

EXECUTIVE SUMMARY

A. Introduction

Tubod is a 2nd class municipality and is the capital of the Province of Lanao del Norte, Philippines, as enacted thru Parliamentary Bill No. 568. By virtue of RA 58 dated October 17, 1946, it was emancipated from its mother municipality, Kolambugan.

It has envisioned to become an agri-industrial community of God loving, ecology conscious and empowered citizens. The municipal government is committed to promote and propel its integrated growth and development.

Located at the middle northwestern part of the province, Tubod is enriched with natural and man-made scenic spots which gradually gain recognition both in the local and international scene. It is considered as 2nd class municipality with twenty-four (24) component barangays.

Like other local government units, the municipality enjoys genuine and meaningful local autonomy to enable it to attain its fullest development as self-reliant community and make it more effective partners in the attainment of national goals.

B. Financial Highlights

The municipality's financial position and results of operations for CY 2016 were shown comparatively with that of previous year. The operations have resulted to increases in income and residual equity accounts.

	2016	2015	Increase /	% over
			(decrease)	last year
Assets	239,866,010	171,368,774	68,497,236	39.97%
Liabilities	92,719,705	54,508,130	38,211,575	70.10%
Government Equity	147,146,305	116,860,644	30,285,661	25.92%
Revenue	139,435,762	125,720,934	13,714,828	10.9%
Expenses	95,894,894	98,200,700	(2,305,806)	-2.35%
Income	43,540,868	27,520,234	16,020,634	58.21%

The funding sources of the LGU's approved budgets were expected to be realized from the following:

Internal Sources:		
Local Taxes		P 7,070,000
Operating & Misc. Revenue		11,930,000
External Sources		
Internal Revenue Allotment		117,479,113
Total		<u>P 136,479,113</u>

For calendar year 2016, the Municipality was able to realize an income of P139,435,761 representing an increase of 1.02% of the estimated revenue of P136,479,113. To accomplish and attain its goal and objectives for the year, the Municipality appropriated the total amount of P136,479,113.00 allocated as follows:

Functions		Total
General Services	Public	P57,887,231
Economic Services		16,056,845
Social Services		17,294,375
Other Purposes		45,240,662
Total Appropriations		<u>P136,479,113</u>

The total expenditures of P95,894,894 were distributed by major expense class for Personal Services, Maintenance and Other Operating Expenses, Non-Cash Expenses and Financial Expenses in the amount of P51,295,995, P37,940,404, P5,079,809 and P1,578,687, respectively.

C. Operational Highlights

Presented in Annex "F" are accomplishments on the delivery of basic services on programs/projects of some major services of the Municipal Government in consonance with the vision and mission of the Local Government Unit.

D. Scope of Audit

A financial and compliance audit was conducted on the accounts and operations of the Municipality of Tubod, Lanao del Norte for calendar year 2016. The audit consisted of review of operating procedures, evaluation of the agency's program and projects, interview of concerned government officials and employees, observation of agency activities/operations, verification, reconciliation, and analysis of accounts and such other procedures considered necessary.

E. Independent Auditor's Report on the Financial Statements

A qualified opinion was rendered on the fairness of presentation of the financial statements of the Municipal Government of Tubod, Lanao del Norte as of December 31, 2016, due to failure of the Management to request write-off of Due from Officers and Employees account amounting to P2,788,757 representing long cash advances of an accountable officer who absconded and at large for 23 years remained unacted upon by the agency thus, creating unrealistic receivable account.

F. Summary of Significant Findings and Recommendations

1. Cash Advances for travel of officers and employees amounting to P438,977 were not liquidated within the prescribed period contrary to Section 89 of PD 1445 and COA Circular No. 97-002 dated February 10, 1997.

Require the employees concerned to liquidate within 30 days after the return to his official station, otherwise the Municipal Accountant to serve letter of demand, and for the Municipal Accountant to adhere strictly with laws, rules and regulations pertaining to the grant and utilization of cash advances and liquidate the same within the prescribed period in accordance with Section 89 of PD 1445; COA Circular No. 97-002 dated February 10, 1997 and COA Circular 2012-001 dated June 14, 2012.

2. The Municipal Government did not formally request for write-off of account as recommended in prior year's audit reports pertaining to Due from Officers and Employees account in the total amount of P2,788,757 representing long outstanding cash advances of an accountable officer who absconded and at large for 23 years. Thus, overstating total assets for the same amount due to unrealistic receivable account in violation of COA Circular No. 2012-005 dated December 19, 2016.

