

EXECUTIVE SUMMARY

A. INTRODUCTION

The Municipality of Agoo was officially declared as a town in 1598, the first town in the Province of La Union. It has forty-nine (49) barangays, fourteen (14) of which are Urban Barangays and thirty-five (35) are Rural Barangays.

The Municipal Government of Agoo was envisioned to be “The premier capital of the Second District of La Union. Agoo shall be a progressive city, the center of health, education trade, commerce, industry, sports, culture and tourism in Southern La Union, with morally upright people and God loving leaders committed to deliver its citizen’s socio-economic prosperity, and sustained balanced ecology”.

The Municipality’s mission is “to set unto and develop our community as the haven:

- for the pursuit and implementation of social development programs in order to ensure the holistic growth of each citizen;
- for the enhancement of economic enterprise in order to alleviate his poverty and improve the quality of his life;
- for the promotion of ecological balance through preservation of his environment to attain sustainable development of his community;
- for the promotion of family-based, inter community-values oriented tourism and cultural programs in order to attain the fullness of his humanity; and
- for the operationalization of other support services in order to empower its citizens with a mission to attain the fullness of his humanity.

The Municipality of Agoo, La Union is under the administration of Honorable Stefanie Ann Y. Eriguel, M.D., who is serving her first term as Municipal Mayor. It had a total working force of 241 personnel as of December 31, 2016, which consists of the following:

<u>Particular</u>	<u>No. of Personnel</u>
Elective	11
Appointive	
• Permanent	128
• Co-Terminus	1

• Casual	65
• Contract of Service	<u>36</u>
Total	<u>241</u>

Thru the leadership of the newly elected Local Chief Executive, Honorable Stefanie Ann Y. Eriguel, M.D., the Municipal Government of Agoo, La Union had received several awards and recognition for its commendable performance and accomplishments, to wit:

- Recipient of Seal of Good Housekeeping in advancing the principles of accountability and transparency in Local Government from the Department of Interior and Local Government (DILG)
- 1st Place, Regional Level (1st – 2nd Class Municipalities Category) in Overall Competitiveness, 2016 Cities and Municipalities Competitiveness Index (CMCI) Award of the Department of the Interior and Local Government (DILG) and Department of Trade and Industry (DTI)
- 2nd Place, Regional Level, Government Efficiency Pillar (1st – 2nd Class Municipalities Category), 2016 Cities and Municipalities Competitiveness Index (CMCI) Award of the Department of the Interior and Local Government (DILG) and Department of Trade and Industry (DTI)
- 3rd Place, Regional Level, Infrastructure Pillar (1st – 2nd Class Municipalities Category), 2016 Cities and Municipalities Competitiveness Index (CMCI) Award of the Department of Interior and Local Government (DILG) and Department of Trade and Industry (DTI)
- “Gawad Pasasalamat” Award (Regional Level) for the exemplar performance on the implementation of agri-fishery programs given by the BFAR
- “Gawad Pasasalamat” Award (National Level) for the exemplar performance on the implementation of agri-fishery programs given by the BFAR
- Outstanding Pabasa sa Nutrisyon Award for outstanding implementation of Pabasa sa Nutrisyon Program given by the Philippine Association of Nutrition, Inc.

B. FINANCIAL HIGHLIGHTS

Shown below are the Comparative Presentation of Results of Financial Operation of the Municipality:

<u>Particulars</u>	<u>2016</u> <u>(In PhP)</u>	<u>2015</u> <u>(In PhP)</u>
Financial Position		
Assets	707,997,837.57	540,936,966.23
Liabilities	158,594,507.27	204,247,625.99
Government Equity	549,403,330.30	336,689,340.24
Financial Performance		
Income	298,600,736.67	229,979,602.14
Expenses	177,430,084.21	157,132,441.20
Excess of Income	121,170,652.46	72,847,160.94

Sources and Application of Funds:

<u>Particulars</u>	<u>2016</u> <u>(In PhP)</u>	<u>2015</u> <u>(In PhP)</u>
Allotments	331,658,874.75	262,181,049.35
Obligations	208,434,050.39	229,973,181.53
Balance	<u>123,224,824.36</u>	<u>32,207,867.82</u>

C. OPERATIONAL HIGHLIGHTS

The Municipality of Agoo had implemented projects and programs geared towards the improving the quality of life of the constituents such as:

1. Opening of Barangay Roads
2. Construction of Farm-to-Market Roads
3. Construction of Water Impounding
4. Construction of TB-DOTs Office and Laboratory

The local legislative performance of the law-making department of the Municipality has enacted/adopted:

1. 9 Appropriation Ordinances
2. 15 Approved Municipal Ordinances
3. 7 Proposed Municipal Ordinances on Committee Level
4. 272 Municipal Resolutions

The Municipal Health Office has accomplished the following:

1. Maternal Care

- a. 1,172 Pregnant with 3 or more prenatal visit
 - b. 357 Pregnant women given 2 doses of Tetanus Toxoid
 - c. 601 Pregnant given Tetanus Toxoid2 plus
 - d. 1,068 Pregnant given complete iron dosage
 - e. 1,068 Pregnant women given Vitamin A supplementation
 - f. 881 Postpartum women with at least 2 postpartum visits
 - g. 865 Postpartum mothers given complete iron dosage
 - h. 897 Postpartum given Vitamin A
 - i. 897 Postpartum women initiated breastfeeding
2. Child Care
- a. 1,090 Fully immunized children (9-11 months)
 - b. 981 Infants seen at 6th months
 - c. 961 Infants exclusively breastfeed up to 6th months
 - d. 6 Diarrhea cases given ORS (0-59 months)
 - e. 8 Pneumonia cases seen given treatment (0-59 months)
 - f. 610 Children given Vitamin A (6-11 months)
 - g. 5,312 Children given Vitamin A (12-59 months)
 - h. 6,121 Children given Deworming (24-71 months)

