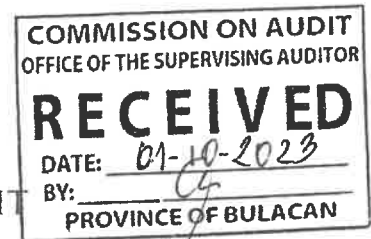




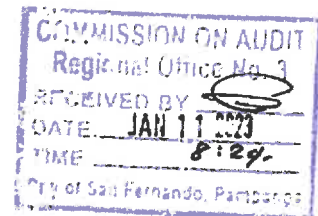
REPUBLIC OF THE PHILIPPINES
COMMISSION ON AUDIT
REGIONAL OFFICE NO. III
PROVINCE OF BULACAN
PROVINCIAL SATELLITE AUDITING OFFICE
McArthur Highway, Bulihan, Malolos City

Office of the Supervising Auditor



January 9, 2023

ATTY. OMAR S. ROQUE
Regional Director
COA Regional Office No. III
City of San Fernando, Pampanga




Sir:

In compliance with Commission on Audit (COA) Office Order No. 2022-208 dated October 08, 2022 creating the Citizen Participatory Audit (CPA) Team, we are respectfully submitting the Citizen Participatory Audit (CPA) Team's report on the distribution of farm inputs such as seeds, fertilizers and machineries funded by the Department of Agriculture (DA) and the City of San Jose Del Monte, Bulacan.

The results of our audit are embodied in the attached narrative report. The findings and recommendations were communicated through Audit Observation Memoranda (AOMs) and were discussed with concerned Management officials and staff on various dates, the last of which was made during the exit conference on December 12, 2022. The Management's comments are included in the report, where appropriate.

We appreciate the invaluable support and cooperation extended by the officials and staff of the auditee.

Very truly yours,


ELSA SB. PUNO
Audit Team Supervisor



REPUBLIC OF THE PHILIPPINES
COMMISSION ON AUDIT
REGIONAL OFFICE NO. III
Government Center, Barangay Maimpis
City of San Fernando, Pampanga

January 11, 2023

HONORABLE ARTURO B. ROBES
City Mayor
City of San Jose Del Monte, Bulacan

Dear Mayor Robes:

Pursuant to Section 2, Article IX-D of the Philippine Constitution and Section 43 of Presidential Decree No. 1445, otherwise known as the Government Auditing Code of the Philippines, an audit team was created under Commission on Audit (COA) Office Order No. 2022-208 dated October 3, 2022 to conduct the Citizen Participatory Audit on the distribution of farm inputs funded by the Department of Agriculture (DA) and the City of San Jose Del Monte, Bulacan.

For this undertaking, we adopted the CPA technique for increased transparency and citizen participation in government and invoking COA's authority granted by the 1987 Constitution "to define the scope of its audit and examination and establish the techniques and methods required thereafter."

The audit results and recommendations were discussed with the concerned Management officials and staff during the exit conference on December 12, 2022. We incorporated their responses/comments in the report where appropriate. The details of the audit report are contained in this CPA Report.

We acknowledge the support and cooperation extended by your officials and staff, specifically the personnel of the City Agriculture Office, thus facilitating the submission of this report. We will appreciate receiving feedback on the status of implementation of our audit recommendations within 60 days from receipt hereof.

Very truly yours,

COMMISSION ON AUDIT

By:


OMAR S. ROQUE
Regional Director

Audit in Brief

Page 1 of 2

BACKGROUND

Republic Act (RA) No. 11203 or Rice Tariffication Law created the RCEF to improve the competitiveness of rice farmers and increase their income. Two of its four key components/programs which are the subject of CPA are (a) Rice Seed Development, Propagation and Promotion Program or Seed Program; and (b) Rice Farm Machinery and Equipment Program or Mechanization Program. The CSJDM is one of the chosen beneficiaries of the programs. The Programs started in CY 2020 Dry Season (DS) until CY 2025 DS.

In addition, the CSJDM is mandated by Section 17 (b)(2)(i) of RA No. 7160 to provide agricultural services and facilities.

A CPA Report on

Distribution

of

FARM INPUTS

Funded by the Department of Agriculture and City of San Jose Del Monte, Bulacan (CY 2021-2022)

AUDIT FOCUS

1. Distribution of seeds and fertilizers under the Rice Competitiveness Enhancement Fund (RCEF)- Seed Program to bona fide famers;
2. Distribution and utilization of Farm Machineries and Equipment under the RCEF-Mechanization Program;
3. Implementation of the City of San Jose Del Monte's Rice Production Program
4. Efficiency and effectiveness of the implemented Programs.

AUDIT CRITERIA

1. Unnumbered Memorandum dated September 19, 2019 of the Department of Agriculture with the subject: **Signed Implementing Guidelines of the Seed Program Under the Rice Competitiveness Enhancement Fund (RCEF).**
2. Unnumbered Memorandum dated September 19, 2019 of the Department of Agriculture with the subject: **Signed Implementing Guidelines of the Mechanization Program Under the Rice Competitiveness Enhancement Fund (RCEF).**

AUDIT PERIOD

1. The Exploratory meeting and Capacity Building Workshop were conducted in October 2022.
2. The Field work was done on November 07 to 11, 2022.
2. The compilation and evaluation of the responses/comments was done on November 14 to December 9, 2022.
3. The Exit Conference with Management was conducted on December 12, 2022.

AUDIT OBJECTIVES

1. To determine whether the farmer beneficiaries (FBs) of the Programs were selected in accordance with the set guidelines.
2. To determine whether the farm inputs - seeds and fertilizers were distributed efficiently and in accordance with the targeted delivery schedule and quantity per hectare.
3. To determine whether the target increase in yield and decrease in production cost, post-harvest losses, and marketing cost were attained.
4. To determine whether periodic monitoring/reporting of physical accomplishments were conducted by the DA and the CSJDM personnel.
5. To ascertain whether the Farm Machineries and Equipment (FME) received by the City from Philippine Center for Postharvest Development and Mechanization (PHilMech)- Department of Agriculture (DA) were supported with complete documentation.
6. To determine the effectiveness/efficiency of the programs.

AUDIT SCOPE & METHODOLOGY

1. Understand the existing law, rules and regulations in the implementation of Rice Programs funded by the DA and the CSJDM.
2. Review/Evaluate the Master List of Farmer-Beneficiaries and supporting documents, production reports, list of recipients, Memorandum of Agreements (MOA), and other relevant documents.
3. Walkthrough of the process flow and internal control procedures on the receipt and distribution of farm inputs, tools, and machineries.
4. Administer survey questionnaires to farmer beneficiaries.
5. Validation thru interview of key CAO personnel, and FC/A presidents/representatives.
6. Physical inventory and ocular inspection of the machineries and storage areas.



Audit in Brief

Page 2 of 2

AUDIT RESULTS

A. Compliance with guidelines/criteria in the selection of farmer beneficiaries (FBs)

1. The City was substantially compliant with the selection guidelines relative to FBs of the seed program.

2. Only one of five Farmer Cooperative/Association (FC/A) –recipients of machineries was eligible to the RCEF-Mechanization Program.

B. Allocation of rice seeds in accordance with set-guidelines

Based on records and series of interview, the allocation of rice seeds to 55 FBs during the 2021 and 2022 Dry and Wet Seasons was not in accordance with the set-guidelines by the DA.

C. Allocation and distribution of inorganic fertilizer

RCEF SEED Program

1. Of the 322 FBs of the RCEF –Seed Program, only 100 were able to receive two bags at 50 kilograms (kgs) each. In fact, out of the 99 FBs interviewed by the CPA Team, ten said that they did not receive the inorganic fertilizers from the DA.

2. 25 out of the 100 FBs were not eligible to receive the fertilizers as they have not received RCEF inbred seeds during the CY 2022 wet cropping season.

LGU - Rice Production Project

1. In CY 2022, 94 bags or 4,700 kilograms of ammonium phosphate fertilizers worth ₱304,560.00 were distributed to vegetable farmers instead of rice farmers.

2. 184 or 58.60% of 314 farmers with total farm area of 152.42 hectares were not given the fertilizer assistance by the CAO in CY 2022.

3. Three recipients of inorganic fertilizers were not found in the General Master List of Farmers for Rice Program in CY 2022 Wet Cropping Season.

D. Effectiveness and efficiency of the Rice Programs

a. Only 60.61% out of the 99 respondents said that the programs were beneficial. While 31% did not provide any comment.

b. 31.31% of the 99 sampled beneficiaries experienced increase in income in Dry Season (DS) 2021-2022 compared to Wet Season (WS) 2021.

c. 16 of the 99 interviewed FBs did not plant the seeds or use the fertilizer provided by the programs due to delay in the delivery of inorganic fertilizers for WS 2022.

d. 39 or 39.40% of 99 respondents did not sell their yield but instead kept the same for personal consumption. The large number of beneficiaries who did not sell their yield deviated from the main objectives of the program which are to improve the competitiveness of rice farmers and increase their income.

e. Discrepancies were noted between the documentary records and actual responses of FBs.

f. Decrease in production cost and losses in CYs 2021-2022 caused by the utilization of FME.

g. A total of 70 or 77.78% in CY 2021 and 98 or 98.99% in CY 2022 of the 99 total FC/A members have already benefitted from the utilization of the FME from the PhilMech during the cropping seasons of 2021 and 2022.

h. FME were available and actually utilized for farmers' rice farming activities.

i. 84 out of 99 respondents or 84.85% said that the utilization of modern machineries resulted in more efficient and accelerated execution of farming activities. It also shows that 59 out of 99 respondents or 59.60% experienced lower production costs in using machineries compared to a labor-intensive and mixed (machinery and manual labor) farming.

E. Compliance with documentary requirements

1. The Deed of Donation for two units of Walk-behind Mechanical Transplanter and one-unit Four-wheel Drive Tractor were not on file.

2. A MOA was not executed by the City and PhilMech for the receipt of Four-wheel Drive Tractor.

3. A quantitative yield assessment report that serves as performance indicator was not prepared by the CAO. Moreover, baselines and benchmarks were not established prior to the implementation of the program.

RECOMMENDATIONS

1. Strictly comply with the technical requirements of the DA Unnumbered Memorandum for Mechanization Program with the minimum rice area of FC/A to become eligible for the grant of FME to enable access to the Program by more eligible farmers.