File the request for authority to write-off this long outstanding cash advances addressed to the COA, Audit Team Leader thru the Supervising Auditor; the Municipal Accountant to prepare all the supporting documents as required under Section Nos. 7.4 and 8.3 of the foregoing COA Circular; and seek legal remedy and consider filing of appropriate formal charges against the absconded accountable officer with unliquidated cash advances since 1993.

3. Individual and separate itinerary of travel amounting to P216,669 was not prepared to support the grant of cash advances for local travel contrary to Section 1.1.4.1 of COA Circular No. 2012-001 dated June 14, 2012.

Stop the practice of preparing consolidated Itinerary of Travel, instead require the concerned municipal employees to prepare an individual itinerary of travel for approval by the Local Chief Executive, and to direct the concerned municipal employees to prepare liquidation report with the required documentary requirements pursuant to Section 1.2.4.1 of COA Circular 2012-001 dated June 14, 2012, within 30 days after the return of the official or employee concerned to his official station for local travel.

4. Issuances of Property and Equipment in the amount of P1,029,425 to end-user were not covered with the corresponding Property Acknowledgment Receipt (PAR) contrary to Item 9.1.3.1 of COA Circular No. 2012-001 dated June 14, 2012, thus, specific accountability could not be established exposing these assets to the risk of possible loss and/or wastage.

Direct the Municipal GSO-Designate to accomplish and attach the corresponding PAR especially in the issuance of property and equipment to end-user in accordance with Item 9.1.3.1. of COA Circular No. 2012-001 dated June 14, 2012, to avoid the risk of possible loss and/or wastage.

5. The General Services Office-Designate did not inform the Auditor within twenty-four (24) hours upon delivery of the Emergency Rescue Vehicle in the amount of P1,180,000 to allow the latter timely inspection and validation of the physical existence and condition of the said vehicle as provided for under COA Circular No. 2009-002 dated May 18, 2009.

Require the Property Supply Officer who is in-charged in the acceptance of deliveries to inform the Audit Team within twenty four (24) hours after the delivery of the date and place of delivery to permit the timely inspection and validation of the goods or items delivered in compliance with the above-cited COA Circulars.

6. Development projects totaling P5,183,000 under the 20% Local Development Fund were not fully implemented at year end, thus, the intended beneficiaries were deprived of socio-economic benefits that could have been derived had the projects been implemented on time.

Give priority in implementing projects under the 20% development fund to attain the project objectives of the programs/projects/activities of the Annual Investment Program so as to achieve desirable socio-economic development and environment outcomes for the general public in accordance with Section 287 of the Local Government Code, and require the Local Development Council and Municipal Planning and Development Officer to closely monitor and vigorously pursue the timely and full implementation of all the programs/activities embodied in the 20% Development Fund.

7. Disbursements totaling P254,198 charged against SEF were paid in favor of agency officials on reimbursement basis instead to the suppliers or creditors contrary to Section 93 of PD 1445 and Revised IRR of Republic Act 9184 – Government Procurement Reform Act.

Back up all procurement with approved APP per approved budget by the Local School Board; Procure commonly used supplies at the PS-DBM pursuant to the Revised Implementing Rules and Regulation of RA 9184; and attach complete supporting documents in all claims from the SEF.

8. SEF Fund amounting to P110,379 was expended to pay monthly utilities and cellphone load allowances of school personnel which were not among those expressly authorized in Republic Act No. 5447.

Consider the limitations in the use of SEF and to ensure that only those authorized activities or expenditures are charged against SEF in pursuance to RA 5447.

9. Mandatory segregation of solid waste is not properly and consistently implemented by the municipality pursuant to Sections 21 to 24 of RA 9003, hence, did not facilitate the solid waste avoidance and volume reduction through re-use, recycling and composting process of the solid wastes of the municipality.

We recommended that the municipality shall provide a new dump truck with sufficient compartments to properly handle segregated solid wastes from the source to the final dumping area. Provide additional solid wastes containers which are properly labelled to segregate those biodegradable, non-biodegradable, recyclable, special waste and other waste classification in other strategic places of the municipality to facilitate the solid waste avoidance and volume reduction pursuant to Section 21 to 24 of RA 9003.

G. Status of Implementation of Prior Year's Recommendations

Of the seven (7) audit findings presented in previous year's annual audit report four (4) were fully implemented, one (1) was partially implemented and two (2) were not implemented by management.