

EXECUTIVE SUMMARY

A. HIGHLIGHTS OF FINANCIAL INFORMATION

The analysis of the agency's financial condition for the year 2009 is shown below:

	<u>2009</u>	<u>2008</u>	Increase <u>(Decrease)</u>	<u>%</u>
Assets	P 123,254,688.30	P 106,383,260.64	P 16,871,427.66	5.35
Liabilities	7,300,047.45	5,400,556.12	1,899,491.33	25.68
Government Equity	115,954,640.85	100,982,704.52	14,971,936.33	3.94

For Calendar Year 2009, the Municipality had realized a total income of P85,233,798.13, while total expenses was P71,628,540.91. The total appropriation for the year was P103,205,264.65, of which P84,144.716.55 was obligated as of December 31, 2009.

B. OPERATIONAL HIGHLIGHTS

To accelerate the social and economic development of the municipality for CY 2008, the following are the significant plans and programs vis-à-vis accomplishments based on the report submitted by the Municipal Planning Development Coordinator.

<u>Programs/Projects/Activities</u>	<u>Amount</u>	<u>Percent of Accomplished</u>
1. Construction/Pipe laying of water – Brgy. Tinib	P 200,000.00	100%
2. Completion of Const off Paterno Ext. Street	150,000.00	100%
3. Installation of Street Lights – Calanguasan	50,000.00	100%
4. Concreting of Mabini Street, Brgy. Lual	300,000.00	100%
5. Construction of Waiting Shed – Brgy. Calanguasan	50,000.00	100%
6. Construction of Elevated Tank w/ pipeline – Biancoan	150,000.00	100%
7. Repair of School Building – Esperanza E/S	80,000.00	100%
8. Construction of School Stage – Brgy. Calantas	100,000.00	100%
9. Repair of Bridge –n Brgy. Tabas	50,000.00	100%
10. Construction of Welcome Arc – Phase II	150,000.00	100%
11. Const. of Multi-purpose Covered Court Phase II	8,500,000.00	100%

C. SCOPE OF AUDIT

A financial and compliance audit was conducted on the accounts and operations of the Municipality for calendar year 2009. The audit was made to ascertain the propriety of financial transactions and compliance with prescribed rules and regulations. It was also conducted to ascertain the accuracy of financial records and reports, as well as the fairness of presentation of the financial statements.

D. STATE AUDITOR'S REPORT ON THE FINANCIAL STATEMENTS

The Auditor rendered a qualified opinion on the fairness of presentation of the financial statements because these were not free of material misstatements such as: 1) Cash in Bank account amounting to P29.63 million could not be ascertained due to non-preparation of monthly bank reconciliation statements and 2) the reliability and validity of the Property, Plant and Equipment account amounting to P81.92 million appeared doubtful due to inability to submit complete physical inventory report. Due to the nature of Agency's records, we were unable to satisfy ourselves as to the carrying value of these accounts by means of other audit procedures.

E. SIGNIFICANT FINDINGS AND RECOMMENDATIONS

The following are the significant findings and the corresponding recommendations:

1. Disbursement vouchers which are subject to pre-audit were paid even without coursing through the required pre-audit action in violation to pertinent provision of COA Circular No. 2009-002.

We advise the Municipal Mayor to require the accountable officer concern, particularly the head of the internal audit unit to submit for audit action all disbursement vouchers including their supporting documents subject to pre-audit.

2. The municipality allowed the claim for payment/reimbursement of the amount paid to a private law practitioner in violation to Section 2.2 Article IX-D of the 1987 Philippine Constitution.

The Municipal Mayor is advised not to allow reimbursement or payment of legal fees for services rendered by a private counsel as it is against the established law and jurisprudence. In the event that availing legal service cannot be avoided or in case of exceptional circumstances, the written conformity and acquiescence of the Solicitor General and the Commission on Audit shall first be secured before hiring or employing a private lawyer or law firm as provided under COA Circular No. 98-002.

3. Construction in Progress account of P12,531,647.00 remained open in the book of account despite the infrastructure projects it referred to were already completed contrary to Section 50 of the NGAS Manual for local government unit, thus artificially bloated the assets and government equity account.

Public Infrastructure account of P7,034,239.21 not yet categorized as to specific asset account and likewise, not transferred yet to registry of public infrastructure

We recommend that the Accounting Office and General Service Office exert effort to identify the completed projects under the construction in progress account for appropriate classification of assets account and closed the same to Public Infrastructure account. Make adjustment further at the end of the year by closing the Public Infra account to Government Equity, to eliminate the overstatement of PPE account.

Conversely, a Registry of Public Infrastructure should be maintained for transfer of infra projects already closed to government equity account but are intended for public use, such as roads, bridges and highways among others.

Henceforth, compliance with section 50 of the NGAS Manual should be observed and adhered to so as to present the true condition of the total net worth of the agency.

4. Collections totaling to P1,146,580.73 as of December 31, 2008 were not deposited intact with its depository bank, thus exposing municipal funds to risk of loss and misappropriation.

The Local Chief Executive should instruct the Municipal Treasurer to deposit intact all collections regularly with the authorized depository bank to avoid possible misappropriation and exposure of municipal funds to risk. The practice of retaining part of collections in the Municipal Treasury as cash reserve for cash disbursement should be discontinued

5. The Municipality failed to comply fully with the provision of RA 7191 particularly in providing 5% appropriation for the Gender and Development related activities and the monitoring of accomplishment relative thereto in violation to DBM, NEDA and NCRFW Joint Circular No. 2001.

We recommend that for proper implementation and evaluation on effectiveness of the GAD related activities, a comprehensive and responsive plan and program be formulated and a report for the end result be submitted to the office concerned.

Likewise, we recommend that an oversight committee be created which shall be responsible for the smooth implementation of the program.

6. Full implementation of the plans, programs and activities funded out of the 20% Development Fund was satisfactorily attained. However, there was no standard of performance designed and formulated to measure the benefits the constituents had derived from the projects.

To effectively monitored and evaluate the effectiveness of the accomplished projects and activities, we recommend that in the succeeding submission of accomplishment report, such shall be prepared in accordance with the plans and targets set at the beginning of the year with direct impact on the number of intended beneficiaries actually benefitted from the projects.

F. STATUS OF IMPLEMENTATION BY THE MUNICIPALITY OF PRIOR YEARS' AUDIT RECOMMENDATIONS

Of the eight audit recommendations contained in the 2008 Annual Audit Report, five were implemented by the municipality by complying with our recommended course of action, while three were not yet implemented.