2. The PhilRice representatives and CAO should validate the rice area of each FBs to ensure that allocation/distribution of rice seeds is commensurate to the set guidelines/criteria.

3. The involved agencies' personnel should strictly comply with the adoption of effective and systematic monitoring and pre and post evaluation of the Programs to make certain that every recipient of rice seeds is provided with inorganic fertilizers to achieve the Programs' objective of increased rice production and farmer's income.

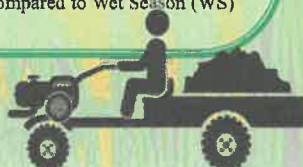
4. On the distribution of fertilizers to vegetable farmers instead of rice farmers, the CAO should strictly implement the RPP that is intended for rice farmers to achieve its objectives.

5. On 184 FBs that were not provided with fertilizers and other deficiencies, the CAO should validate and update the General Master List of Farmers for accurate reporting and distribution of farm inputs to proper individuals.

6. On FBs whose seeds were not planted in accordance with the Programs, the DA, PhilRice and CAO strengthen their monitoring of the FBs' activities to ensure their compliance to the requirements of the Programs. Also, enforce the provision under DA Unnumbered Memorandum to disqualify the FBs who failed to use the rice seeds accordingly.

7. On FBs who did not sell their yield, the DA, PhilRice and CAO empower the FC/A to educate their member beneficiaries to become self-reliant by a roll-over system that will sustain the adoption of certified inbred seeds as required under the Unnumbered DA Memorandum for Seed Program.

8. On documentary deficiencies over the donated machineries under the RCEF- Mechanization Program, require the CAO to (a) make constant follow-up with PhilMech for the issuance of (i) DOD on two units of Walk-behind Mechanical Rice Transplanter and one unit Four-wheel Drive Tractor; and (ii) signed and notarized MOA for one unit Four-wheel Drive Tractor; (b) execute MOA with the FC/A-beneficiaries to properly transfer the responsibilities and accountability over the donated farm machineries; and (c) provide baselines and benchmarks, and a quantitative yield assessment report to properly assess if the objectives of the Programs were attained.





REPUBLIC OF THE PHILIPPINES
COMMISSION ON AUDIT
REGIONAL OFFICE NO. III
PROVINCE OF BULACAN

CITIZEN PARTICIPATORY AUDIT

NARRATIVE REPORT

ON THE

DISTRIBUTION OF THE FARM INPUTS FUNDED BY THE DEPARTMENT OF AGRICULTURE AND CITY OF SAN JOSE DEL MONTE BULACAN

CYs 2021 - 2022

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ACRONYMS

AEW	Agricultural Extension Workers
CPA	Citizen Participatory Audit
COA	Commission on Audit
CAO	City Agriculture Office
CSJDM	City of San Jose Del Monte
DA	Department of Agriculture
FB	Farmer Beneficiaries
FC/A	Farmer's Cooperative/Association
FME	Farm Machineries and Equipment
LGU	Local Government Unit
MOA	Memorandum of Agreement
PhilMech	Philippine Center for Postharvest Development and Mechanization
RCEF	Rice Competitiveness Enhancement Fund
RPP	Rice Production Program
THR	Terminal Harvest Report

1.0 BACKGROUND

The Citizens' Participatory Audit (CPA) is a priority project of the Commission on Audit (COA) founded on the premise that public accountability can prosper only with a vigilant and involved citizenry. This project recognizes the people's primordial right to clean government and the prudent utilization of public money. It aims to provide a mechanism for collectively answering questions regarding government's efficient and effective use of public funds for projects and operational activities.

The criteria for selection of projects for CPA are (a) high value in terms of project cost; (b) high impact in terms of (i) the urgency of addressing the expressed need; (ii) the extent of affected geographical area; (iii) the size of the affected population; (iv) the risk to life, property and/or conflict; (v) the degree of expected improvement in the quality of life of the project beneficiaries; and (vi) the project being responsive to an urgent need of the citizenry.

In this premise, the focus of the citizen participatory audit was the distribution of farm inputs (seeds, fertilizers and machineries) funded by the Department of Agriculture (DA) for its Seed Program and Mechanization Program, and CSJDM's Rice Production Program (RPP) funded from its General Fund.

1.1. The Rice Competitiveness Enhancement Fund (RCEF)

Republic Act (RA) No. 11203 or Rice Tariffication Law created the RCEF to improve the competitiveness of rice farmers and increase their income. Two of its four key components/programs which are the subject of CPA are (a) Rice Seed Development, Propagation and Promotion Program or Seed Program; and (b) Rice Farm Machinery and Equipment Program or Mechanization Program.

Section 13 of the said RA states that the Philippine Rice Research Institute (PhilRice), Philippine Center for Postharvest and Mechanization (PhilMech), Agricultural Training Institute (ATI), and Technical Education and Skills Development Authority shall implement the RCEF.

The RCEF-Seed Program covers 57 provinces with high potential for improving competitiveness. One of the chosen beneficiaries is the **City of San Jose Del Monte, Province of Bulacan**. The RCEF- Seed and Mechanization Programs commenced upon the effectivity of RA 11203 and its implementing rules and regulations (IRR), and the Programs' IRR prepared by the Department of Agriculture (DA). The distribution started in CY 2020 Dry Season (DS) and will last until CY 2025 DS.

The RCEF -Mechanization Program aims to help Filipino farmers to help reduce their production cost and post-production losses to become globally competitive, improve farming system, and quality of service through the strengthened access and use of appropriate mechanization technologies awarded in the program. One of the beneficiaries of the Program is the **City of San Jose Del Monte, Province of Bulacan**.

Generally, the Programs' main objective is to raise farmers' productivity, profitability, and global competitiveness thru strengthened access and use of appropriate production and post-production mechanization technologies.

1.2. The mandate of Local Government Units – Agricultural Services and Facilities

The CSJDM is mandated by Section 17 (b)(2)(i) of RA No. 7160, otherwise known as the Local Government Code, to provide extension and on-site research services and facilities related to agriculture and fishery activities which include dispersal of livestock and poultry, fingerlings, and other seeding materials for aquaculture; palay, corn, and vegetable seed farms; medicinal plant gardens; fruit tree, coconut, and other kinds of seedling nurseries; demonstration farms; quality control of copra and improvement and development of local distribution channels, preferably through cooperatives; inter-barangay irrigation system; water and soil resource utilization and conservation projects; and enforcement of fishery laws in municipal waters including the conservation of mangroves.

One of the missions and visions of the City Agriculture Office (CAO), CSJDM is to ensure effective delivery of basic agricultural services through provision of maximum assistance on production, processing, and marketing of agricultural products. The CAO also envisions a modernized and thriving farming community with new breed of farmers engaged in diversified farming activities and techniques.

2.0 AUDIT FOCUS

The **Distribution of Farm Inputs** (seeds, fertilizers and machineries) was subjected to CPA because Agriculture is one of vulnerable sectors of the society. Agriculture crisis, escalating prices of agricultural products, extensive importation of rice, and the importance of addressing the needs of farmers are also the reasons for choosing the subject for CPA.

The foci of the CPA are the following:

1. Distribution of seeds and fertilizers under the Rice Competitiveness Enhancement Fund (RCEF)-Seed Program to bona fide farmers;
2. Distribution and utilization of Farm Machineries and Equipment under the RCEF-Mechanization Program;
3. Implementation of the City of San Jose Del Monte's Rice Production Program
4. Efficiency and effectiveness of the implemented Programs.

3.0 AUDIT OBJECTIVES

The following are the objectives of the CPA:

- a. To determine whether the farmer beneficiaries (FBs)/recipients of the Programs were selected in accordance with the set guidelines.
- b. To determine whether the farm inputs - seeds and fertilizers were distributed efficiently and in accordance with the targeted delivery schedule and quantity per hectare.
- c. To determine whether the target increase in yield and decrease in production cost, post-harvest losses, and marketing cost were attained.
- d. To determine whether periodic monitoring/reporting of physical accomplishments were conducted by the DA and the CSJDM personnel.
- e. To ascertain whether the Farm Machineries and Equipment (FME) received by the City of San Jose Del Monte, Province of Bulacan from Philippine Center for Postharvest Development and Mechanization (PHilMech)- Department of Agriculture (DA) were supported with complete documentation.
- f. To determine compliance with pertinent law, rules and regulations in the execution of the Rice Programs and their effectiveness/efficiency.

4.0 AUDIT CRITERIA

The criteria used as basis for the validation/determination are the following:

1. Unnumbered Memorandum dated September 19, 2019 of the Department of Agriculture with the subject: **Signed Implementing Guidelines of the Seed Program Under the Rice Competitiveness Enhancement Fund (RCEF)**
2. Unnumbered Memorandum dated September 19, 2019 of the Department of Agriculture with the subject: **Signed Implementing Guidelines of the Mechanization Program Under the Rice Competitiveness Enhancement Fund (RCEF).**

5.0 AUDIT SCOPE AND METHODOLOGY

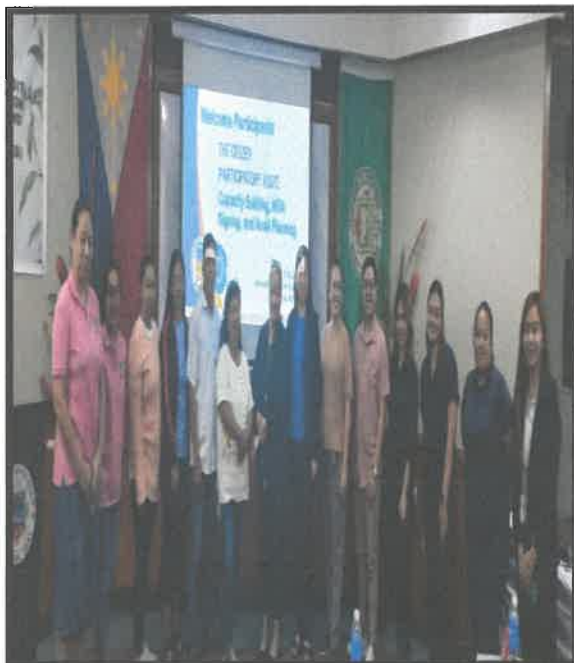
The Team composed of the COA Auditors and CSO members adopted the following audit activities and procedures:

- Understand the existing law, rules and regulations in the implementation of Rice Programs funded by the DA and the CSJDM.
- Review/Evaluate the Master List of Farmer-Beneficiaries and supporting documents, production reports, list of recipients, Memorandum of Agreements (MOA), and other relevant documents.
- Walkthrough of the process flow and internal control procedures on the receipt and distribution of farm inputs, tools, and machineries.
- Administer survey questionnaires to farmer beneficiaries.
- Validation thru interview of key CAO personnel, and FC/A presidents/representatives.
- Physical inventory and ocular inspection of the machineries and storage areas.

