

## EXECUTIVE SUMMARY

### A. INTRODUCTION

Aguilar was founded as a Municipality on July 16, 1805 through a decree issued by Governor General Rafael Maria de Aguilar whom this town was named after. It has a land area of 19,507 hectares with sixteen (16) barangays. The Municipality of Aguilar is a third-class Municipality in the Province of Pangasinan headed by Honorable Roldan C. Sagles, DMD, who is serving his first term as Municipal Mayor. He is assisted by Honorable Vice-Mayor Jesus M. Zamuco, Jr. and eight (8) Sangguniang Bayan members.

### B. FINANCIAL HIGHLIGHTS

#### 1. Financial Position

The Municipality's total assets, liabilities, and government equity as of December 31, 2019 and December 31, 2018 are as follows:

Particulars	Period		Increase / (Decrease)	
	2019	2018	Amount (₱)	Percentage (%)
Assets	₱402,125,673.18	₱366,434,087.37	₱35,691,585.81	9.74%
Liabilities	53,707,564.38	40,997,133.58	12,710,430.80	31.00%
Equity	348,418,108.80	325,436,953.79	22,981,155.01	7.06%

#### 2. Financial Performance

The result of the agency's operations for the Calendar Years 2019 and 2018 are summarized below:

Particulars	Period		Increase (Decrease)	
	2019	2018	Amount (₱)	Percentage (%)
Revenue	₱ 148,027,986.46	₱137,072,654.62	₱10,955,331.84	7.99%
Expenses	191,403,768.56	119,765,354.58	71,638,413.98	59.81%
<b>Surplus (Deficit)</b>	<b>₱ (43,375,782.10)</b>	<b>₱17,307,300.04</b>	<b>₱ (60,683,082.14)</b>	<b>(350.62)%</b>

### C. OPERATIONAL HIGHLIGHTS

To promote social and economic development and delivery of basic services, the following are some of the significant accomplishments of the Municipality for CY 2019.

No.	Name of Project	Project Cost	Status
1.	Concrete Paving of Sitio Pantaleon FMR @ Brgy. Panacol	3,195,967.51	Completed
2.	Concrete Paving of Bagsakan Center @ Brgy. Poblacion	2,498,906.21	Completed
3.	Local Access Road Upgrading @ Brgy. Manlocboc	2,145,966.66	Completed
4.	Improvement of Municipal Hall Evacuation Center Doña Emma S. Ballesteros Building (FACADE)	1,498,738.91	Completed
5.	Installation of 40 Units Solar Road Lights	4,247,646.91	Completed
	<b>Total</b>	<b>13,587,226.20</b>	

#### **D. FAVORABLE OBSERVATIONS**

The Awards and Recognition received by the Municipality for CY 2019 are as follows:

- **Seal of Good Local Governance**  
*Department of Interior and Local Government*
- **Special Citation - Statistical Performance Reporting System (PESO Aguilar)**  
*Department of Labor and Employment*

#### **E. SCOPE OF AUDIT**

A financial and compliance audit including value for money audit was conducted on the accounts and operations of the Municipality of Aguilar. The audit consisted of review of operating procedures, inspection of the Municipality's programs and projects, interview of officials and employees, verification of accounts, and such other procedures considered necessary under the circumstances.

#### **F. OPINION ON THE INDEPENDENT AUDITOR'S REPORT ON THE FINANCIAL STATEMENTS**

A qualified opinion was rendered on the fairness of the presentation of the financial statements for reason that validity, accuracy and propriety of the Property, Plant and Equipment (PPE) account valued at ₱476,294,636.91 could not be ascertained due to the non-submission of the required Report on Physical Count of Property, Plant and Equipment (RCPPE) and property records were not completely maintained/updated.

#### **G. SIGNIFICANT OBSERVATIONS AND RECOMMENDATIONS**

The following are the significant observations and recommendations in the audit of the Municipality for calendar year 2019:

1. The validity, accuracy and propriety of the Property, Plant and Equipment (PPE) account valued at P476,294,636.91 could not be ascertained due to the non-submission of the required Report on Physical Count of Property, Plant and Equipment (RCPPE) and complete property records were not maintained/updated as required under Sections 119 and 124, Volume I of Manual on the New Government Accounting System (MNGAS).

