

EXECUTIVE SUMMARY

Introduction

The Local Government Unit of Impasugong was created by virtue of the declaration of Fray Mateo Bernard, Spanish Parish Priest, in June 1877, which was later approved by the Chief of the Second Politico Military District of Mindanao on September 6, 1877 and is currently classified as a 1st class municipality.

As a local government unit, its mandate is to provide basic services to its constituents and help improve their living condition.

The administration of fiscal and development affairs of the Municipal Government of Impasugong conforms to the national government's thrust for sustainable social economic growth in line with the provisions of Republic Act No. 7160, known as the Local Government Code of 1991.

The Municipal Government of Impasugong is headed by its Local Chief Executive, Hon. Anthony A. Uy while the Sangguniang Bayan is composed of a Vice-Mayor as presiding officer, eight (8) Municipal Councilors, ABC President and the SK Chairman.

Financial Highlights

The Municipality of Impasugong appropriated the total amount of P349,639,046.72 in the General Fund and P1,775,755.00 in the Special Education fund for the calendar year 2016 or a total appropriation of P351,414,801.72, as follows:

CY 2016	General Fund	SEF	Total
Personal Services	60,162,684.00	600,000.00	60,762,684.00
MOOE	18,482,000.00	790,000.00	19,272,000.00
Capital Outlay	35,597,663.29	385,755.00	35,983,418.29
20% Dev't. Fund	110,047,141.93	-	110,047,141.93
Calamity Fund	17,294,110.31	-	17,294,110.31
Non Office	108,055,447.19	-	108,055,447.19
TOTAL	349,639,046.72	1,775,755.00	351,414,801.72

The financial condition of the Municipality of Impasugong as of the end of December 31, 2016 with comparative figures for CY 2015 is shown below:

	2016	2015	Increase/(Decrease)
Assets	383,766,608.44	300,477,867.23	83,288,741.21
Liabilities	99,429,020.07	73,132,353.03	26,296,667.04

Government Equity	284,337,588.37	227,345,514.20	56,992,074.17
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The results of operations for the year ended December 31, 2016 with comparative figures for CY 2015 is shown below:

	2016	2015	Increase/(Decrease)
Income	230,753,588.79	212,183,741.72	18,569,847.07
Expenses	171,669,897.77	167,360,345.53	4,309,552.24
Net Income	59,083,691.02	44,823,396.19	14,260,294.83

Scope of Audit

A financial and compliance audit was conducted on the accounts and financial operations of the Municipal Government of Impasugong, Bukidnon for the period January 1, 2016 to December 31, 2016.

The audit was made to ascertain the municipality's adherence to prescribe laws, rules and regulations in the conduct of its fiscal operations.

Independent Auditor's Report in the Financial Statements

The Auditor rendered a qualified opinion on the financial position of the Municipality of Impasugong as of December 31, 2016, and the results of its operations and its cash flows for the year then ended, for reasons discussed in Part II of this report.

Summary of Significant Findings and Recommendations

The following are the significant findings for CY 2016 and the corresponding recommendations:

- 1. The cash advances granted to the Disbursing Officer covering the period September 1, 2015 to October 3, 2016 showed an excess amount of P133,880.98 under the General Fund – MOOE and Trust Fund. This is not in consonance with COA Circular No. 97-002 and Section 104 of PD 1445, thus, exposing the excess amount to misappropriation.**

We recommended the following in order to avoid excess cash advances without corresponding purposes:

- 1) No new cash advances must be granted to the disbursing officer unless the previous cash advance is first settled or a proper accounting thereof is made."*
- 2) Every cash advance must be supported with documents, such as a list of expenses with specific purposes and for payrolls – a list of the payees with net amount and the corresponding covered period must be indicated.*
- 3) The excess cash advance must be returned or refunded when no longer needed or when the purpose for which it was granted had been satisfied.*

2. **It has been observed that management still failed to submit, the purchase orders and the supporting documents of its various procurements thru public bidding for construction materials and other goods for infrastructure projects, equipments, and other goods and supplies, for auditorial, legal and technical review in the CY 2016. This is a violation of Section 3 of COA Circular No. 2009-01 and is not compliant with the documentary requirements as enumerated in Section 9.1 of COA Circular No. 2012-001, thus, no auditorial and legal review was done completely and none was indorsed to COA TITS for the technical review for all of its infrastructure projects from CYs 2013 to 2016.**

We recommended that management strengthen the professionalization of the agency's procuring unit.