6.0 AUDIT ENGAGEMENT PERIOD

Pursuant to COA Office Order No. 2022-221 dated October 10, 2022 the Audit Team conducted an Exploratory Meeting on October 12, 2022 at the COA Provincial Satellite Auditing Office (PSAO), City of Malolos and CPA Capacity Building Workshop on October 25-26, 2022 at Hiyas Convention, City of Malolos. The meetings were attended by representatives from the City Agriculture Office (CAO) and City Accounting Office of CSJDM, representatives of Civil Society Organizations (CSOs), and the Audit Team (AT). The COA AT and the selected CSO representatives agreed on the schedule of field works involving ocular inspections, and interviews/surveys with the farmer beneficiaries. An entrance conference was conducted on November 03, 2022 with the CSJDM officials to inform them of the CPA to be conducted, its scope and methodology.

The field work was conducted on November 07 to 11, 2022. The compilation and evaluation of the responses/comments of farmer beneficiaries, management, and preparation of the report was conducted on November 14 to December 9, 2022. To discuss the initial findings, an Exit Conference was held on December 12, 2022.



Exploratory Meeting – October 12, 2022



Entrance Conference – November 3, 2022



Field Work – November 7-11, 2022

7.0 AUDIT TEAM COMPOSITION

The COA Audit Team was created through Office Order No. 2022-208 dated October 3, 2022. The representatives of selected CSOs were nominated and authorized as Citizen-Partners through a Memorandum of Agreement signed on October 26, 2022. The COA Audit Team, and selected CSO representatives composed the CPA Team, with members as follows:

NO.	NAME	POSITION	DESIGNATION
1	Elsa SB. Puno	State Auditor IV (OIC, Supervising Auditor)	Audit Team Supervisor
2	Gina V. Bartolome	State Auditor IV	Audit Team Leader
3	Hannah C. Figueroa	State Auditor III	Audit Team Members
4	Ma. Lourdes D. Yumul	State Auditor I	
5	Justine Ann C. Castillo	State Audit Examiner II	
6	John Paul S. Espino	State Audit Examiner II	
7	Josephine P. Bravo	Representative - Ricanati Homeowners Association Inc	
8	Mar P. Policarpio	Representative - Konsehong Pang Agricultura at Pangisdaan Inc. (KAPSI)	
9	Maria Rose G. Castro	Representative - Samamamayan Self-Employed Farmers Association	

The CSOs were selected by COA on the basis of the following: (a) no conflict of interest vis-à-vis the project and implementing agency subject of the audit; (b) have complied with tax laws, rules and regulations, as applicable; (c) willing and ready to engage with the Government with no remuneration; (d) can mobilize their staff, members, volunteers, and other partners on the project; (e) able to show their strong presence in their area of operation; and (f) with established track record and credibility.

The individual representative of CSOs were selected on the basis of the following: (a) bona fide member of good standing of the CSO that entered into a MOA with the COA; (b) has no conflict of interest vis-a-vis the project subject of the audit; (c) of good moral character; (d) willing and ready to participate in the audit engagement without remuneration; (e) has complied with tax laws, rules and regulations, as applicable; and (f) officially designated to participate in the audit engagement by the officials of the selected CSO.

8.0 AUDIT RESULTS

8.1. Compliance with guidelines/criteria in the selection of farmer beneficiaries (FBs) of the Seed and Mechanization Programs of the DA and Rice Production Project (RPP) of the CSJDM

Seed Program

The CSJDM has 322 farmer beneficiaries (FBs) of the RCEF-Seed Program for CYs 2021-2022. These FBs were from the CSJDM's 19 out of 59 barangays with total rice area of 307.12 hectares.

Verification with records showed that these FBs were enrolled and listed in the Registry System for the Basic Sectors in Agriculture (RSBSA) of the DA, and members of DA-accredited farmer organizations (FO).

Thus, the selection of FBs by the CSJDM is in compliance with Item IV (A.1) of the DA Memorandum dated September 19, 2019 entitled **Implementing Guidelines (IG) of the Seed Program under the Rice Competitiveness Enhancement Fund-Seed Program** which provides that *Potential beneficiaries are farmers listed in the Registry System for the Basic Sectors in Agriculture (RSBSA) and DA-accredited farmer organizations.*

The lists of CSJDM's barangays with the number of FBs and total rice area are detailed in Table 8.1A.

Table 8.1 A

	Barangay	Farmers	Area in Hectare		
			Irrigated	Rainfed	Total
1	Dulong Bayan	77	62.36	25.85	88.21
2	Gaya-Gaya	23	0.00	29.96	29.96
3	Graceville	1	0.00	1.40	1.40
4	Gumaoc West	2	0.00	1.24	1.24
5	Kaybanban	23	3.10	7.99	11.09
6	Kaypian	24	25.25	3.90	29.15
7	Minuyan Proper	7	0.00	5.00	5.00
8	Mulawin	3	2.50	0.50	3.00
9	Muzon	31	0.62	29.25	29.87
10	Paradise III	38	14.00	21.20	35.20
11	Poblacion	3	3.68	0.60	4.28
12	Poblacion I	6	0.00	4.60	4.60
13	San Isidro	18	9.00	8.50	17.50
14	San Roque	16	6.50	6.10	12.60
15	Sapang Palay Proper	21	7.50	6.51	14.01
16	Sto. Cristo	9	5.00	1.00	6.00

	Barangay	Farmers	Area in Hectare		
			Irrigated	Rainfed	Total
17	Tungkong Mangga	13	1.02	5.79	6.81
18	Yakal	3	0.00	4.00	4.00
19	Ciudad Real	4	1.36	1.84	3.20
	Total	322	141.89	165.23	307.12

Moreover, to qualify for the Seed Program, Item A.2(9), Section V of the DA Unnumbered Memorandum for Seed Program provides that *eligibility to receive seeds in the next program cycle shall depend on achieving the set target yields at 14% moisture content for the two seasons that they receive free seeds, as follows:*

Baseline Yield	Yield Target for Low-Yielding Season	Yield Target for High Yielding Season
<i>Irrigated Area</i>		
Below 4 t/ha	4t/ha	5t/ha
4t/ha and above	5t/ha	6t/ha
<i>Rainfed Area</i>		
Below 4t/ha	3.5/ha	
4t/ha and above	4.5/ha	

Thus, as per records, the production yield of FBs for CYs 2020-2021 should be at four (4) tons (t)/ha and above to become eligible for the next distribution. Accordingly, based on the Terminal Harvest Report (THR) gathered by Agricultural Extension Workers (AEWs) of the DA, the average yield from the four indicated cropping seasons (as shown in Table 8.1B) was attained. This is in compliance to the provision of DA Unnumbered Memorandum cited in the immediately preceding paragraph.

Table 8.1B

Cropping Season	Average Yield (mt/ha)
Wet Season 2020	4.01
Dry Season 2020-2021	4.92
Wet Season 2021	4.03
Dry Season 2021-2022	4.44

Mechanization Program

Through CSJDM Sangguniang Panlungsod (SP) Resolution No. 2020-379-03 dated March 9, 2020, requesting assistance from PHilMech to become a recipient of the RCEF-Mechanization Program for the use of its members and farmer-constituents, the CSJDM was subsequently chosen as recipient of the Program.

By virtue of the Memorandum of Agreement (MOA) signed by and between the CSJDM and PhiMech dated June 10, 2022, the former received a total of ten (10) Farm Machineries and Equipment (FME) in CY 2021. Table 8.1C shows the FME donated to the CSJDM by PhilMech.

Table 8.1C

Farm Machinery and Equipment	Qty.	Date Received
Riding Type Mechanical Transplanter	1	February 9, 2021
Walk-Behind Mechanical Transplanter	2	
Rice Combine Harvester	1	February 17, 2021
Hand Tractor	5	February 10, 2021
Four-Wheel Drive Tractor	1	October 19, 2021
Total	10	

The Four-Wheel Drive Tractor was retained by the CSJDM for its own use while the rest of the nine FME were distributed to the FC/A-recipients listed in Table 8.1D.

Table 8.1D

Name of FC/A	Donated Farm Machineries/Equipment	Qty.
1. Dulong Bayan Farmers Association	Riding Type Mechanical Transplanter	1
2. Pamana Himpot Irrigator's Association	Walk-Behind Mechanical Transplanter	1
	Hand Tractor	1
3. Gulod-Central-Gugo Irrigator's Association Inc.	Walk-Behind Mechanical Transplanter	1
	Hand Tractor	2
4. New Kaypian Sulucan Irrigator's Association	Rice Combine Harvester	1
	Hand Tractor	1
5. Barangka Paradise III Farmer's Association	Hand Tractor	1
	Total	9

Upon validation and review of pertinent records, it was noted that only one of five FC/A-recipients was eligible for the RCEF-Mechanization Program, as shown in the checklist and criteria applied in Table 8.1E.

