,880,474.66	68,369,434.70
SEF	85,355,375.20	96,752,745.20	-	16,110,000.00
Sub-total	508,207,163.87	590,803,923.98	104,880,474.66	84,479,434.70
Total	P3,868,452,852.99	P3,923,948,865.33	P2,634,317,858.89	P2,570,436,110.72

The total revenue of P2.694 billion collected during the year was sourced from the following:

Particulars	GF	SEF	Total
Tax Revenue	P1,995,396,836.89	P345,927,562.86	P2,341,324,399.75
Service and Business Income	279,524,654.46	27,404,087.52	306,928,741.98
Shares, Grants and Donations	22,971,537.11	-	22,971,537.11
Other Income	22,374,033.71		22,374,033.71
Total	P2,320,267,062.17	P373,331,650.38	P2,693,598,712.55

C. Operational Highlights

Enumerated hereunder are the highlights of the reported accomplishments of San Juan City for CY 2023.

Economic Development

- Conducted free Livelihood Seminars and launched the San Juaneño First Policy Program prioritizing its citizens for employment in the City;
- Offered employment opportunities through job fairs including in-house hiring and mega job fair, Special Program for the Employment of Students and Department of Labor and Employment Government Internship Program;
- Established Satellite Assessment and Payment Centers for Real Property Tax and Satellite Office for Business One Stop Shop for new and renewal of business and work permits;
- Distributed Food Cart Negosyo Package to 15 selected beneficiaries ;
- Distributed cash subsidy, additional cash aid and one month free rental to 48 micro rice retailers affected by the implementation of Executive Order No. 39 that sets nationwide ceiling on the price of rice;

- Launched the San Juan Barangay Caravan, a one-stop-shop initiative that delivers a suite of free services, ranging from healthcare to employment opportunities, providing free medical consultations, vaccines, and medicines, and free haircut, to promote the well-being and overall health of our constituents;
- The Abanico Y San Juan was named the best tourism gift and souvenir at the Pearl Awards of the Association of Tourism Officers of the Philippines, Inc.; and
- Entered into a Memorandum of Understanding with the Makati Business Club about the painting of street art in the City.

Environmental Development

- Launched the “Kuha sa Tingi” (KST) Project – a project that establishes refilling stations in communities, hosted in sari-sari stores in order to reduce sachet use, as well as plastic pollution; and
- Launched “Ang Tubig ay Buhay” aiming to promote water conservation and increase the residents' knowledge about the adverse effects of the El Niño phenomenon.

Institutional Development

- Awarded with the 2023 Seal of Good Local Governance by the Department of the Interior and Local Government (DILG) and received citations for Local Government's 2023 Urban Governance Exemplar Awards: Upholding Excellence in Local Governance in seven categories;
- Awarded by Manila Times as one of Philippines Model Cities and cited specifically for LGUs Eco-Friendly programs;
- Launched the single ticketing system as part of establishing a uniform policy on traffic violations and penalties in Metro Manila;
- Inaugurated the newly built 4-storey Hall of Justice that houses the offices of Metropolitan and Regional Trial Courts, the Public Attorney's Office, Family Court and the Office of the City Prosecutor;
- Distributed cash rewards for San Juaneño public school honor students and cash incentives to Asian Games gold medalist;
- Received various awards from Department of Transportation for the IACT Magiting na Lingkod Award, Department of Environment and Natural Resources and Department of Human Settlements and Urban Development; and
- Recognized by DILG as one of the 2022 Child-friendly Local Governance Audit passers from the National Capital Region.

Infrastructure Development

- Supplied and installed kitchen equipment at Skills and Livelihood Training Center;
- Re-established the Lactation Station/Room in Barangay Health Centers and Health Station;
- Repaired and improved streetlights, drainages and roads in the City;
- Established the City Material Recovery Facility;
- Inaugurated the 4-storey with roof deck and wooden basketball half court of Barangay Isabelita, Barangay Maytunas and Barangay San Perfecto; 3-storey multipurpose hall with wooden basketball court at Barangay Ermitaño, Barangay Salapan, Barangay Little Bagiuo, Barangay Tibagan and San Juan National High School;
- Inauguration and blessings of 4-storey, 28 classroom school building and 3-storey multipurpose hall with wooden basketball court at San Juan Elementary School;
- Inauguration and blessing of Balay Silangan, the new and first drug rehabilitation facility in the City.

Social and Health Services

- Continuous provision of free medicines to all San Juanenos at the medicine booth located in the Atrium of San Juan City Hall;
- Conducted the Cash for Work Program, a joint project between the local government and the Department of Social Welfare and Development;
- Launched of the Makabagong San Juan Feeding Program - Mobile Kitchen, conducted bloodletting drive, free PAP smear, breast examination and consultation for women, measles-rubella and oral polio supplemental immunization activity for children, medical and dental mission, COVID-19 booster shots and free cataract operation in partnership with Chinese General Hospital;
- Received the Director's Award from the Philippine Drug Enforcement Agency having been adjudged as the Number One Anti-Drug Advocate in the National Capital Region for our efforts in being the first city in NCR to have achieved the status of having 100% of our Barangays declared drug cleared;
- Provided financial, medical and burial assistance to all qualified San Juaneños;
- Distributed education aid, cash financial aid and Christmas food packs to San Juan PWDs; cash assistance to Senior Citizens who turned 70, 80, and 90 years old and distributed rice, hygiene kits, groceries, and start-up supplies to 420 San Juaneño Persons Who Use Drugs;

- Conducted Mass Civil Wedding with free wedding reception, wedding cakes and financial assistance to 63 couples; and free childbirth at San Juan Medical Center for the married couples; and
- Distributed free leather shoes to 1,109 pupils enrolled at development centers.

