



Republic of the Philippines
COMMISSION ON AUDIT
Regional Office No. X
Cagayan de Oro City

**CONCRETING OF MEMBULI
Farm-to-Market Road
Salay, Misamis Oriental**

A CITIZEN PARTICIPATORY AUDIT REPORT

April, 2016



Republic of the Philippines
COMMISSION ON AUDIT
Regional Office No. X
Cagayan de Oro City

April 5, 2016

Hon. Romeo L. Gue
Municipal Mayor
Salay, Misamis Oriental

Dear Mayor Gue:

Pursuant to Section 2, Article IX-D of the Philippine Constitution of the Philippines and Section 43 of Presidential Decree No. 1445 otherwise known as the Government Auditing Code of the Philippines, the audit team created under Commission on Audit (COA) Office Order No. 2015-X-115 dated November 13, 2015 conducted a performance audit of the selected Farm-to-Market Road (FMR) projects implemented by the Local Government Units in the Province of Misamis Oriental for Calendar Year 2014.

For the said undertaking, we adopted the Citizen Participatory Audit (CPA) technique in line with COA's response to the call of the President of the Philippines for increased transparency and citizen participation in governance; and invoking COA's authority granted by the 1987 Constitution "to define the scope of its audit and examination" and "to establish the techniques and methods required thereof".

The audit observations and recommendations were communicated thru Audit Observation Memoranda and were discussed with the concerned officials of the municipal government. Their comments were incorporated in the report where appropriate. The details of the results of the audit are embodied in our Audit Report.

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1.0 Background of the Farm to Market Road (FMR) Project

The Municipal Government of Salay, Misamis Oriental was created by virtue of

Membuli is one of the crops producing barangays of the Municipality of Salay. Ninety percent of the total residents are dependent in agricultural related activities. The people especially the farmers who are doing agricultural production activities of the barangay remained generally poor.

Bad road conditions lead to higher cost of farm implements and other agricultural inputs due to additional transportation cost. In like manner, farm produce are taken with lower far gate prices being dictated by commercial traders with the reason that additional hauling cost is being attributed due to the worsening road condition.

The main objective of the Municipality of Salay is to increase agricultural productivity in the MRDP covered barangay in particular and in the municipality in general. This is line with the government thrust for progress and development and with the priorities set by the Local Government of Salay in its Municipal Development Plan (MDP).

The **Concreting of the Proposed Farm-to Market Road Section** will surely uplift the socio-economic condition in the local community and the farmers, who will be encouraged to produce and earn more income. Likewise, the projects would greatly contribute to the alleviation of poverty and improve the quality of life f the beneficiaries.

It is for this reason that during the barangay consultation and during the formulation of the Barangay Development Plan, the **Concreting of the Proposed Farm-To-Market Road Section** came out to be the priority needs of the barangay. It is also identified by the Barangay Development Council as the priority project to be included in the Annual Investment Plan.

2.0 Audit Focus

The selected Farm to Market Roads (FMRs) implemented by the Local Government Units in the Province of Misamis Oriental for Calendar Year 2014 is the focus of the audit which include the implementation of the projects as well as the evaluation of the project accomplishments.

3.0 Audit Objectives

The audit of FMR projects under the Citizen Participatory Audit covers the review and evaluation of actual project accomplishments. It was aimed to:

- 3.1 Determine whether the general intent of the Farm-to-Market Road (FMR) as envisioned by the LGU which is to provide market access for agricultural/ other products in the specific locality has been attained;
- 3.2 Validate the effectiveness of the FMR as to whether the farmers and the community where the farm-to-market road is located benefitted from the project by improving their economic condition;
- 3.3 Validate compliance with the design standards/criteria of the Guidelines on the Implementation of FMRs of the Department of Agriculture and of the DPWH;
 - Recommended type of pavement in concreting Pres. Directive No. 10-00085;
- 3.4 Validate the existence of reported project accomplishments;
- 3.5 Determine whether the projects were implemented in compliance with the approved plans and specifications and in accordance within the required time frame; and
- 3.6 Determine the existence of the project in the required location

