

EXECUTIVE SUMMARY

A. Introduction

The town of General Tinio was formerly a barrio of Peñaranda, Nueva Ecija. It was created as town on January 21, 1921 and renamed as General Tinio in honor of General Manuel Tinio under Republic Act No. 1665 on June 20, 1957. It is headed by Mayor Isidro T. Pajarillaga who is assisted by Vice-Mayor Melvin S. Pascual, the Sangguniang Pambayan, and the Municipal Department Heads. The Municipality has a total manpower complement of 575.

B. Financial Highlights

The comparative analysis of the assets, liabilities and government equity of the Municipality for CYs 2019 and 2018 is shown below:

Account	2019	2018	Increase(Decrease)
Financial Condition			
Assets	₱323,278,369.50	₱236,028,948.49	₱ 87,249,421.01
Liabilities	168,752,197.05	89,044,943.77	79,707,253.28
Equity	154,526,172.45	146,984,004.72	7,542,167.73
Results of Operations			
Income	₱223,434,811.72	₱202,793,121.46	₱ 20,641,690.26
Expenses	212,948,990.94	177,893,075.32	35,055,915.62
Surplus (Deficit) for the Period	₱ 10,485,820.78	₱24,900,046.14	₱ (14,414,225.36)

C. Scope of Audit

A financial and compliance audit was conducted on the transactions and operations of the Municipality of General Tinio, Nueva Ecija covering the period January 1 to December 31, 2019, particularly on the audit focused/thrust contained in the Memorandum dated July 3, 2019 of the Assistant Commissioner for Local Government Sector (LGS). The significant observations noted in the audit are discussed in Part II of the report. It was conducted to (a) ascertain the level of assurance that may be placed on the management's assertions on the financial statements; (b) recommend agency improvement opportunities; and (c) determine the extent of implementation of prior year's unimplemented audit recommendations.

D. Independent Auditor's Report

The Auditor rendered a qualified opinion on the fairness of presentation of the financial statements of the municipality for the year ended December 31, 2019 because (a) the correctness and existence of Property, Plant and Equipment (PPE) accounts with a reported net book balance of ₱162,165,367.11, which represents 50% of the total assets

of the agency as of December 31, 2019 remained unreliable due to the absence of vital supporting documents of the Accounting and the Property Office, thus the non-reconciliation of records between the two Offices; and (b) the reliability of the accumulated balance of receivables for Real Property Tax (RPT) and Special Education Tax (SET) totalling ₱127,673,942.24 as of December 31, 2019 could not be ascertained due to incorrect basis in recording of receivable at every beginning of the year.

For the exceptions cited above:

We reiterated the recommendations that the Local Chief Executive (a) assign a permanent employee that could focus on the proper recording, issuance, updating and maintenance of Property Cards and records of PPE Accounts; require the reconciliation between the results of the actual physical inventory report with the accounting record in accordance with Sections 119 and 120, Chapter 7, Vol. I, NGAS; and instruct the Municipal Accountant to maintain the PPELC and follow the guidelines in computing the depreciation expense; and (b) instruct the Municipal Treasurer to introduce collection strategy that would significantly help increase the tax collection of the municipality; the Accountant comply with the provision of Section 20 of the New Government Accounting (NGAS) Manual; and use the Certified List of Taxpayers and amount due prepared by the Office of the Municipal Treasurer as the basis in recording the RPT/SET tax receivables at the beginning of the year.

E. Summary of Other Significant Observations and Recommendations

The other significant observations and recommendations contained in the report are summarized below:

1. The lenient implementation of market rules and regulations and the provisions of lease contract/agreement with the stall occupants resulted in the inefficient collection of market rights and the accumulation of uncollected market fees amounting to ₱7,186,325.00 and ₱708,351.00, respectively from stall occupants as of December 31, 2019. The observed condition had deprived the municipal government of additional resources which could have been utilized for the implementation of other priority projects and/or improvement of facilities. (*Observation No. 3*)

We recommended that the Local Chief Executive direct the Office of the Municipal Treasurer and the Office of the Market Supervisor to (a) issue follow up demand letters to stall occupants for the settlement of their delinquent accounts; (b) initiate legal action, if warranted, to collect the long overdue arrearages; and (c) strictly enforce the applicable provisions of the contract/agreement particularly the obligation of the stall occupants in order to prevent the recurrence of similar lapses in the future.

2. Municipality of General Tinio paid ₱9,191,979.17 for various expenses without complete supporting documents contrary to Section 4, paragraph 6 of P.D. 1445 and COA Circular 2012-001 dated June 14, 2012, thus affecting the validity, completeness and correctness of said disbursements. (*Observation No. 4*)

We recommended that the Municipal Mayor require the Municipal Accountant to (a) submit the lacking documents to facilitate the determination of the validity, completeness and correctness of the expenses pursuant to COA Circular 2012-001 dated June 14, 2012; and (b) ensure completeness of supporting documents before signing the certification (Box A) in the disbursement voucher.

3. The unexpended/unobligated balance of ₱6,306,593.98 of the Local Disaster Risk Reduction Management Fund (LDRRMF) was not transferred to the Special Trust Fund under the account “Trust Liability-DRRM” (438) in the Trust Fund books contrary to COA Circular No. 2012-012 dated September 12, 2012, thus government equity in the General Fund is overstated while liability account in the Trust Fund books is understated by the same amount. (*Observation No. 5*)

We recommended that the Municipal Accountant comply with the provisions of COA Circular No. 2012-002 on the proper accounting and recording of the unexpended/unobligated balance of the 5% LDRRMF.

4. Delayed completion of two construction projects under 20% Development Fund deprived the intended beneficiaries of the benefits which could have been enjoyed by the constituents had the projects been completed as scheduled. (*Observation No. 6*)

We recommended that Management carefully plan before pursuing infrastructure projects and monitor closely its implementation to ensure its completion on time. Collect liquidated damages from the uncompleted portion of the project from the contractor if warranted.

F. Summary of Total Suspensions, Disallowances and Charges as of December 31, 2019

In accordance with COA Memorandum No. 2009-084 dated November 16, 2009 the Statement of Audit Suspensions, Disallowances and Charges (SASDC) issued to the Municipality revealed a balance of P6,900,274.25 for Notice of Suspension as of December 31, 2019.

G. Status of Implementation of Prior Year’s Recommendation

Evaluation of actions taken by management regarding the audit recommendations contained in the 2019 Annual Audit Report revealed that out of the 21 recommendations, three were fully implemented, 12 were partially implemented and the remaining six were not implemented thus, some of which were reiterated in Part II of this report.