Table 8.1E

FC/A-Beneficiary	Criteria for selection of recipients			Remarks
	DA-registered	Rice area of regular members (ha)		
		Actual	≥ 50 ha	
1. Dulong Bayan Farmers Association	✓	66.02	✓	Eligible
2. Pamana Himpot Irrigator's Association	✓	18.68	X	Not eligible
3. Gulod-Central-Gugo Irrigator's Association Inc.	✓	32.85	X	Not eligible
4. New Kaypian Sulucan Irrigator's Association	✓	20.35	X	Not eligible
5. Barangka Paradise III Farmer's Association	X	17.25	X	Not eligible

Section 10(3)(b) of the Unnumbered DA Memorandum dated September 29, 2019 entitled “**Signed Implementing Guidelines of the Mechanization Program under the Rice Competitiveness Enhancement Fund**” prescribes the criteria in selecting recipients to wit:

Criteria for the selection of recipients

1. *Recipients should be a rice-based farmers associations, registered rice cooperatives and local government units.*
 - a) *The beneficiaries of the Rice Fund shall be those rice cooperatives and associations accredited by the DA.*
 - b) *The program shall give priority to eligible rice farmers associations and registered rice cooperatives over LGUs.*
2. *Technical requirements for the cooperative or association to qualify as beneficiary.*
 - a) *Should have at least 50 hectares of rice farm of regular members.*
 - b) *Must have a minimum rice area of 100 hectares within the peripheral barangays from the proposed location of the agricultural machineries and postharvest facilities. xxx*

Rice Production Project (RPP)

The CSJDM, through its CAO, provided agricultural extension and on-site research services and facilities during CYs 2021 and 2022. Among the programs and projects embodied in the approved Annual Budgets of the CAO for the two-year period 2021-2022 are the following activities vis-à-vis their targets and approved appropriations of the RPP (Table 8.1F):

Table 8.1F

	Activities	Performance/ Output Indicator	FY 2021		FY 2022	
			Target for the Budget Year	Final Budget	Target for the Budget Year	Final Budget
I	Dispersal of Palay Seeds	Number of Bags of Palay Seeds Distributed/ Number of Farmers Benefited	300 bags of Certified Palay Seeds and 50 bags of Hybrid Palay Seeds/ 250 Farmers	₱1,000,000.00	300 bags of Certified Palay Seeds and 50 bags of Hybrid Palay Seeds/ 250 Farmers	Realigned to Fertilizer procurement
II	Dispersal of Fertilizers	Number of Farmers Benefited	200 bags/ 100 Farmers	300,000.00	300 bags/ 100 Farmers	₱1,425,000.00
III	Monitoring	Yield Assessment and Report Generated	Weekly Planting and Harvesting Reports		Weekly Planting and Harvesting Reports	
IV	Weekly Report	Number of Reports Submitted				

The RPP was designed to complement the seeds and fertilizer allocations under the RCEF-Seed Program of the DA. The approved appropriations in CYs 2021 and 2022 amounted to ₱1,300,000.00 and ₱1,425,000.00, respectively, for the procurement of palay seeds and fertilizers.

Based on the submitted Lists of Recipients of seeds and fertilizers, the following data in Table 8.1G present the number of farmer recipients of rice and fertilizers under the RPP. Some RPP recipients were also RCEF-Seed Program recipients.

Table 8.1G

Cropping Season	RPP Recipients only	RCEF and RPP Recipients	RCEF Recipients Only
2021 Wet Season	17	227	87
2021-2022 Dry Season	25	9	43
2022 Wet Season	47	92	93
2022-2023 Dry Season	16	69	3
Total	105	397	226

Upon inquiry with the CAO, the RPP recipients were selected based on the same guidelines by the DA, and the guidelines/criteria set by the Office for wet and dry cropping seasons of both years.

8.2. Allocation of rice seeds in accordance with set-guidelines

Based on records and series of interview, the allocation of rice seeds to 55 FBs during the 2021 and 2022 Dry and Wet Seasons was not in accordance with the set-guidelines by the DA. Table 8.2.A shows the list of FBs who received an actual allocation vis-à-vis the prescribed allocation:

Table 8.2A

	Barangay/Farmer Recipients	Area in Hectare (Ha)	Qty of Prescribed Allocation in Bag (20kg/bag)	Qty of Actual Allocation in Bag (20kg/bag)	Deficiency/Variance Over/(Under) Allocation Bag (20kg/bag)
2021 Dry Season					
	Poblacion				
1	Avancena, Lorenzo Cataniag	2.60	4	6	2
	Tungkong Mangga				
2	Abagao , Benjamin Macadarag	0.50	1	2	1
3	Unidentified Barangay				
4	Villar, Joel Bonifacio	3.78	4	8	4
2021 Wet Season					
	Dulong Bayan				
5	Antigua, Rosalinda Herrera	0.70	2	1	(1)
6	Cristo, Rosenda Taginin	1.20	3	2	(1)
7	De Guzman, Felix De La Rosa	1.16	3	2	(1)
8	De Guzman, Nicanor Natividad	1.18	3	2	(1)
9	DeLa Torre, Gaspar Galon	1.10	3	2	(1)
10	Espanola, Leovino Mendoza	0.70	2	1	(1)
11	Espanola, Nicasio Sta. Maria	0.52	2	1	(1)
12	Parina, Vito Espanola	1.20	3	2	(1)
	Gaya-Gaya				
13	Bautista, Victor Nepomuceno	2.00	4	2	(2)
14	David, Alfredo De Guzman	1.10	3	2	(1)
	Graceville				
15	Avendano, Rolando Concepcion	1.40	3	2	(1)
	Kaybanban				
16	Saguid, Tyrone Salvo	0.70	2	1	(1)
17	Taguibe, Calixto Ipundo	0.70	2	1	(1)
	Kaypian				

	Barangay/Farmer Recipients	Area in Hectare (Ha)	Qty of Prescribed Allocation in Bag (20kg/bag)	Qty of Actual Allocation in Bag (20kg/bag)	Deficiency/Variance Over/(Under) Allocation Bag (20kg/bag)
18	Avena, Daniel Abela	1.60	4	3	(1)
19	Casis, Elde Cadion	2.50	4	3	(1)
20	Emeterio, Ruby Anne Lorenzo	0.98	2	1	(1)
21	Policarpio, Juanito Pascual	1.24	3	2	(1)
22	Policarpio, Mar Pascual	1.57	4	2	(2)
	Muzon				
23	Concepcion, Milagros Flores	1.60	4	3	(1)
	Paradise III				
24	Villarias, Reynaldo Alvarado	1.00	2	1	(1)
	Poblacion I				
25	Emeterio, Herminio Trinidad	0.60	2	1	(1)
	San Roque				
26	Francisco, Edgardo Cabus	1.50	3	1	(2)
	Sapang Palay Proper				
27	Francisco, Gerardo Guilalas	0.68	2	1	(1)
28	Roque, Rodolfo Del Rosario	0.54	2	1	(1)
	Tungkong Mangga				
29	Abagao , Benjamin Macadarag	0.56	2	1	(1)
30	Sabio, Rene Respecio	0.64	2	1	(1)
2022 Dry Season					
	Dulong Bayan				
31	Antonio, Francisco Cruz	3.62	3	8	5
32	Bayogos, Nestor Plantig	2.50	4	8	4
33	De Mesa, Adrian Osdana	2.50	4	5	1
35	Fortuno, Mario Domingo	2.30	4	5	1
34	Galon, Narciso Moque	3.40	4	7	3
	Poblacion				
35	Avancena, Lorenzo Cataniag	2.60	4	6	2
36	Dave, Catalino Evangelista	7.82	4	16	12
	Ciudad Real				
37	Cotez, Floro Chavez	0.50	1	2	1
2022 Wet Season					
	Dulong Bayan				
38	Antonio, Francisco Ruiz	4.62	4	10	6
39	Cristo, Rosenda Taginin	1.62	4	2	(2)
40	De Guzman, Felix De La Rosa	1.16	3	2	(1)
41	De Guzman, Nicanor	1.18	3	2	(1)
42	DeLa Torre, Gaspar Galon	1.10	3	2	(1)

	Barangay/Farmer Recipients	Area in Hectare (Ha)	Qty of Prescribed Allocation in Bag (20kg/bag)	Qty of Actual Allocation in Bag (20kg/bag)	Deficiency/Variance Over/(Under) Allocation Bag (20kg/bag)
43	Dela Torre, Osmundo Aguillon	3.40	4	7	(3)
44	Fortuno, Mario Domingo	2.00	4	1	(3)
45	German, Eusebio Elfa	1.27	3	2	(1)
46	Gojo Cruz, Rogelio Bailon	1.54	4	2	(2)
47	Guilalas, Felimon Diaz	0.21	1	2	1
48	Osdana, Fernan Domingo	1.85	4	2	(2)
	Kaybanban				
49	Linga, Marietta Sotto	2.30	4	5	1
	Kaypian				
50	Villar, Joel Bonifacio	3.78	4	3	(1)
	Muzon				
51	Concepcion, Milagros Flores	1.60	4	3	(1)
	San Isidro				
52	Reyes, Custodio Avendano	1.00	2	1	(1)
	Sapang Palay Proper				
53	Francisco, Gerardo Guilalas	0.68	2	1	(1)
54	Roque, Rodolfo Del Rosario	0.54	2	1	(1)
	Tungkong Mangga				
55	Canete, Diego Pianar	0.51	2	1	(1)
	Net Under Distribution				(7)

The discrepancy was determined based on the criteria prescribed for seed allocation under Section V(A.A.2) of the DA Unnumbered Memorandum for Seed Program which provides that *farmer-recipients shall receive free seeds on their farm sizes for granting allocation*:

Farm Size	Bags (20kg/bag)
Less than or equal to 0.05	1
More than 0.5 to 1	2
More than 1 to 1.5	3
More than 1.5	4

According to the City Agriculturist (CA), the AEWs uses Garmin instrument and geo-referencing to measure the farm area of FBs which provide an accurate measurement of area.

8.3. Allocation and distribution of inorganic fertilizer

RCEF - Seed Program

Of the 322 FBs of the RCEF -Seed Program, only 100 were able to receive two bags at 50 kilograms (kgs) each. In fact, out of the 99 FBs interviewed by the CPA Team, ten said that they did not receive the inorganic fertilizers from the DA.

Moreover, scrutiny of FBs acknowledgement receipt report for the CY 2022 WS records showed that 25 out of 100 FBs were not eligible to receive the fertilizers as they have not received RCEF inbred seeds during the CY 2022 wet cropping season. The 25 FBs received two bags of 50 kilograms each or a total of 2,500 kilograms of inorganic fertilizers valued at ₱82,000.00.

This lapse is not in congruence with the DA Regional Office No. III Advisory dated July 30, 2022 which provides that *allocations of Inorganic Fertilizer (21-0-0) for RCEF-Priority Provinces should be based on the RCEF-Inbred Certified Seeds planted in 2022 Wet Season Cropping.*

The details in the distribution of inorganic fertilizers to eligible and ineligible FBs are in Table 8.3A below.

