

## EXECUTIVE SUMMARY

The Municipality of Ginatilan, Cebu was founded on February 2, 1829. It is still classified as a 5<sup>th</sup> class municipality based on the latest classification of the Bureau of Local Government Finance (BLGF) Memorandum Circular No. 01-M (25)-08 dated November 18, 2008. It is composed of fourteen (14) barangays.

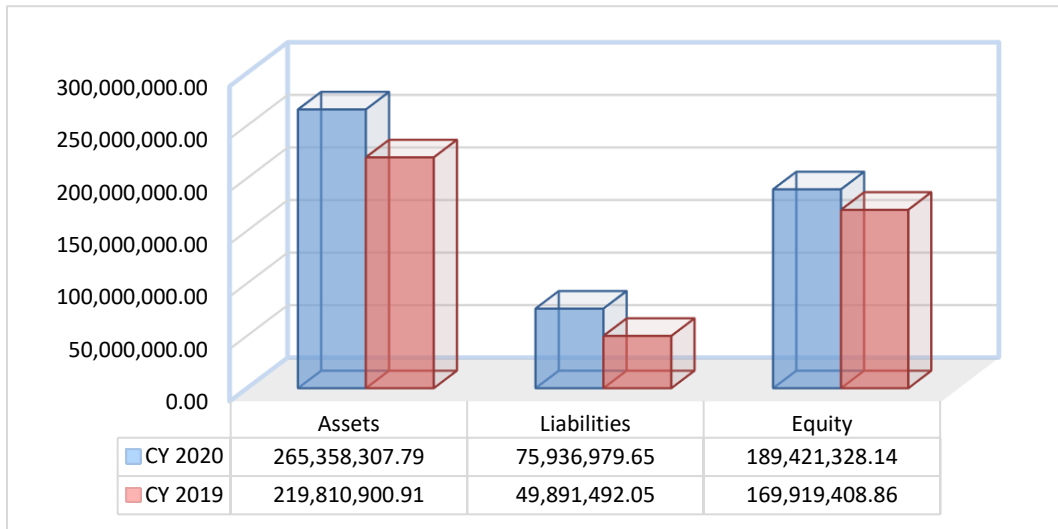
The municipality celebrates a colorful annual festival every 2<sup>nd</sup> Sunday of March called “Hinatan Festival”. Its most popular natural attraction is the Inambakan Falls. It is hidden in a river valley in the middle of Ginatilan's highlands. This towering 100-foot waterfall can now be accessed by motor vehicles.

Pursuant to Republic Act 7160, otherwise known as the Local Government Code of 1991, the municipality enjoys total independence in managing, deciding and planning its own administrative, fiscal and development affairs in conformity with the national government thrust for sustainable social and to generate growth and development in order to provide basic services to the people of Ginatilan.

For the year 2020, a number of infrastructure projects were undertaken by the municipality to address economic and social needs of the people.

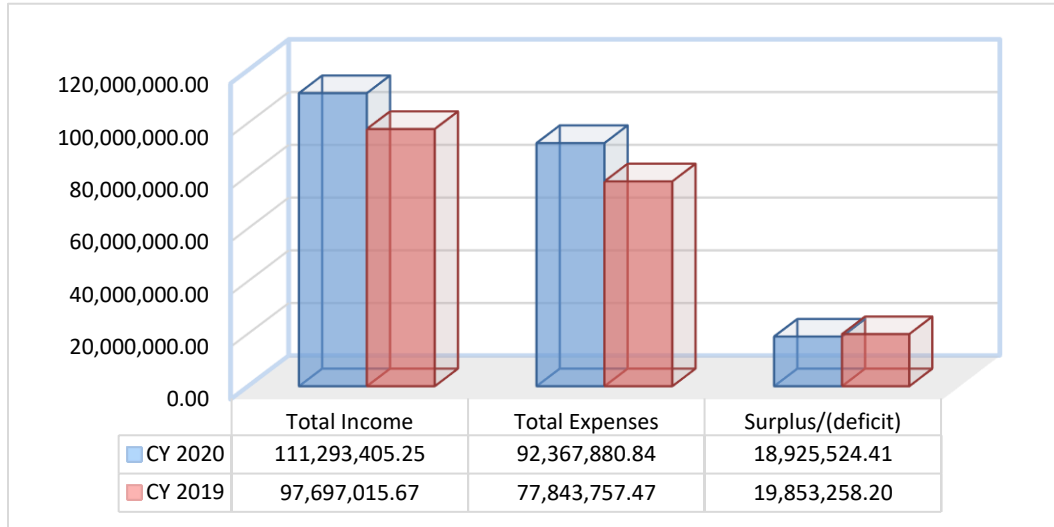
### **Financial Position**

This year, Assets and Liabilities are higher by ₱45,547,406.88 or 20.72 percent and ₱26,045,487.60 or 52.20 percent, respectively compared to that of the previous year. The increase in Assets and Liabilities brought about ₱19,501,919.28 increase in the 2020 Equity which is 11.48 percent higher than the 2019 Equity. The Municipality’s comparative analysis of its financial position is graphically illustrated below.