3. **We have observed that the procurement activities of the LGU of Impasugong appeared to have lapses which is not in accordance with Rule I, Sections 2 and 3 of the Implementing Rules and Regulations (IRR) of the Republic Act (RA) No. 9184, thus, creating doubt as to transparency in its procurement process; and any liquidated damages cannot be determined.**

We recommended that the BAC and the BAC Secretariat thoroughly review the documents and the procurement process in order to complete the whole stages of the procurement activity including documentations. We further recommended that the documents presented to the BAC during the bid opening be meticulously scrutinized.

4. **In 2016, the management received the amount of P6,300,000.00 from DILG's allocation for Potable Water Supply under the Bottom-up Budgeting (BUB) projects, however the former was not able to implement the projects as of the end of November 2016 which is not in compliance with the policy of the said program as stated in Joint Memorandum Circular No. 7, dated November 3, 2015 of DBM-DILG-DSWD-NAPC, thus, hampering the citizens' access to local service delivery.**

We recommended for the immediate implementation of the project.

6. **In 2016, the management received the amount of P4,061,000.00 from Department of Agriculture (DA-RFU 10) under its allocation for Grassroots Participatory Budgeting Process (GPBP) projects, however, the former was not able to implement the projects as of the end of November 2016 which is not in compliance with the policy of the said program as stated in Joint Memorandum Circular No. 3, dated December 20, 2012 of DBM-DILG-DSWD-NAPC, thus, the local beneficiaries were not able to enjoy the benefits for which the projects were intended.**

We recommended for the immediate implementation of the project.

7. **In 2016, the management received the amount of P1,500,000.00 from Department of Labor and Employment (DOLE) under its allocation for DOLE Integrated Livelihood and Emergency Employment Program (DILEEP), however, the former was not able to implement the program as of the end of November 2016 which is not in consonance with DILEEP's principle as stated in Section 1 of the DOLE Department Order No. 134-14 dated March 28, 2014, thus, the local beneficiaries were not able to enjoy the benefits for which the program were intended.**

We recommended for the immediate implementation of the program.

8. **Management failed to conduct the annual physical inventory on time of its Property, Plant and Equipment (PPE) and biological assets, inconsistent with the provisions of Section 124 and 114, Vol. 1, of the Manual on the New Government Accounting System thus rendering the balance as of December 31, 2016 of PPE account valued at P129,869,453.42 in the Statement of Financial Position doubtful.**

We recommend that the Municipal Treasurer/Designated General Service Officer shall maintain property cards to be reconciled with the records of the Accounting Office. An Inventory Committee shall also be created to prioritize the conduct physical count of property, plant and equipment of the agency and to be able to prepare and submit the RPCPPE on or before January 31 of the following year.

We also recommend that the accounting office and the GSO shall reconcile regularly their records to determine the actual balances of PPE in order to present fairly the balances of the affected accounts at year-end. The balances in the RPCPPE and the accounting records should be investigated and adjusted accordingly;

9. **Purchases of various inventories during the year totaling P7,378,438.80 million were directly recorded as expense without passing through the inventory account contrary to Sections 114, 121 and 124 of NGAS Manual for LGUs Volume I thus, manifesting a weak internal control.**

We recommended that:

- *the LGU should strictly adhere to the provisions of Section 114 and 121 of the NGAS Manual.*
- *the accountant*
 - *should stop the practice of recording/charging regular purchases of supplies and materials immediately to the expense accounts;*
 - *should maintain on a current basis in the General Ledger (GL) and Inventory Account for all purchases of supplies and materials for stock,*

regardless of whether or not they are consumed within the accounting period. Issuance thereof shall be recorded based on the Report of Supplies and Materials Issued;

- *should maintain and update regularly the Supplies Ledger Card for each inventory stock which shall contain the details of the GL accounts and to reconcile their cards/records regularly with that of the Supply Section.*
- *the Municipal Treasurer/General Services Officer to:*
 - *conduct inventory of supplies and materials annually and prepare a Report on the Physical Count of Inventories by type of inventory as of given date;*
 - *prepare on a monthly basis a RSMI based in the Requisition and Issue Slips; and*
 - *maintain Stock Cards for inventories, to be reconciled with the records of the Accounting Office regularly.*

Status of Implementation of Prior Year's Audit Recommendations

Out of the twelve (12) audit recommendations in CY 2015, eight (8) were implemented, one (1) was partially implemented and three (3) were not implemented.

Out of the six (6) remaining audit recommendations in CY 2014, one (1) was implemented, three (3) were partially implemented and two (2) were not implemented.