

EXECUTIVE SUMMARY

A. Introduction

The LGU was created through the issuance of Executive Order No. 66 dated September 30, 1916 effective July 1, 1916 by General Francis B. Harrison. It is located at the south eastern tip of the Province of Ilocos Norte with a total land area of 644 .70 square kilometers.

The Municipality is classified as a 3rd class municipality consisting of eleven (11) barangays.

The LGU is envisioned to be a more socio-economically developed upland municipality of the Province of Ilocos Norte with balanced, preserved natural and cultural heritage and sustained growth and developed under the guidance of Divine providence.

With the leadership of Honorable Mayor Aldrin R. Garvida supported by the legislative body headed by Honorable Vice-Mayor Caroline A. Garvida, 10 Sanguniang Bayan Members and various department heads, the municipality continued to discharge its functions in managing and planning its administrative, fiscal and development affairs pursuant to its programs for a wide disposition of available resources especially for the delivery of basic services to the constituents. His total working force totaled to 151 categorized as follows:

Elective Officials	11
Permanent	35
Casual	15
Contractual	2
Job Orders	<u>88</u>
Totals	<u>151</u>

B. Financial Highlights

Comparative financial highlights of the Municipality for Calendar Years 2019 and 2018 are as follows:

	2019	2018	Increase/ (Decrease)	Increase/ (Decrease) %
Financial Condition				
Assets	708,766,019.20	679,584,494.09	29,181,525.11	4.29%
Liabilities	195,201,750.45	221,958,272.85	(26,756,522.40)	(12.05%)
Government Equity	513,564,268.75	457,626,221.24	55,938,047.51	12.22%
Sources of Funds				
Local Taxes	1,604,380.40	1,102,894.52	501,485.88	45.47%
External Sources	164,860,120.02	195,300,758.48	(30,440,638.46)	(15.59%)
Total Income	164,464,500.42	196,403,653.00	(31,939,152.58)	(16.26%)

Application of Funds				
Personal Service	37,997,034.96	27,440,498.09	10,556,536.87	38.47%
MOOE	68,487,665.34	56,520,676.90	11,966,988.44	21.17%
Non-Cash Expense	16,936,965.46	14,163,537.31	2,773,428.15	19.58%
Financial Expenses	297,545.13	318,213.54	(20,668.41)	(6.50%)
Transfers, Assistance & Subsidy To	12,867,507.17	4,484,911.57	8,382,595.60	186.91%
Total Expenses	136,586,718.06	102,927,837.41	33,658,880.65	32.70%

C. Operational Highlights

For CY 2019, the major accomplishments of the Municipality included the following:

Program/Project/Activity	Amount
20% Development Fund	
• Construction of Municipal Multi-Purpose Hall Building (Continuation)	P13,053,566.00
• Construction of Barangay Multi-Purpose Halls (Continuation)	
➤ Barangay Acnam	1,335,060.64
➤ Barangay Barikir	1,494,015.64
➤ Barangay Caray	1,160,471.30
➤ Barangay Cabittauran	1,316,652.34
➤ Barangay Sto. Nino	1,495,191.21
➤ Barangay Naguilian	1,497,682.70
➤ Barangay Garnaden	1,496,230.09
➤ Barangay Bugayong	1,495,321.73
➤ Barangay Uguis	1,496,388.71
RA 7171	
• Farm to Market Roads	
➤ Barangay Poblacion	10,989,191.33
➤ Barangay Acnam	7,983,538.08
AM - DILG	
• Local Access Road	4,685,516.83

D. State Auditor's Report on the Financial Statements

A qualified opinion was rendered on the fairness of the presentation of the financial statements of the Municipality of Nueva Era, Ilocos Norte because: (1) The Land account carried in the Statement of Financial Position at P35,679,932.00 is of doubtful validity and reliability due to the inclusion of 29 parcels of land with a total land area of 9,301,187 square meters costing P34,451,030.00 which are not yet covered by Torrens/Transfer Certificates of Title (TCT) in the name of the Municipal Government; (2) The existence, completeness and correctness of the balance of Road Networks account amounting to

P162,056,935.19 as of December 31, 2019 is doubtful due to the failure to maintain the road map since there was no actual inventory taking conducted; and (3) Unserviceable properties due for disposal or condemnation in the total amount of P5,211,854.54 were still carried in the books of accounts.