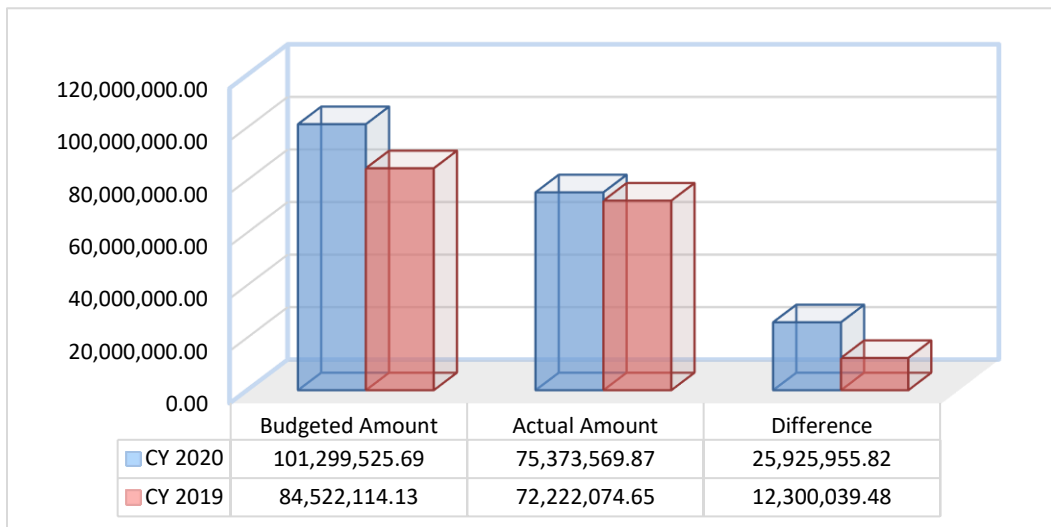
**Financial Performance**

Illustrations below depict the analysis of LGU’s financial performance for CYs 2020 and 2019 where Total Income this year increased by ₱13,596,389.58 or 13.92 percent higher than that of CY 2019. Total Expenses also increased by ₱14,524,123.37 or 18.66 higher than that of the previous year. The Surplus registered a decrease of ₱927,733.79 in 2020 or 4.67 percent lower compared to the 2019 Surplus.



**Comparison of Budget and Actual Amounts**

The agency appropriated for the current year the total amount of ₱101,299,525.69 which is 19.85 percent higher than that of CY 2019 appropriation of ₱84,522,114.13. On the other hand, obligations during the year amounted to ₱75,373,569.87, registering a 4.36 percent increase or ₱3,151,495.22 increase from that of the previous year’s obligations of ₱72,222,074.65. The increase in budgeted amount and actual amount are graphically illustrated as follows:



## ACCOMPLISHMENTS

For CY 2020 the Municipality had undertaken various programs and projects based on the accomplishment report submitted by the Municipal Engineer:

	<b>Name of Projects</b>	<b>Cost (in PhP)</b>	<b>Status</b>
1	Upgrading, Expansion and Development of Municipal Water System in Barangays Calabawan and Guiwanon	6,004,265.19	Completed
2	Rehabilitation and Improvement of Water System in Barangays Mangaco to Poblacion	7,096,000.00	Completed
3	Construction of Toilet and Bath for operation of Quarantine Facility Area	227,155.00	Completed
4	Construction of COVID-19 Isolation Center	2,920,000.00	Completed
5	Procurement of Rescue Vehicle	1,500,000.00	Completed
6	Procurement of Rescue Motor Vehicles (Motorcycles)	809,000.00	Completed

## SCOPE OF THE AUDIT

An audit was conducted on the accounts and operations of the Municipality of Ginatilan, Cebu for the calendar year ended December 31, 2020. The audit was made to ascertain the regularity of disbursements, the reliability of financial reports and the adequacy of accounting records and adherence to pertinent laws, rules and regulations.

ISSAI 1580 requires the submission of written representations about Management Responsibilities such as the Management Representation Letter (MRL), which shall be issued as near as practicable to, but not after, the date of the auditor's report on the financial statements. To date, however, management has not submitted the said MRL due to the letter-request of the Government Association of Local Accountants-Cebu, Inc. to defer its submission for reasons contained in that letter and was referred by the COA Regional Office to the COA-LGS Central Office.