Table 8.3A

	Barangay	Inorganic Fertilizer recipients		Ineligible Recipients of Inorganic Fertilizers		
		Total No of Farmer-Recipients	Total No of Kilograms Received	Total No. of Ineligible Non-Rice Farmer-Recipients	Total No of Kilograms Received	Value of Fertilizer Distributed to Ineligible Farmers (₱1,640/50kg.)
		A	b	c	d	e (d/50x₱1,640.00)
1	Dulong-Bayan	33	3,300	10	1,000	32,800.00
2	Gaya-Gaya	10	1,000	3	300	9,840.00
3	Kaybanban	6	600	6	600	19,680.00
4	Kaypian	9	900			
5	Minuyan Proper	7	700			
6	Muzon	9	900	3	300	9,840.00
7	Paradise III	2	200			
8	Poblacion	1	100			
9	San Isidro	6	600			
10	San Roque	8	800	3	300	9,840.00

		Inorganic Fertilizer recipients		Ineligible Recipients of Inorganic Fertilizers		
		Total No of Farmer-Recipients	Total No of Kilograms Received	Total No. of Ineligible Non-Rice Farmer-Recipients	Total No of Kilograms Received	Value of Fertilizer Distributed to Ineligible Farmers (₱1,640/50kg.)
Barangay						
11	Sapang Palay Proper	6	600			
12	Tungkong Mangga	3	300			
Total		100	10,000	25	2,500	₱82,000.00

The CA explained that the DA-Provincial Office allocated and released only 200 bags of inorganic fertilizers to the CSJDM. Thus, CAO requested the DA to deliver additional 536 bags for the Wet Cropping Season under the RCEF-Seed Program. However, only 350 bags were delivered out of the expected 536 bags, still short of 186 bags.

The CAO personnel said that the above mentioned 25 FBs who were unable to receive the RCEF seeds decided to buy the needed rice seeds out of their personal money. Taking into consideration that the 25 FBs were qualified beneficiaries per set guidelines with reference to DA Advisory dated July 30, 2022, the CAO provided them with inorganic fertilizers out of the allocated 200 bags by the DA- Provincial Office.

The distribution of inorganic fertilizers to ineligible non-rice farmer recipients of the 2022 wet cropping season deprived the other eligible FBs of inorganic fertilizers that could provide a competitive yield.

Rice Production Project

In CY 2022, 94 bags or 4,700 kilograms of ammonium phosphate fertilizers worth ₱304,560.00 were distributed to vegetable farmers instead of rice farmers.

In CY 2022 wet cropping season, the CSJDM procured 315 bags of ammonium phosphate fertilizers costing ₱1,020,600.00 or ₱3,240.00 per bag under Check No. 559395 dated October 21, 2022. These fertilizers were distributed to 232 farmers in September 2022, supported with signed list of recipients submitted by the CAO to the Audit Team (AT).

However, perusal of the said lists and confirmation with the CAO personnel revealed that 94 of the actual recipients were vegetable farmers. Hence, instead of rice farming, the inputs were used for vegetable farming in 33.77 hectares of land area.

This is contrary to the guidelines set by the CAO particularly on the criteria for selection of farmer beneficiaries of LGU-funded programs, to wit:

1. Owner /actual tiller/tenant of rice area within San Jose del Monte, Bulacan
2. Must be included in the farmer's master list and duly registered to Registry System for Basic Sectors in Agriculture (RSBSA).

More so, review of the General Master List of Farmers for Rice Program for 2022 wet cropping season disclosed that additional 184 or 58.60% of 314 farmers with total farm area of 152.42 hectares were not given the fertilizer assistance by the CAO during the said season, detailed in Table 8.3B below.

Table 8.3B

No.	Barangay	No. of Farmers	Farm Area (ha.)		
			Irrigated	Rainfed (Lowland)	Total
1	Dulong Bayan	41	18.13	14.00	32.13
2	Muzon	20	0.42	18.57	18.99
3	Gaya-Gaya	16		19.16	19.16
4	Kaypian	15	11.95	3.90	15.85
5	San Roque	15	4.00	6.10	10.10
6	Paradise III	14	5.00	7.00	12.00
7	San Isidro	14	7.00	6.50	13.50
8	Sapang Palay Proper	14	5.85	2.21	8.06
9	Kaybanban	12	2.20	2.58	4.78
10	Tungkong Mangga	6		3.75	3.75
11	Minuyan Proper	4		3.00	3.00
12	Francisco Homes- Mulawin	3	2.50	0.50	3.00
13	Santo Cristo	3	1.50	0.50	2.00
14	Francisco Homes- Yakal	3		4.00	4.00
15	Poblacion I	2		0.50	0.50
16	Gumaoc West	1		1.00	1.00
17	Poblacion	1		0.60	0.60
Total		184			152.42

Moreover, three recipients of inorganic fertilizers were not found in the General Master List of Farmers for Rice Program in CY 2022 Wet Cropping Season.

Verification of relevant reports revealed that three farmers who received a total of four bags or 200 kgs of inorganic fertilizers costing ₱12,960.00 for CY 2022 wet cropping season were not listed in the General Master List of Farmers for Rice Program, as presented in Table 8.3C hereunder.

Table 8.3C

No	Name of Farmer	Barangay	Area (ha)	Qty Received (50kilogram /bag)	Cost (@ P3,240.00 per bag)	Date Received
1	Maningas, Ramon	Paradise III	1.00	1	₱ 3,240.00	09/08/2022
2	Camilo, Joemar	Paradise III	0.50	1	3,240.00	09/08/2022
3	Cruz, Aljon	Dulong Bayan	2.00	2	6,480.00	09/08/2022
	Total		5.00	4	₱12,960.00	

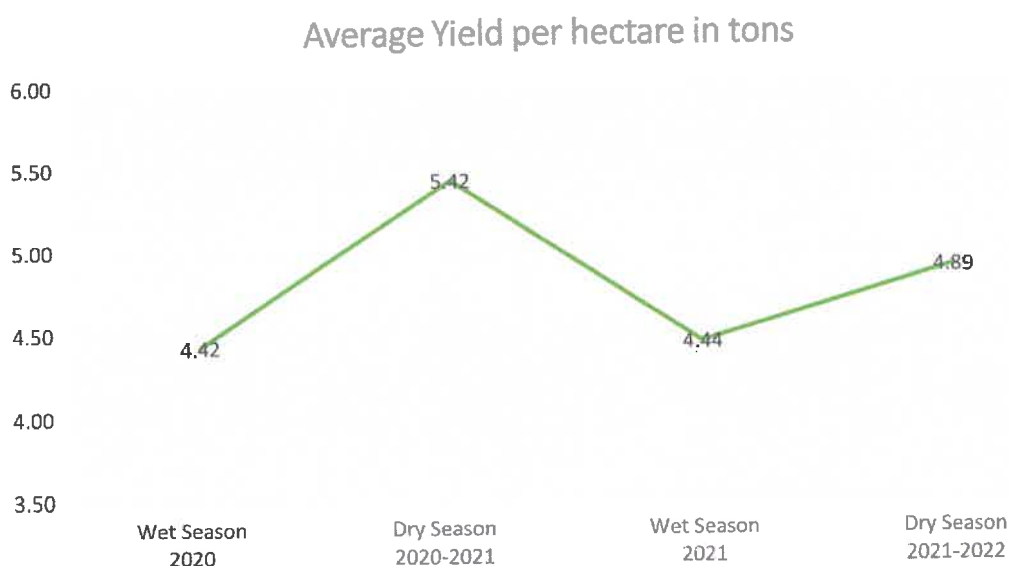
The provision of fertilizers to these unlisted farmers did not conform with the CAO's criteria on the selection of FBs. As cited in Paragraph 7, the recipients *Must be included in the farmer's master list.*

8.4. Effectiveness and efficiency of the Rice Programs

RCEF-Seed Program and RPP of the CSJDM

Diagram 1 below shows the average yield per hectare in tons from WS 2020 to DS 2021-2022 based on submitted reports from the CAO.

Diagram 1



Note: the figures in Diagram 3 were converted to tons per hectare (t/ha) from the figures provided by the CAO which were in metric tons per hectare (mt/ha) for proper comparison with the target yields in Item A.2.9 of the Unnumbered Memorandum of the DA.

As depicted in Diagram 1 above, the average yield in tons per hectare in WS 2020 increased in DS 2020-2021 as expected and declined abruptly in WS 2021. Moreover, the average yield in tons per hectare increased again in DS 2021-2022 but remained below 5 t/ha.

The abrupt increase in yield from WS to DS and the drop in average yield from WS to DS is an expected trend. The upward trend of average yield from WS to DS is due to favorable weather condition for planting during the DS months. While the abrupt decline from DS to WS can be attributed to natural calamities particularly typhoons and the prevalence of the southwest monsoon.

Analysis showed that the average yields in t/ha during low yielding seasons (WS2020 and 2021) were between 4 t/ha and 5 t/ha thus within the target set in Item A.2.9 of the DA Unnumbered Memorandum on Seed Program. As for the high yielding season (DS) the

average yield in DS 2020-2021 was within the 5 t/ha and 6 t/ha of the target average yield. However, the average yield in DS 2021-2022 was below 5 t/ha. Thus, the lower end of the target was not met.

Although the yields per season seemed to increase at a stable manner when compared with the per season basis (WS vs WS), it should be noted that these results include yields for personal consumption. Thus, increase in yield does not completely mean attainment of the programs' objectives of competitiveness and increase in income of rice farmers.

Face-to-face interviews with the FBs and service of survey questionnaires (SQs) to validate the gathered information were conducted by the CPA Team. The results of interview by the CPA Team with the 99 sampled FBs of the RCEF-Seed Program and RPP of the CSJDM are the following:

- a. Only 60.61% answered positively on the programs. The responses of the 99 sampled FBs are presented in Table 8.4A below.

Table 8.4A

Response	No. of Responses	Percentage to the Total
The Programs were Beneficial	60	60.61%
The Programs were Insufficient	6	6.06%
Not Benefited from the Programs	1	1.01%
The Farm Inputs were Delayed	1	1.01%
No response/comment	31	31.31%
Total	99	100%

- b. 31.31% of the 99 sampled beneficiaries experienced increase in income in Dry Season (DS) 2021-2022 compared to Wet Season (WS) 2021. Diagram 2 below shows the overall results from the interviews conducted.

Diagram 2

NADAGDAGAN PO BA ANG INYONG KITA MULA SA PAGBEBENTA NG PALAY?



