

EXECUTIVE SUMMARY

A. INTRODUCTION

The Regional Development Councils (RDCs) were created by virtue of Letter of Implementation No. 22, which was issued on December 31, 1972 pursuant to the implementation of the Integrated Reorganization Plan (IRP) of 1972.

On July 7, 1975, PD 742 was issued creating Region XII to provide greater autonomy to local governments; and in response to the clamor by some of the Muslim segments of the population for the acceleration of socio-economic development in the area.

With the implementation of the IRP, RDC XII was formally organized on September 9, 1975. Simultaneously, different task forces, each chaired by local government officials, were organized in order to support sectoral and regional development planning and also to undertake monitoring and evaluation of program implementation in the region.

The officers of the Council are composed of the Chairman, the Co-Chairman, the Vice-Chairman and the Secretary. The Chairman and the Co-Chairman shall jointly head the Council. The NEDA Regional Director shall be the ex-officio Vice-Chairman of the RDC. The NEDA Assistant Regional Director shall be the ex-officio Secretary of the RDC.

B. FINANCIAL HIGHLIGHTS

Financial Highlights Table:

	2005	2004	Increase/Decrease
NCA Received	P3,243,377.00	P2,153,957.00	50.58%
Allotment Received	P 300,000.00	-	300.00%
Continuing Appropriations	P 9,169.70	P 777.50	1,079.38%
Obligations Incurred	P3,252,546.70	P2,154,734.50	50.95%
Unexpended Balance	P 300,000.00	P 240.00	74,940%

C. SCOPE OF AUDIT

A financial and compliance audit was conducted on the accounts and operations of the Regional Development Council, Region XII, Cotabato City for the year ended December 31, 2005. The audit was aimed at ascertaining the validity and propriety of disbursements as well as the reliability and fairness of auditee's financial records and reports and its compliance to laws, rules and regulations.

D. AUDITOR'S REPORT

The Auditor rendered an unqualified opinion on the fairness of the presentation of the financial statements for the calendar year ended December 31, 2005.

E. OBSERVATION AND RECOMMENDATION

1) Unserviceable properties were not disposed of contrary to Section 502 of Government Accounting and Auditing Manual, Vol. I, which states that "when government property has become unserviceable for any use, or is no longer needed, it shall, upon application of the officer accountable therefore, be inspected by the head of the agency or his duly authorized representative in the presence of the auditor concerned and if found valueless, it may be sold at public auction to the highest bidder under the supervision of the proper committee on award or similar body in the presence of the auditor or other duly authorized representative of the Commission on Audit." Further deterioration of these properties could be avoided and additional income could be derived had these unserviceable properties were immediately disposed of.

Cause the immediate disposal of the unserviceable properties kept in the storeroom, pursuant to Section 502 of GAAM, Vol. I, and other existing policies on disposal, to avoid their further deterioration. Comply with the provisions of Section 502 of GAAM, Vol. I, in the disposal of unserviceable properties.

The above, together with other observations contained in the report were discussed with concerned officials of the agency. Management's comments, justification and reactions were considered in the report where appropriate.

F. IMPLEMENTATION OF PRIOR YEAR'S RECOMMENDATIONS

The audit recommendation contained in the Annual Audit Report for CY 2004 was partially implemented, hence we reiterate that said audit recommendation be fully implemented.