## AUDITOR'S OPINION ON THE FINANCIAL STATEMENTS

The Auditor rendered a qualified opinion on the fairness of the presentation of the financial statements of the Municipality of Ginatilan, Cebu in view of the following exceptions which affected the fairness of presentation of the accounts in the financial statements:

1. Unserviceable and unaccounted properties totaling ₱2,370,013.35 and ₱318,236.65, respectively were included in the balances of Property, Plant and Equipment accounts;

2. The reported balance of Breeding Stocks included a Swine Dispersal item amounting to ₱173,000.00 without breakdown/details; and
3. Balances of the asset and liability accounts were overstated by ₱464,595.00 due to the erroneous recognition of undelivered inventories.

## **SIGNIFICANT AUDIT FINDINGS AND RECOMMENDATIONS**

The following are the significant findings and the corresponding recommendations:

1. The objective of the post-qualification process conducted for the procurement of services for the Skills Training on Security Guard NC-1 in the amount of ₱384,000.00 was not achieved when the Municipality's Bids and Awards Committee issued the Notice of Post-Qualification to E and J Security Training Institute, Inc. for successfully passing post-qualification despite some inconsistencies in its Net Financial Contracting Capacity computation, among others.

We recommended that the Chief Executive and the Bids and Awards Committee submit an explanation on why the Lowest Calculated Bid passed the criteria on post-qualification despite the inconsistencies in the NFCC computation and other deficiencies noted.

2. The Municipality disbursed a total of ₱414,250.00 for cash assistance to various individuals seeking medical, burial and other forms of assistance under the program "Assistance in Crisis Situation (AICS)". Clear cut guidelines for the implementation of said program was not established by the LGU which may result to inequitable distribution of amount to beneficiaries.

We recommended that Management issue guidelines on the AICS implementation to standardize rates of assistance to be extended by the Municipality, through the MSWDO, to the victims of disaster/s, displaced and distressed individuals, groups, families and communities in crisis situation and to serve as a guide in determining the amount of assistance to be granted based on the degree of need as well as the existing resources of the Municipality.

3. The Purchase Request for the procurement of fourteen (14) 40 kg containers of Calcium Hypochlorite (Chlorine) amounting to ₱56,000.00 for the Municipality's water system done through negotiated procurement (emergency cases) was not accompanied with the appropriate supporting documents identifying the emergency sought to be addressed contrary to Section 53 of R. A No. 9184 and its Implementing Rules and Regulations.

We recommended that Management submit an explanation on the employment of negotiated procurement (emergency cases) modality pursuant to Section 53 of RA 9184 and GPPB Resolution No. 03-2020 for a transaction intended for the regular operations of the Municipality.

4. The Updated Annual Procurement Plan (APP), Notice of Award (NOA) and other information relative to the Emergency Procurements totaling ₱1,908,075.00 were not posted in the GPPB Online Portal contrary to the provisions of Government Procurement Policy Board (GPPB) Circular No. 01-2020 dated April 6, 2020 and GPPB-TSO Advisories No. 04 and 05-2020 dated April 27, 2020 and June 17, 2020, respectively.

We recommended that the Bids and Awards Committee (BAC) submit an explanation/justification on the non-compliance with the mandatory posting of the updated APP, NOA, and other information relative to the Emergency Procurement under the Bayanihan Act in the GPPB Online Portal as mandated in GPPB Circular No. 1-2020.

5. Contracts totaling ₱2,861,625.00 for the procurement of goods & services through Emergency Procurement under the Bayanihan Act did not contain the required warranty clause in which the supplier/contractor warrants that, for the period stipulated covering the procurement, the goods or projects to be delivered or implemented shall be free from defects and conform to quality standards and technical specifications of the said contract.

We recommended that the Bids and Awards Committee (BAC) submit justification for undertaking the Emergency Procurement under the Bayanihan Act without complying with the requirements of GPPB Circular No. 01-2020 and to be always updated with the issuances of the GPPB as the governing board for all the procurement activities of the government.

## **STATUS OF AUDIT SUSPENSIONS, DISALLOWANCES and CHARGES**

There was no unsettled suspension, disallowance or charge as of December 31, 2020 and no notice of suspension, disallowance or charge was issued during the year.

## **STATUS OF IMPLEMENTATION OF PRIOR YEARS' AUDIT RECOMMENDATIONS**

Of the nine (9) recommendations contained in our prior year's Annual Audit Report, five (5) were fully implemented and four (4) were partially implemented.