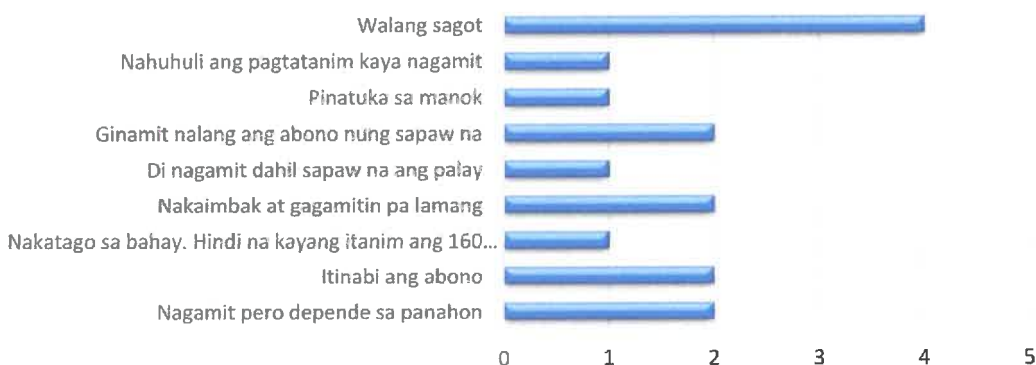
Based on interview, income is affected by the volume of yield, damages from typhoon, and price of “palay”. Based on the cost and return analysis provided by the CAO for semi manual (combination of mechanical and manual) farming during WS 2022, an ROI of 32% was attained for the said cropping season (from the records of unnamed farmer of Brgy. Paradise III). This means that for every 1 peso spent there is 32 centavos gained. Also, some farmers do not sell all their yield as some portions were maintained for personal consumption while yet others do not sell at all.

Generally, the primary factors that affected the farmers’ income are prices of farm inputs particularly seeds, fertilizer, fuel, and rent of farming machineries. The production cost of farmers varies depending on how much farm inputs were used, efficiency of the farm inputs applied, and farming method.

- c. 16 of the 99 interviewed FBs did not plant the seeds or use the fertilizer provided by the programs due to delay in the delivery of inorganic fertilizers for WS 2022. Other reasons are presented in Diagram 2 below.

Diagram 2

Mga dahilan kung bakit hindi nagamit ang binhi at abono



- d. 39 or 39.40% of 99 respondents did not sell their yield but instead kept the same for personal consumption. The large number of beneficiaries who did not sell their yield deviated from the main objectives of the program which are to improve the competitiveness of rice farmers and increase their income. Moreover, the RCEF-Seed Program envisions an “institutionalized roll-over system that will sustain their adoption of certified inbred seeds xxx beyond the life of the program”.
- e. The following observations were likewise noted upon analysis of the documented responses, to wit:
 - Seven out of 99 rice farmers (7.07% of the sample) showed discrepancies of 167 kgs of certified and hybrid palay seeds received between the signed list versus the results of interview for CY 2021;

- The quantity of fertilizers received by 59 out of 99 rice farmers (59.60% of the sample) based on the interview did not reconcile with the signed list of recipients with total discrepancy of 2,725 kgs of urea fertilizers for CY 2021;
- Discrepancies totaling 1,385 kgs of ammonium phosphate fertilizers received were found from the responses of 27 out of 99 rice farmers (27.27% of the sample) when compared with the signed lists of recipients for CY 2022;
- 13 rice farmers claimed that they did not receive seeds and fertilizer assistance from the City Government in CY 2021 and 16 farmers likewise denied the receipt of farm inputs in CY 2022, as presented in Diagrams 3 and 4 below.

Diagram 3

Graph 2. *Ikaw po ba ay nakatanggap ng mga binhi ng palay at abono mula sa mga sumusunod na ahensya sa taong 2021 (wet and dry seasons)?*

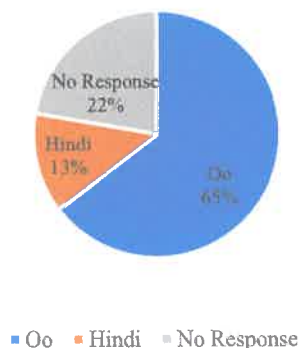
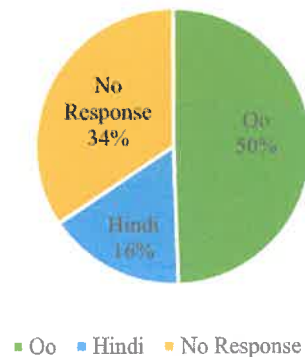


Diagram 4

Graph 3. *Ikaw po ba ay nakatanggap ng mga binhi ng palay at abono mula sa mga sumusunod na ahensya sa taong 2022 (wet and dry seasons)?*



RCEF- Mechanization Program

RCEF-Mechanization Program aims to (1) reduce the cost of production of rice by ₱2 - ₱3/kg through the use of accurate, effective, and complete set of machinery; and (2) reduce postharvest losses by 3-5% through the use of appropriate and efficient post-harvest machinery.

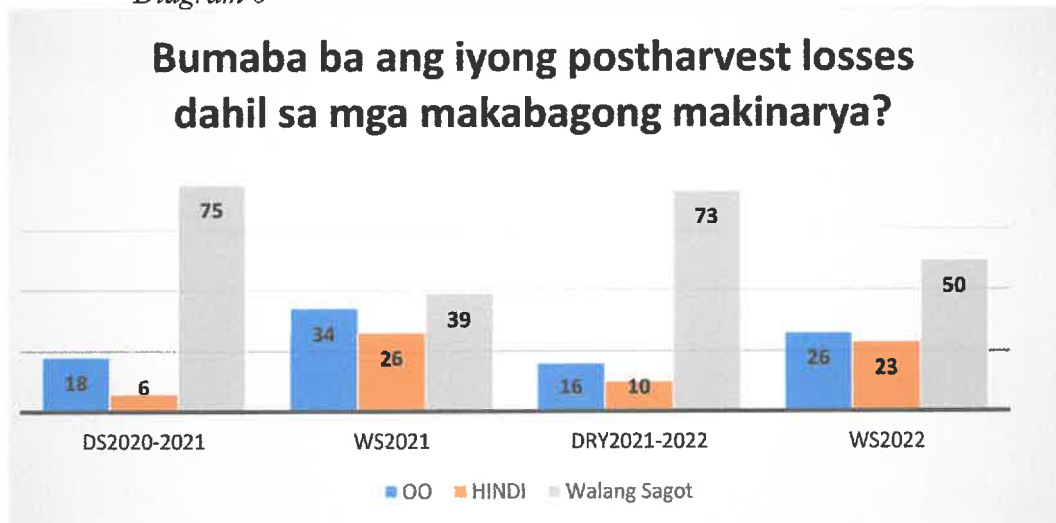
Personal interview and service of SQs by the CPA Team with the FC/A member beneficiaries disclosed the following:

- Decrease in production cost and losses in CYs 2021-2022 caused by the utilization of FME as depicted in Diagrams 5 and 6 below.

Diagram 5



Diagram 6



The CPA Team however was not able to quantify the decrease in production cost and postharvest losses due to absence of reliable and complete data. Not all interviewed beneficiaries have the records of their income/losses while others were not able to recall the required information requested at the time. Data from those who responded with the amounts for the decrease in production cost and postharvest losses did not corroborate with the production cost they provided for CYs 2021 and 2022.

Nevertheless, the CAO provided a comparative cost analysis based on the prevailing market rates per stages of farming as follows:

A. LAND PREPARATION

Machine	Mechanization Program (Prevailing market price)	Privately Owned
Four Wheel Farm Tractor	₱900.00/hr (4 hrs per hectare) = ₱3,600.00/ha	₱1,200.00/hr x (4hrs/hectare) = ₱4,800.00/ha
Hand Tractor	₱1,000/hectare	₱2,000/hectare

B. CROP ESTABLISHMENT

Machine	Mechanization Program (prevailing market price)	Manual Farming
Mechanical Transplanter	<p>A. Walk Behind Transplanter</p> <ul style="list-style-type: none"> • Seed sowing with care & Maintenance of seedlings 3 Man-Day (MD) @ ₱500/M-D total of ₱1,500 • Rent of machine ₱2,500/ha • Operator's fee ₱1,000/ha • Helper 3 MD @ ₱500/M-D • Fuel cost ₱600/ha <p style="text-align: center;">TOTAL COST ₱7,100/ha</p> <p>B. Riding Type Transplanter</p> <p style="text-align: center;">TOTAL COST ₱8,500/ha all in</p>	<ul style="list-style-type: none"> • Seedbed preparation & seed sowing ₱1,000.00 • Pulling of seedlings 2.00/bundle; 1 ha requires 1,000 bundle thus ₱2,000.00 • Pantali ₱500.00 • Laborer/hauling of seedlings 1 MD = ₱500.00 • Transplanting 15 MD/ha @ ₱500/MD = ₱7,500.00 <p style="text-align: center;">TOTAL COST ₱11,500.00/ha</p>

The above data show that a farmer can save ₱4,400.00 per hectare using mechanical rice transplanter for crop establishment. A one-hectare field can be transplanted in 8 hours whole day by 3 persons. Proper planting distance and reduced transplanting shock of seedlings are observed using such machinery. A machine has a minimum 80% field efficiency; however, possible reduction may occur to some factors affecting it during operation like environment conditions, maintenance of components like fuels, lubricants and the operator itself. This may likewise be the same with the other machineries. Missing and damaged hills can be at least 10%. Manual transplanting is widely used as method of planting. Based on CAO records, it requires 15 days to transplant one hectare field in a day.

C. HARVESTING

Machine	Mechanization Program (prevailing market price)	Semi-Manual
Rice Combine Harvester	12 bags per 100 bags of harvest or 12 % per 100 bags of yield Losses (%): 2.03%	<ul style="list-style-type: none"> Manual harvest (gapas) 14 bags per 100 bags of harvest Thresher 11 bags per 100 bags of harvest 25 bags per 100 bags of harvest or 25% per 100 bags of yield Losses (%): 2.18

Using mechanical power of rice combined harvester, a farmer can save 13% and reduce average loss of 0.15%. Data above show that once a farmer utilizes and adopts the Mechanization Program, he can save at least 25-30% of the production cost.

