

EXECUTIVE SUMMARY

A. HIGHLIGHTS OF FINANCIAL INFORMATION

The analysis of the agency's financial condition for the year 2010 is shown below:

	<u>2010</u>	<u>2009</u>	<u>Increase (Decrease)</u>	<u>%</u>
Assets	P 130,002,289.94	P 123,254,688.30	P 6,747,601.64	5.47
Liabilities	34,389,008.77	7,300,047.45	27,088,961.32	371.07
Govt. Equity	95,613,281.17	115,954,640.85	(20,341,359.68)	-17.54

For Calendar Year 2010, the Municipality had realized a total income of P90,828,506.99, while total expenses was P83,582,860.71. The total appropriation for the year was P87,805,213.61, of which P69,589,075.70 was obligated as of December 31, 2010.

B. OPERATIONAL HIGHLIGHTS

To accelerate the social and economic development of the municipality for CY 2010, 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 of Free Flowing – Kabinoran	P 150,000.00	100%
2. Construction of Free Flowing – Calantas	150,000.00	100%
3. Construction of Water System – Dibet	100,000.00	100%
4. Repair of Day Care Center – Pulang Lupa	100,000.00	100%
5. Construction of Free Flowing – Mucdol E/S, Calantas	100,000.00	100%
6. Construction of Day Care Center, Marikit	100,000.00	100%
7. Construction of Water System, Calabgan	100,000.00	100%
8. Construction of School Stage – Brgy. Calantas	100,000.00	100%
9. Construction of Drainage Canal, Dibacong	100,000.00	100%
10. Construction of Line Canal, Calancuasan	120,000.00	100%

C. SCOPE OF AUDIT

A financial and compliance audit was conducted on the accounts and operations of the Municipality for calendar year 2010. 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 P17.45 million could not be ascertained due to non reconciliation of cash account balance per cashbook and per ledger and the non-preparation of monthly bank reconciliation statements and 2) the reliability and validity of the Property, Plant and Equipment account amounting to P68.79 million appeared doubtful due to inability to prepare and submit 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

For the aforementioned exceptions, the audit team recommended the preparation and submission of reconciliation statement of cash account balances of cash in bank and cash in vault account and the conduct of physical inventory of property, plant and equipment and to submit a report thereon to the office of the auditor for review and verification.

In addition, the following are the significant findings and the corresponding recommendations:

1. Local income collected were not deposited intact and regularly with the municipality's authorized depository bank in violation of Section 69 of PD 1445 as reiterated in Section 28 of COA Circular No. 92-382 opening an avenue to the risk of loss and/or misuse of government funds.

Deposit intact and regularly the full amount of collection received from all sources with the authorized government depository bank to avoid possible loss or misuse. Likewise, refrain from retaining part of collection as cash reserved for disbursement. Strict compliance with Section 69 of PD 1445 as reiterated in Section 28 of COA Circular No. 92-328 is enjoined.

2. Loans receivables were not properly documented and monitored casting doubt to the probability of collection hence, the objective of ensuring the efficiency and effectiveness of the loan assistance program was not fully attained.

Instruct the municipal treasury official concerned to, a) exert efforts to send demand letter or billing statement to individual borrower to collect their loans on due date so that funds can be made available for relending to other needy constituents, b) maintain a complete and updated carpet folder for each individual borrower containing the application, feasibility study and the amount approved for livelihood project and for other purpose including the loan agreement, c) keep and maintain also an updated subsidiary ledger card for each borrower to monitor the loan granted, the payment collected and the outstanding balance, and d)

impose surcharge as penalty for consistent late payment and/or for delinquent borrower.

3. 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. 2001-01.

Proper implementation and evaluation on the effectiveness of the GAD related activities be made, a comprehensive and responsive plan and program be formulated and a report on the end result be submitted to the office concerned.

Create an oversight committee and a Focal Person be designated, who shall be responsible for the smooth implementation of the program.

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

Of the eight (8) audit recommendations contained in the 2009 Annual Audit Report, four (4) were implemented by the municipality by complying with our recommended course of action, while four (4) were not yet implemented.