E. Summary of Significant Audit Observations and Recommendations

We commend management for the following favorable observations:

- The Municipality consistently complied with the withholding of taxes on the salaries and wages of its officials and employees and from its suppliers and contractors in the procurement of its goods, infrastructure and services in compliance with the provisions of Bureau of Internal Revenue No. 2-98 dated April 17, 1998.
- The LGU has been a recipient of various awards, such as:
 - Local Chief Executive Implementers of Community and Service-Oriented Policing (CSOP) System (Regional Category) awarded by Philippine National Police, Regional Office No. I, City of San Fernando, La Union; and
 - Rank 2 (1st to 3rd Class Municipality Category) Local Legislative Award by the Department of the Interior and Local Government (DILG) and Philippine Councilors League (PCL), Provincial Office, Laoag City, Ilocos Norte.

However, some transactions which need to be corrected or improved are enumerated in the herein audit observations with its corresponding recommendations as follows:

1. Land account amounting to P35,679,932.00 is of doubtful validity and reliability due to the inclusion of 29 parcels of land with a total land area of 9,301,187 square meters costing P34,451,030.00 which are not yet covered by Torrens/Transfer Certificates of Title (TCT) as required under Section 39 (2) of Presidential Decree (PD) No. 1445, thus affecting the fair presentation of the said account in the financial statements.

We recommended that the municipal government exhaust all possible means to document the legality of ownership of the lots through Transfer Certificates of Title in the name of the municipality as required under Sec. 39 (2) of PD No. 1445 to ascertain the validity and reliability of the Land account presented in the financial statements.

2. The existence, completeness and correctness of the balance of Road Networks account amounting to P162,056,935.19 as of December 31, 2019 is doubtful due to the failure to maintain the road map as required under COA Circular No. 2015-008. Moreover, the required 100% recognition of Local Road Network from the Registry of Infrastructure to the books of accounts was not met at the end of 2019.

We recommended that management:

1. facilitate the completion of the road map to be maintained by the General Services Officer;
 2. instruct the GSO and Municipal Accountant to reconcile the local road inventory report and road map with the Accounting records;
 3. direct the Municipal Engineer to provide the Municipal Accountant of the complete description and cost segregation of the road networks; and
 4. require the Municipal Accountant to do alternative procedures in determining unrecorded Road Networks like reconciling the accounting records with the roadmap. For the amount to be transferred to the accounting records, the guidelines of COA Circular 2015-008 should be observed.
3. Unserviceable properties due for disposal or condemnation in the total amount of P5,211,854.54 were still carried in the books of accounts since the municipal government was not able to dispose these properties in accordance with Section 379 of Republic Act 7160, resulting in the overstatement of the Property, Plant and Equipment accounts by the same amount of P5,211,854.54.

We recommended that the OIC- General Services Officer dispose/condemn properties which are unserviceable and the corresponding cost or value be dropped from the books of accounts in order to reflect the correct value of Property, Plant and Equipment in the financial statements.

4. The collection of Real Property Taxes (RPT) for the year were not enforced resulting in the accumulation of delinquent Real Property Taxes (RPT) as at year end totaling P15,268,963.58, thus depriving the Municipality of additional revenue that could have been utilized for priority programs and projects.

We recommended that the Municipal Treasurer enforce the collection of the delinquent real property taxes and that all other officials concerned should adopt measures or policies and implement the remedies for the collection of the same.

F. Summary of Total Suspensions, Disallowances and Charges

For the year 2019, there were no audit suspensions, disallowances and charges issued to the municipality. The balance of unsettled audit suspensions and disallowances totaled to P1,350,080.36.

G. Status of Prior Years' Audit Recommendations

Status of Implementation	Quantity
Fully Implemented	10
Partially Implemented	6
Not Implemented	0