Table 8.4B shows the comparative cost analysis of using fully mechanized, semi manual and manual way of a certain farmer for a 0.8ha farm area during DS 2021-2022.

Table 8.4B

Particulars	Mechanized	Manual	Semi manual (combi of mechanized & manual)
Material cost	36%	29%	34%
Labor	29%	42%	32%
Others (miscellaneous expenses)	36%	29%	34%
TOTAL	100%	100%	100%
ROI (%)	19.32	-2.12	13.39

It shows that ROI for fully mechanized is higher compared to the two. That means investment gains using fully mechanized is favorable to the production cost.

- b. A total of 70 or 77.78% in CY 2021 and 98 or 98.99% in CY 2022 of the 99 total FC/A members have already benefitted from the utilization of the FME from the PhilMech during the cropping seasons of 2021 and 2022, respectively, as presented in Table 8.4C.

Table 8.4C

FCAs/CAO	No. of Farmer-Users	
	2021	2022
1. Dulong Bayan Farmers Association	52	52
2. Pamana Himpot Irrigator's Association	3	1

FCAs/CAO	No. of Farmer-Users	
	2021	2022
3. Gulod-Central-Gugo Irrigator's Association Inc.	0	11
4. New Kaypian Sulucan Irrigator's Association	15	29
5. Barangka Paradise III Farmer's Association	0	5
Total	70	98

The Four-Wheel Tractor in the custody of the CSJDM was utilized by one farmer in CY 2021 and 23 farmers in CY 2022.

- c. FME were available and actually utilized for farmers rice farming activities. The number of farmers who utilized the FME during WS and DS is summarized in Table 8.4D.

Table 8.4D

FME	No. of Farmer-Users	
	Dry Season	Wet Season
Combined Harvester	27	50
Hand Tractor	22	54
Walk-behind Mechanical Transplanter	8	12
Riding-type Mechanical Transplanter	2	2
Four-Wheel Tractor	13	37

- d. The perceived benefits of the program to the respondents based on gathered SQs are presented in Tables 8.4E and 8.4F.

Table 8.4E

Question No. 1: "Napabilis po ba ang pagsasaka gamit ang mga makabagong makinaryang nabanggit?"			
Respondents	Responses		
	Oo	Hindi	Walang sagot
<i>From FCA beneficiaries</i>			
Dulong Bayan Farmers Association	12	0	2
Pamana Himpot Irrigator's Association	7	0	1
Gulod-Central-Gugo Irrigator's Association Inc.	11	0	0
New Kaypian Sulucan Irrigator's Association	13	0	0
Barangka Paradise III Farmer's Association	3	0	1
<i>From Non-FCA beneficiaries</i>			
Samahang Magsasaka ng Barangay Muzon	3	0	0

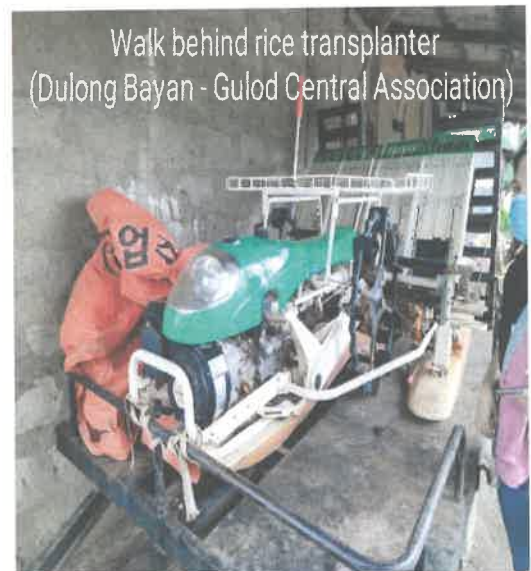
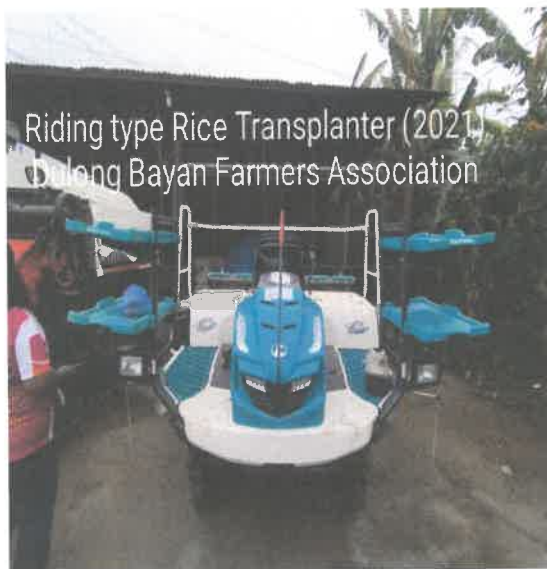
Question No. 1: “Napabilis po ba ang pagsasaka gamit ang mga makabagong makinaryang nabanggit?”			
Respondents	Responses		
	Oo	Hindi	Walang sagot
Kaybanban Farmers Association Inc	3	0	0
San Roque Upland Farmers Agrarian Reform Cooperative	0	0	1
<i>Non-members of any FCA</i>	32	0	10
Total	84	0	15

Table 8.4F

Question No. 2: Sa inyo pong karanasan, saan mas nakakatipid sa pagsasaka?					
Respondents	Responses				
	Paggamit ng makabagong makinarya	Manual Labor	Mixed (makabagong makinarya at manual labor)	Pareho	Walang Sagot
<i>Members of FCA beneficiaries</i>					
Dulong Bayan Farmers Association	9		1		4
Pamana Himpot Irrigator’s Association	5		2		1
Gulod-Central-Gugo Irrigator’s Association Inc.	10		1		
New Kaypian Sulucan Irrigator’s Association	11		2		
Barangka Paradise III Farmer’s Association	1	1	1		1
<i>Members of Non-FCA beneficiaries</i>					
Samahang Magsasaka ng Barangay Muzon	2	1			
Kaybanban Farmers Association Inc	2		1		
San Roque Upland Farmers Agrarian Reform Cooperative					1
<i>Non-members of any FCA</i>	19	6	4	2	11
Total	59	8	12	2	18

The above illustrations show that 84 out of 99 respondents or 84.85% said that the utilization of modern machineries resulted in more efficient and accelerated execution of farming activities. It also shows that 59 out of 99 respondents or 59.60% experienced lower production costs in using machineries compared to a labor-intensive and mixed (machinery and manual labor) farming.

Meanwhile, on November 8-11, 2022, the CPA Audit Team conducted an ocular inspection on ten FME and confirmed that all were actually received and being utilized in the farm operations as evidenced by photographs as presented below.



While most of the machineries were provided with sheds as verified during the inspection, one hand tractor was only covered with galvanized roof. Captured photograph is shown below.



Hand Tractor- Gulod-Central-Gugo Irrigator's Association Inc.

One of the stipulated duties and responsibilities of the City Government as recipient of farm machineries in the MOA executed with PHilMech states that: *Provide an area with shed for the project a) five units hand tractor, xxx.*

Interview revealed that a shed was originally provided for the hand tractor. However, this was damaged by a typhoon and has not been replaced since then. The continuous non-provision of shed for the above-illustrated machinery exposed it directly to rain and other external factors which may result in its rapid wear and tear.

8.5. Documentary requirements

Documentary deficiencies were noted in the conduct of inspection, review and post-audit of documents submitted to the Audit Team such as the following:

- a. ***Absence of Deed of Donation (DOD) for two units of Walk-behind Mechanical Transplanter and one-unit Four-wheel Drive Tractor***

The DOD for two units of Walk-behind Mechanical Transplanter and one-unit Four-wheel Drive Tractor were not on file. This document should have been given by PHilMech on the day of delivery of the items as provided in Item 3.k.3, Section 10 of the same Memorandum which states that *a certificate of donation should be prepared and turn over to the beneficiaries.*

Interview with the assigned CAO personnel disclosed that no DOD was turned-over by PHilMech upon the delivery of the said FME. Management likewise, initiated follow-ups to PHilMech but to no avail.

DOD is a vital document to be given to the beneficiaries of the Program for it serves as evidence of conditional ownership over the machineries, and reference to their obligations under the Program.

b. *Non-execution of Memorandum of Agreement (MOA) for the received and donated farm machineries*

A MOA was not duly executed by the City and PHilMech for the receipt of Four-wheel Drive Tractor. The CAO only provided the AT with an unsigned and unnotarized copy of the MOA. According to the personnel in-charge, they already submitted a MOA signed by the City Mayor for signature of PHilMech representative and for notary. However, as of November 29, 2022, no feedback from PHilMech was received by Management concerning the status of the said MOA.

The AT also noted that only a DOD was issued by the CSJDM to the FC/A-beneficiaries and no MOA was executed by the City on the nine donated FME.

The afore-cited observations were inconsistent with the Distribution System enumerated under Section 10 of the Memorandum on RCEF-Mechanization Program specifically Item 3.a.5 which states: *Execute MOA with recipients and collaborators – signing of memorandum of agreement between PHilMech, selected recipients and collaborators.*

A MOA is an important legal document which describes the general terms and details a cooperative relationship between two parties. Without this document, the roles and responsibilities of both parties relative to the project implementation cannot be clearly defined.

c. *A quantitative yield assessment report that serves as performance indicator was not prepared by the CAO. Moreover, baselines and benchmarks were not established prior to the implementation of the program.*

Performance indicators (PIs) are measures of project impacts, outcome, outputs and inputs that are monitored during project implementation to assess progress towards attainment of project objectives. They are used to evaluate the project's success.