D. Scope and Objectives of Audit

The audit covered the accounts and operations of the City of San Juan for the period January to December 31, 2023. The objectives of the audit are to: (a) be able to lend credence to Management's assertions on the financial statements; (b) recommend agency improvement opportunities; (c) determine compliance with existing laws, rules and regulations; and (d) determine the extent of implementation of prior years' audit recommendations.

E. Independent Auditor's Report on the Financial Statements

We rendered a qualified opinion on the fairness of presentation of the financial statements due to the deficiencies noted in audit that materially affected the balances/totals of certain accounts, which are discussed in detail in Part II of the report and summarized as follows:

1. Deficiencies and omissions in accounting and general services records of P882.668 million affected the reliability and fair presentation of Property, Plant and Equipment (PPE) accounts in the City's financial statements.

Require the City Accounting Department (CAD) to prepare adjustments to:

- a. Record the Construction in Progress-Buildings and Other Structures pertaining to the San Juan Medical Center project of P332,173,902.73 to its proper asset account;
- b. Record the cost of the demolished buildings/structures in the amount of P151,947,400.99 and the cost of the new buildings/structures constructed thereat once appraised;
- c. Cause the appraisal of the new buildings/structures constructed in the location of previously reported demolished buildings/structures as reflected in the Report on the Physical Count of Property, Plant and Equipment; and
- d. Direct the General Services Department to immediately prepare the required documents for the disposal of unserviceable PPE and submit the request to City Auditor's Office for evaluation and technical inspection.

2. Accounts Payable (AP) totaling P62.047 million were not adequately supported with documents contrary to Sections 4(6) and 112 of PD 1445 and International Public Sector Accounting Standards (IPSAS) 19 thus, validity and propriety of the claims cannot be established. Moreover, completed infrastructure projects totaling P93.293 million were not recognized payables at year-end, thereby understating the payable and related accounts by the same amount.

We recommended that Management direct the CAD to:

- a. Recognize AP for the completed infrastructure projects in the amount of P93,292,701.54 and record these payables of the City in the prescribed General Journal; and
- b. Require the CAD and GSD to submit to CAO the lacking documents to support the AP of P62,046,856.35.

F. Significant Audit Observations and Recommendations

1. The delayed filing, incomplete and improper documentation of claims for reimbursement to PhilHealth by the San Juan Medical Center (SJMC) resulted in the accumulation of unfiled, late filed, Return to Hospital (RTH) and denied claims in the amount of P107.593 million as of December 31, 2023, contrary to pertinent provisions of the Revised Implementing Rules and Regulations of RA No. 7875.

We recommended that Management require the Director of SJMC to:

- a. Fast-track the assessment, processing, review and filing of reimbursable claims to PhilHealth;
 - b. Identify lapses on procedures and processes, and set-up efficient and effective control mechanism to minimize, if not eliminate, unresolved issues on claims; and
 - c. Ensure the timely submission and completeness of documents supporting the claims for reimbursement including the immediate refiling of RTH claims as indicated in the notification letters so as not to invalidate the same.
2. The fund appropriated for Local Climate Change Action Plan (LCCAP) of P105.816 million was underutilized by P39.943 million as a result of inadequate planning, budgeting and execution thus, could significantly affect the achievement of the City's mandate of strengthening its adaptive capacity and build its overall resilience to the adverse impacts of climate change.

We recommended and Management agreed to improve significantly the planning, budgeting, execution/utilization of the LCCAP fund to ensure the achievement of the City's mandate on climate change.

3. Thirty-two programs, projects and activities (PPAs) totaling P78.531 million chargeable to Local Disaster Risk Reduction and Management Fund (LDRRMF) were not implemented thus, affecting the City's capacity in mitigating, preparing for, responding to, and recovering from the impact of disaster.

We recommended that Management prepare a catch-up plan for the timely implementation of the 32 unimplemented LDRRM PPAs.

4. The City has not remitted P10.841 million representing the amounts withheld for the accounts of the Government Service Insurance System (GSIS) and Philippine Health Insurance Corporation (PhilHealth), contrary to the pertinent legal prescriptions. Likewise, negative amounts and discrepancies in the amount of P14.105 million cast doubt on the reliability of the balances of the Inter-Agency Payable accounts.

We recommended that Management:

- a. Direct the CAD and City Treasury Department to remit in full the amount of P10,840,504.22 to GSIS and PhilHealth in compliance with laws, rules and regulations; and
- b. Direct the CAD to make an in-depth analysis and reconciliation of the Inter-Agency Payable accounts with negative balances and discrepancies of P14,105,034.71 and prepare adjustments to reflect the correct balances of the accounts at certain period.

The aforementioned observations together with the corresponding recommendations were discussed with Management officials concerned during the Exit Conference on May 13, 2024. Management views and comments were incorporated in the report, where appropriate.

G. Summary of Total Suspensions, Disallowances and Charges

Suspensions and Disallowances totaling P21.608 million remained outstanding, unsettled and under appeal as of December 31, 2023.

Particulars	Beginning Balances 01 January 2023	This Period		Ending Balance As of 31 December 2023
		01 January to 31 December 2023		
		NS/ND/NC	NSSDC	
Notice of Suspension	16,783,566.89	-	-	16,783,566.89
Notice of Disallowance	5,028,731.83	-	204,000.00	4,824,731.83
Notice of Charge	-	-	-	-
Total	21,812,298.72	-	204,000.00	21,608,298.72

H. Status of Implementation of Prior Year's Audit Recommendations

Of the 25 audit recommendations contained in the CY 2022 Annual Audit Report, 17 or 68 percent were implemented and 8 or 32 percent were not implemented during the year.