4.0 Scope and Audit Criteria

The audit shall cover the evaluation of Farm to Market Road (FMR) located at Membuli, Salay, Misamis Oriental which was implemented by the Municipal Government of Salay, Misamis Oriental. It covers the review and evaluation of implementation of the said FMR project as well as the progress accomplishments as to physical existence and technical aspects using the following criteria:

- 4.1 Pertinent provisions of RA 9184 or the Government Procurement Law as to the procurement of infrastructure projects;
- 4.2 For Straight Contract:
Contract requirements on project scope of work and specifications, costs, duration
- 4.3 For FMRs implemented By Administration:
Project requirements on scope of work and specifications, costs, duration
- 4.4 Presidential Directive No. 10-00085;
- 4.5 DPWH Department Order No. 11 series of 2014; and
- 4.6 COA Circular 2012-001

5.0 Audit Methodology

In general, the Audit Team will adopt the following methodologies:

- Gather and review project documents (approved Programs of Work and detailed estimates, approved plans and specifications, approved PERT/CPM Network Diagram, other contract/project documents) pertaining to the implementation of selected FMR projects to establish the Audit Criteria;
- Review of financial and physical reports to establish the Audit Condition per management's representation;
- Conduct project inspection using geotagging as a tool;
- Perform computations and evaluation;
- Send out questionnaires/conduct interviews;
- Develop audit observations, conclusions and recommendations.

The Audit Programs are attached as **Appendix 1**.

6.0 Audit Period

The CPA team created under COA Office Order No. 2015-X-115 dated November 13, 2015 (**Appendix 2**) conducted the audit of four identified FMR projects from November 16, 2015 to February 26, 2016 or a total of 69 working days.

7.0 Audit Results

The Membuli FMR project was still unfinished as of December 4, 2015 with 60.60% reported accomplishments.

The procurement of Membuli FMR project in Salay, Misamis Oriental was thru public bidding. The concreting of 1.800 km FMR was contracted by Charlz Construction with a contract cost of ₱18,649,512.39 for a contract duration of 365 calendar days.

The project started on November 24, 2014 and the completion date was originally set on November 19, 2015. At the time of inspection on December 4, 2015, the team validated the reported accomplishments of 60.60% only. The completion date was revised on January 16, 2016.

It was disclosed in an interview that the contractor requested for time extension. Thus, it was reported that the actual completion date was on March 5, 2016.

Results of Citizen Survey:

Our interview with the sampled residents of Barangay Membuli where the FMR project is located expressed their satisfaction on the on-going concreting project of the said FMR.

The summary of the results of the survey conducted on the level of community satisfaction of the said FMR is shown below:

Component – Level of Community Satisfaction		Yes	No
1	Are you satisfied with the FMR project?	58	9
2	The completion of FMR project increase our income...	58	9

Component – Level of Satisfaction and Assessment of FMR		Very Satisfied	Satisfied	Somewhat Satisfied	Not Satisfied
3	Level of Satisfaction	20	38		9
4	Assessment and rate the FMR project	20	38		9

Component-Assessment of FMR benefit		Excellent	Good	Slightly Good	No Effect	Bad
5	Assesment and rate the benefits of FMR to the community	20	35	3	9	

Results of Inspection and Geo-tagging:

During the course of inspection, the following observations were noted:

Station	Observation
0 + 186.20	Transversal crack
0 + 205.39	Pock Marks
0 + 218.89	Pock Marks
0 + 239.10	Pock Marks
0 + 250	Edge crack
0 + 300	Pock marks
0 + 301.70	Pock marks
0 + 459	Transversal crack

Station	Observation
0 + 487.50	Transversal crack
0 + 568.47	Edge crack
0 + 577.47 – 0 + 595.47	Longitudinal crack
0 + 590.47	Transversal crack
0 + 606.60	Transversal cracks & longitudinal cracks
0 + 728.97	Edge crack
1 + 777.50	Scaling of concrete

The details of the results of inspection/geo-tagging activity is shown in **Annex A**. The latest progress report showed 60.60% accomplishment. Per actual measurement of FMR, the length of 1.800 meters, width of 2.53 meters, and thickness of 6 inches were validated and the same is in accordance with the Program of Works.