9.0 AUDIT RECOMMENDATIONS FOR EXECUTIVE ACTION

We recommended the following for each of the observations discussed in Section 8-Audit Results, of this Report:

1. On non-compliance with the set guidelines/criteria of the RCEF-Mechanization Program in the selection of FC/A beneficiaries, direct the CAO to strictly comply with the technical requirements of the DA Unnumbered Memorandum for Mechanization Program with the minimum rice area of FC/A to become eligible for the grant of FME to enable access to the Program by more eligible farmers.
2. On non-compliance with the required allocation and distribution of seeds to FBs, the PhilRice representatives and CAO should validate the rice area of each FB to ensure that allocation/distribution of rice seeds is commensurate to the guidelines/criteria set under the DA Unnumbered Memorandum for Seed Program for the benefit of all qualified FBs.
3. On the inefficient distribution of inorganic fertilizers, the involved agencies' personnel should strictly comply with the adoption of effective and systematic monitoring and pre and post evaluation of the Programs to make certain that every recipient of rice seeds is provided with inorganic fertilizers to achieve the Programs' objective of increased rice production and farmer's income.
4. On the distribution of fertilizers to vegetable farmers instead of rice farmers, the CAO should strictly implement the RPP that is intended for rice farmers to achieve its objectives.
5. On 184 FBs that were not provided with fertilizers and other deficiencies, the CAO should validate and update the General Master List of Farmers for accurate reporting and distribution of farm inputs to proper individuals.
6. On FBs whose seeds were not planted in accordance with the Programs, the DA, PhilRice and CAO strengthen their monitoring of the FBs' activities to ensure their compliance to the requirements of the Programs. Also, enforce the provision under DA Unnumbered Memorandum to disqualify the FBs who failed to use the rice seeds accordingly.
7. On FBs who did not sell their yield, the DA, PhilRice and CAO empower the FC/A to educate their member beneficiaries to become self-reliant by a roll-over system that will sustain the adoption of certified inbred seeds as required under the Unnumbered DA Memorandum for Seed Program.

8. On documentary deficiencies over the donated machineries under the RCEF-Mechanization Program, require the CAO to (a) make constant follow-up with PHilMech for the issuance of (i) DOD on two units of Walk-behind Mechanical Rice Transplanter and one unit Four-wheel Drive Tractor; and (ii) signed and notarized MOA for one unit Four-wheel Drive Tractor; (b) execute MOA with the FC/A-beneficiaries to properly transfer the responsibilities and accountability over the donated farm machineries; and (c) provide baselines and benchmarks, and a quantitative yield assessment report to properly assess if the objectives of the Programs were attained.

10.0 AUDITEES COMMENTS, AUDITOR'S EVALUATION AND REJOINDER

With the issuance of AOM Nos. 2022-001 to 2022-004 dated December 4, 2022, an exit conference was conducted on December 12, 2022.

1. In relation to Farm Machineries and Equipment (FME) donated to ineligible Farmer's Cooperative/Associations (FCA), Management explained that they were unaware of the Unnumbered Memorandum on Mechanization Program. Thus, they have decided to select FCA-beneficiaries based on the assessed needs of the FCAs located within the City's geographical jurisdiction and the following criteria:
 - Registered Farmer's/Irrigator's Association
 - Majority of the members engage in rice production & utilizing farm area for two cropping seasons in a year
 - Has existing shed
 - Has the capacity to manage and operate equipment

Auditor's Evaluation and Rejoinder:

The CPA Team acknowledges the accreditation process of the CSJDM to farmers association. However, since the RCEF- Mechanization Program is an extended program of the National Government to LGUs, its criteria for selection of beneficiaries to the program should have been complied. Thus, this hindered the established purpose of the RCEF-Mechanization Program in ensuring that more rice farmers will get access to modern and mechanized farming and reap the benefits therefrom.

2. On the allocation of rice seeds not in accordance with the set-guidelines by the DA, Management justified that seeds were provided to FBs based on the actual area to be planted and the RCEF Distribution System generated by the PhilRice.

Auditor's Evaluation and Rejoinder:

Management was amiss with the distribution of seeds to FBs based on their actual areas which is not in congruence with the guidelines in the allocation of seeds set by the DA in its Unnumbered Memorandum for Seed Program dated September 19, 2019. The non-compliance with the prescribed allocation of inputs may cause resentment among the farmers within the organization due to unequal treatment in the distribution/allocation of rice seeds.

3. On short allocation, and allocation of inorganic fertilizer to ineligible FBs/recipients, the CAO said that the DA-Provincial Office allocated only 200 bags and requested additional 336 or a total of 536 bags under RCEF program. However, only 350 bags were delivered, short of 186 bags of inorganic fertilizers. While on 25 farmer recipients who were given inorganic fertilizers despite non-receipt of RCEF seeds, the 25 FBs instead bought certified seeds from their personal money. For this reason, the CAO prioritized them in providing inorganic fertilizer as they are also qualified on the set guidelines by DA-RFO III Advisory dated July 30, 2022 implementing guidelines on the distribution of inorganic fertilizer.

Auditor's Evaluation and Rejoinder:

This situation suggests lack of monitoring and communication with the implementing agencies concerned. This is not in congruence with the Monitoring, Evaluation and Program Management provided under the DA Unnumbered Memorandum on Seed Program which may hinder the attainment of the Programs' objectives.

4. On 94 bags or 4,700 kilograms of ammonium phosphate fertilizers worth ₱304,560.00 distributed to vegetable farmers instead of rice farmers in CY 2022, the CAO explained that the LGU-funded 315 bags of inorganic fertilizer are intended for 200 rice farmers only. Since there was allocation of 200 bags of fertilizer from the DA during Wet Season 2022, Management distributed these inputs first to farmers, following set criteria. With the implementation of the two programs, there was an excess of 94 bags that were distributed to vegetable farmers as assistance in their vegetable production since there were no fertilizers provided under the vegetable program. However, Management said that they will be mindful next time on implementing the programs.

Auditor's Evaluation and Rejoinder:

Although, the Audit Team is cognizant of the needs of the vegetable farmers, the use of farm inputs on other undertakings is not aligned with the goal of the RCEF-Seed Program and RPP of the CSJDM to increase the rice production for the subject cropping season.

5. On 184 or 58.60% of 314 farmers with total farm area of 152.42 hectares that were not given the fertilizer assistance by the CAO, the CAO personnel said that out of 184 farmers stated, 100 farmers as per record received inorganic fertilizer and the remaining 84 farmers did not plant this cropping season due to financial reasons and idle farm area. While the three recipients of inorganic fertilizers that were not found in the General Master List of Farmers for Rice Program in CY 2022 Wet Cropping Season, the City Agriculturist (CA) raised the following explanations on the three recipients not included in the General Master List of Farmers for Rice Program:

No.	Name of Farmer	CA's Comments/ Justifications
1	Maningas, Ramon	His nephew was listed in the General Master list. However, the farm lot was already returned to him who is the actual owner and user thereof.
2	Camilo, Joemar	Son of the listed farmer who already migrated to Canada
3	Cruz, Aljon	Son of the listed farmer who was already deceased

Auditor’s Evaluation and Rejoinder:

The 184 farmers that were not given fertilizers were obtained from the SQs distributed to the FBs and General List of Farmers for Rice Program in CY 2022. Moreover, with the CAO's failure to update the Master List on the status of the registered farmers, the identified recipients were not found in the list which may cast doubt on their eligibility for the program.

- On 16 or 16.16% of the 99 interviewed FBs that did not plant the seeds or use the fertilizer provided by the programs, Management said that the reason was the delay in the delivery of inorganic fertilizers for WS 2022 due to election ban and other reasons.

Auditor’s Evaluation and Rejoinder:

Again, this practice is a manifestation of lack of communication and reporting on the process of the programs. Although the LGU prepares weekly planting report, the unutilized seeds and or fertilizers were not likewise reported to the DA, since it does not require such report but only requires production report at the end of the cropping season. Thus, monitoring was only at the LGU level.

Moreover, it should be noted that farmers who use the seed other than for planting shall be disqualified from the program. Such activities shall be reported at the PhiRice feedback mechanism (Section V.A2(13) of the DA Unnumbered Memorandum on Seed Program).

- On 39 of 99 respondents who did not sell their yield, the CAO explained that most of their farmers sell a portion of their produce to replenish the capital used, while the remaining produce are intended for family consumption. The CAO properly monitors and gathers production cost and yield of farmer beneficiaries. However, they cannot oblige them to sell their entire harvest. It is still the farmers’ prerogative on how they will manage and utilize their produce.

Auditor’s Evaluation and Rejoinder:

This deficiency can be caused by lack of control mechanism by the agencies concerned in the implementation and promotion of the programs as provided under Section V.D of the DA Unnumbered Memorandum. This provides that *the RCEF-Seed shall also empower the FOs to become self-reliant by encouraging them to institutionalize a roll-*

over system that will sustain their adoption of certified inbred seeds xxx beyond the life of the program.

8. On documentary deficiencies, the CA explained that:
 - a. The MOA with the PhilMech was already signed by the officials concerned of the CSJDM and the MOA was already forwarded to the PhilMech. However, as of date, PhilMech has not yet released the MOA.
 - b. The MOA and DOD with the FC/As will be prepared by the CSJDM.
 - c. The yield assessment report was not prepared by the DA. However, the CAO prepares the Terminal Harvest Report wherein the yield report was incorporated.

11.0 ACKNOWLEDGEMENT

We acknowledge with gratitude the invaluable assistance and cooperation extended to the CPA Team during the course of the audit, by the various stakeholders, particularly:

- The personnel of the City Agriculture Office of the City of San Jose Del Monte, Bulacan;
- Dir. Omar S. Roque, Director of COA Regional Office No. III;
- The CSO partners: (1) Ricanati Homeowners Association Inc; (2) Konsehong Pang Agricultura at Pangisdaan Inc.; and (3) Samamamayan Self-Employed Farmers Association;
- The officials of the various Farmer's Cooperative/Associations; and
- The respondents/FBs for their participation in the conduct of survey and interviews.


Very truly yours,


Hanah C. Figueroa
Audit Team Member


Ma. Lourdes D. Yumul
Audit Team Member

Justine Anne C. Castillo
Audit Team Member


John Paul S. Espino
Audit Team Member


Josephine P. Bravo
CSO- Audit Team Member


Mar P. Policarpio
CSO- Audit Team Member


Maria Rose G. Castro
CSO- Audit Team Member

Gina V. Bartolome
Audit Team Leader

Elsa SB. Puno
Audit Team Supervisor

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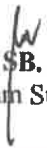

Hanah C. Pigueroa
Audit Team Member



Ma. Lourdes D. Yumul
Audit Team Member



Justine Anne C. Castillo
Audit Team Member



John Paul S. Espino
Audit Team Member


Gina V. Bartolome
Audit Team Leader


Elsa SB. Puno
Audit Team Supervisor


Josephine P. Bravo
CSO- Audit Team Member


Mar P. Policarpio
CSO- Audit Team Member


Maria Rose G. Castro
CSO- Audit Team Member