We recommended that Management:

- a. Create an Inventory Committee to conduct physical inventory and render report thereon as required under Sections 119 and 124, Volume I of Manual on the NGAS for LGUs and to regularly monitor the progress of the inventory taking;
  - b. Require the Committee, the Municipal Treasurer and Municipal Accountant to reconcile all the inventory reports with the accounting records; and
  - c. Require the Municipal Treasurer and Municipal Accountant to maintain property cards and property, plant and equipment ledger cards, respectively, and update them periodically to aid in the conduct of physical count and facilitate the reconciliation of the inventory report with accounting records.
2. Absence of an inventory committee to conduct an actual physical count of Road Networks Account amounting to P177,854,561.63 resulted in the non-preparation of the Report on Physical Count of Local Road Network (RPCLRN) and Report on Local Road Network which was not in accordance with the provision of Section VI of COA Circular No. 2015-008 dated November 23, 2015; thus, casting doubts on the accuracy and validity of the recorded Road Networks account.

We recommended that the Local Chief Executive:

- a. Create an Inventory Committee to conduct the physical count of public infrastructures specially the local road networks;
  - b. Inform the Municipal Treasurer to periodically render Report on Local Road Networks, and furnish copies to the concerned offices. Also, the Municipal Engineer should provide the Municipal Accountant and the Municipal Treasurer with the complete description and cost segregation of road components for road projects; and
  - c. Ensure coordination among LGU Offices to properly implement the accounting and reporting guidelines on the Local Road Asset Management System.
3. The Municipality did not transfer the unexpended/unobligated balances of Quick Respond Fund (QRF) and Mitigation Fund – MOOE amounting to P2,587,335.45 and P1,512,895.05, respectively, to the Special Trust Fund at year-end as required under Section 5.1.10 of COA Circular No. 2012-002 dated September 12, 2012 and Section 6.4 of NDRRMC-DBM-DILG Joint Memorandum Circular No. 2013-01 dated March

25, 2013 which may expose the unutilized funds for other purposes not related to disaster risk reduction and activities.

We recommended that Management immediately transfer all the unexpended/unobligated balances of 2019 QRF and Mitigation Fund – MOOE to the Trust Fund books for easy monitoring of the utilization of the LDRRMF and to ensure availability of the fund to support disaster risk and reduction and management activities.

4. The Trading Post (Bagsakan Center) of the Municipality with a contract cost of ₱3,480,000.00 remained unutilized for four (4) years after its completion; thus, resulting in deterioration of the said asset without realizing income therefrom and wastage of government funds.

We recommended that Management should utilize the Trading Post as center for business of agriculture produce/goods in order to assist farmers in the marketing of their products and that the objective in constructing the same can be efficiently and effectively attained.

The other audit observations are discussed fully in Part II – Audit Observations and Recommendations portion of the Report.

## **H. SUMMARY OF TOTAL SUSPENSIONS, DISALLOWANCES AND CHARGES**

The Statement of Audit Suspensions, Disallowances, and Charges (SASDC) of the Municipality as of December 31, 2019 is shown below.

	Balance		This Period			Balance		
	As of Dec. 31, 2018		Issuances	Settlements	As of Dec. 31, 2019			
Notice of Suspensions	₱	0.00	₱	0.00	₱	0.00	₱	0.00
Notice of Disallowance		0.00		0.00		0.00		0.00
Notice of Charges		0.00		0.00		0.00		0.00
<b>TOTAL</b>	<b>₱</b>	<b>0.00</b>	<b>₱</b>	<b>0.00</b>	<b>₱</b>	<b>0.00</b>	<b>₱</b>	<b>0.00</b>

## **I. STATUS OF IMPLEMENTATION OF PRIOR YEAR'S AUDIT RECOMMENDATIONS**

Out of ten (10) recommendations contained in the Annual Audit Report for the year 2018, three (3) were fully implemented, four (4) were partially implemented, and three (3) were not implemented. Unimplemented and partially implemented audit recommendations which have significant effect on the financial statements were reiterated in this Report.