The Municipal Treasurer's Office posted increase in collections from Business Tax and Licenses, Permit Fees and Rent Income for the last three years as shown below:

	<u>2016</u>	<u>2015</u>	<u>2014</u>
Business Taxes and Licenses	36,480,375.76	36,224,643.96	32,725,677.28
Permit Fees	8,325,000.77	6,499,157.07	5,264,769.00
Rent Income	10,838,098.31	10,283,105.41	9,564,441.42

D. AUDITOR'S OPINION ON THE FINANCIAL STATEMENTS

We rendered a qualified opinion on the fairness of presentation of the financial statements of the **Municipality of Agoo, La Union** for calendar year 2016 because the Municipality's Report on Physical Count on Property, Plant and Equipment (RCPPE) as of December 31, 2016 includes properties being used and controlled by barangays totaling ₱17,280,818.83 which does not conform with Philippine Public Sector Accounting Standards (PPSAS) Nos. 1 and 17, thus overstating the Property, Plant and Equipment (PPE) accounts.

E. AUDIT METHODOLOGY AND SCOPE OF AUDIT

A financial and compliance audit was conducted on the accounts and operations of the **Municipality of Agoo, La Union** for the calendar year ended

December 31, 2016. It was focused on the different audit thrusts/areas issued by the Local Government Sector for calendar year 2016.

The audit was done on sampling basis and used various audit techniques like confirmation, observation, interview, evaluation of control system/s, and other auditing procedures and techniques necessary under circumstances.

The audit was focused on the different audit thrusts/areas issued by the Local Government Sector of the Commission.

F. SUMMARY OF SIGNIFICANT AUDIT OBSERVATIONS AND RECOMMENDATIONS

We acknowledge and commend the Municipal Government of Agoo for compliance with the following:

1. Submission of Monthly and Year-end Financial Statements as prescribed under Sections 70 and 73 of NGAS Manual, Volume I.
2. Submission of Monthly Bank Reconciliation Statements as prescribed under Section 3.2 of COA Circular No. 96-011 and Section 74 of P.D. 1445 that made the timely review and verification of the agency's transactions.
3. Monthly releases of Barangay Shares from the Real Property Tax (RPT).
4. Programs and projects implemented under the Gender and Development were in accordance with the Joint Memorandum Circular No. 2013-01 as certified by the Department of Interior and Local Government, Regional Office I.
5. Payments made to various leagues were properly documented.
6. The Municipal Government has complied with the existing tax laws and rules levied by the Bureau of Internal Revenue (BIR) on the withholding of tax from employees' compensation and from contractors' or suppliers' claims.
7. The Municipal Government of Agoo has incorporated in its Annual Budget the amount of ₱2,262,800.00 and expended the same for the implementation of programs, projects and activities for the protection of children as mandated under Section 15 of Republic Act (R.A.) No. 9344 otherwise known as the "Juvenile Justice and Welfare Act of 2006".

However, we noted the following significant audit observations on the financial and compliance audit performed on the account of the Municipality, to wit:

- 1. Documentary requirements for the procurement of lot in the amount of ₱1,518,300.00 was not complied with as prescribed under COA Circular No. 2012-001 dated June 14, 2012 and Presidential Decree (P.D.) No. 1445, thus the legality and validity of the transaction could not be ascertained.**

We have recommended and management agreed to comply with the documentary requirements to support the payment of the lot as prescribed under P.D. 1445 and COA Circular No. 2012-001 and to ascertain the claim of ownership.

- 2. Payments totaling ₱33,969,654.48 for the procurement of infrastructure projects of the municipality were processed and paid despite of incomplete documentation, contrary to COA Circular No. 2012-001 dated June 14, 2012 and pertinent provisions of Republic Act (R.A.) 9184, otherwise known as the “Government Procurement Reform Act”, thus the legality and validity of the claim could not be established.**

We have recommended to the Local Chief Executive to instruct the BAC Members, the BAC Secretariat, the TWG, and the Municipal Accountant to comply with the above-cited provisions of R.A. 9184 and its Implementing Rules and Regulations and COA Circular No. 2012-001. In addition, we have required management to submit the deficiencies noted to ensure the legality and validity of the procurement of infrastructure projects.

- 3. Payments totaling ₱10,430,619.05 for the procurement of goods of the municipality through public bidding were processed and paid despite of incomplete documentation, contrary to COA Circular No. 2012-001 dated June 14, 2012 and pertinent provisions of Republic Act (R.A.) 9184, otherwise known as the “Government Procurement Reform Act”, thus the legality and validity of the claim could not be established.**

We have recommended to the Local Chief Executive to instruct the BAC Members, the BAC Secretariat, the TWG, and the Municipal Accountant to comply with the above-cited provisions of R.A. 9184 and its Implementing Rules and Regulations and COA Circular No. 2012-001. In addition, we have required management to submit the deficiencies noted to ensure the legality and validity of the procurement of infrastructure projects.

G. SUMMARY OF TOTAL SUSPENSIONS, DISALLOWANCES AND CHARGES

Particulars	Balance as of December 31, 2016	
	Prior to 2009 RRSA	2009-2016
Suspensions Charges Disallowances	34,185.05	

As of December 31, 2016, the agency has no unsettled disallowance nor suspension.

H. STATUS OF IMPLEMENTATION OF PRIOR YEARS' UNIMPLEMENTED AUDIT RECOMMENDATIONS

Of the thirteen (13) audit recommendations embodied in the 2015 Annual Audit Report, seven (7) were fully implemented, six (6) were partially implemented.