Shown below are the geotagged photos taken during the ocular inspection of the FMR:



Latitude: 8.878767
 Longitude: 124.80736
 Stations Involved: Sta. 0 + 459

Transverse Crack



Latitude: 8.87864
 Longitude: 124.80595
 Stations Involved: Sta. 0 + 301.70

Pock Marks



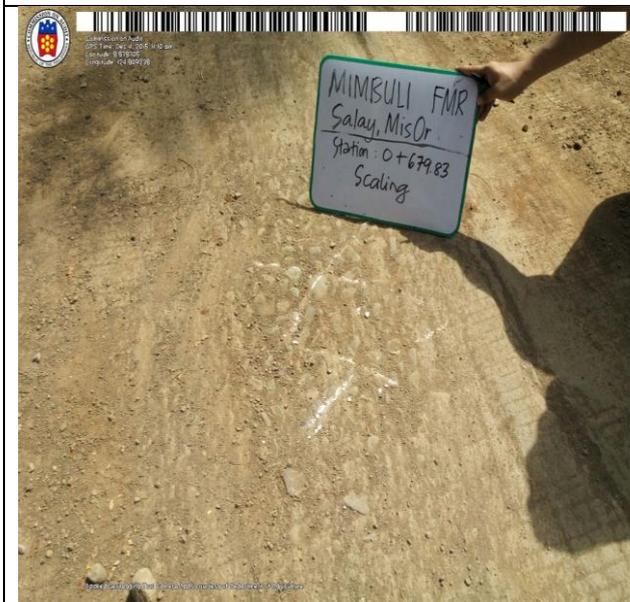
Latitude: 8.878982
 Longitude: 124.808367
 Stations Involved: Sta. 0 + 577.47

Longitudinal Crack



Latitude: 8.878737
 Longitude: 124.80859
 Stations Involved: Sta. 0 + 606.60

Transverse and Longitudinal Cracks



Latitude: 8.878705
 Longitude: 124.809239
 Stations Involved: Sta. 0 + 679.83

Scaling



Latitude: 8.87888
 Longitude: 124.808302
 Stations Involved: Sta. 0 + 568.47

Edge Crack

8.0 Audit Conclusion

The unfinished FMR project in Membuli, Salay, Misamis Oriental had brought convenience to the most number of the residents in the said barangay. Though there were a number of residents who expressed their dissatisfaction but such condition was attributed to the delayed completion of the said FMR project. In

general, the objective of FMR to accelerate agricultural production development and provide market access for agricultural products was attained.

9.0 Recommendations for Executive Action

Based on the observations noted, the following were recommended to the provincial government:

1. We have recommended that the Municipal Engineering Office initiate the issuance of an order to be signed by the Municipal Mayor to require the concerned contractor to undertake the repair works on the identified portion of the FMR as detailed above upon resumption of the project.

10.0 Auditee's Comments on the Team's Recommendation

11.0 Audit Team's Evaluation and Rejoinder

12.0 Acknowledgement

We thank the officials and staff of the Municipal Government of Salay, Misamis Oriental, particularly the Municipal Engineer for the cooperation extended to the audit team. We also acknowledge the support and cooperation of several staff of the municipality during the inspection and geo-tagging activities conducted in the Farm-to-Market Road project.

We shall truly appreciate receiving feedback on the status of implementation of our audit recommendations within 30 days from receipt hereof.

Our report will be made available at the COA Web site at <http://www.coa.gov.ph> and at the COA Citizen Participatory Audit (CPA) Web site at <http://i-kwenta.com>.

Very truly yours,

MYRNA B. OFNGOL
Supervising Auditor
Team 1 – Misamis Oriental