

EXECUTIVE SUMMARY

A. AGENCY BACKGROUND

History shows that the town of Pamplona, Camarines Sur was created in the year 1817, first as a settlement in the Western Bank of the Bicol River, and then grew to become a sitio called "Patong". It had its name changed to "Pamplona" by a retired Spanish military officer who made his residence in this place and named it in honor of his native city of Spain, Pamplona, Capital of Basque, Province of Navarra. However, with the coming of the Manila - Bicol railroad that traversed the municipality in the early 1900's, the town proper site was moved from the original riverside location to the present Poblacion where the population was most concentrated and the living conditions were much better due to the economic benefits primarily brought by the construction of the aforesaid railroad.

The Municipality of Pamplona is a fourth (4th) class municipality with a total land area of 8,052 hectares and composed of 17 barangays. Consistent with RA 7160, otherwise known as the "Local Government Code of 1991", the municipality, like other local government units pursuant to RA 7160, otherwise known as the Local Government Code of 1991, enjoys the genuine local autonomy to enable them to attain their fullest development as self-reliant communities and make them more effective partners in the attainment of national goals. It exercises total independence in managing, deciding and planning its own administrative, fiscal and social growth and economic development, in line with the thrust of the National Government.

The agency vision is to be an agriculture-based industrial municipality and alternative tourist destination where a progressive and globally competitive economy thrives in a safe and well- designed infrastructure system under a protected, clean and healthy environment and whose God-loving dynamic and environmental-friendly populace enjoys transparent and participatory governance.

B. MAJOR ACCOMPLISHMENTS

For the year under review, the municipal administration lined up significant programs and projects to accelerate its economic development and improve the quality of life of the people. Post-audit of financial transactions was made on a test basis; however, time constraint deterred validation and verification as to conformance to specifications and as to the existence of some of the projects.

The following are the significant programs and projects undertaken by the municipal government for calendar year 2014:

Programs/Projects/Activity	Cost	% of Completion
Construction of Bridge Approaches, San Gabriel, Pamplona, Camarines Sur	P1,489,266.66	100%
Construction of Lot-Boundary Structure (Phase 2)	1,334,249.88	100%
Construction of Multi-Purpose Hall	1,213,963.00	100%
Installation and Materials of Street Lighting System	1,702,782.00	100%
Construction of Solar Dryer: Burabod, Pamplona, Camarines Sur	494,361.51	100%
Rehabilitation of Multi-Purpose Hall	784,498.17	100%
Vegetable Production/Certified Palay Seed	536,948.08	100%

C. FINANCIAL HIGHLIGHTS

I – Comparative Financial Position

Particulars	CY 2014	CY 2013	Increase (Decrease)	
			Amount	%
Assets	P105,102,876.07	P91,863,994.80	P13,238,881.27	14.41%
Liabilities	19,539,494.97	17,379,240.93	2,160,254.04	12.43%
Government Equity	71,625,202.14	60,546,574.91	11,078,627.23	18.29%

II – Comparative Sources and Application of Funds

Particulars	CY 2014	CY 2013	Increase (Decrease)	
			Amount	%
Internal Revenue Allotment	P64,212,108.00	P56,713,366.00	P7,498,742.00	13.22%
Local Taxes	2,039,101.17	1,237,735.26	801,365.91	64.74%
Permits and Licenses	557,229.72	430,994.29	126,235.43	29.28%
Service Income	501,531.79	395,943.61	105,588.18	26.67%
Business Income	938,692.00	646,924.53	291,767.47	45.10%
Other Income	187,858.56	185,046.13	2,812.43	1.51%
Total Income	P68,436,521.24	P59,610,009.82	P8,826,511.42	14.80%

			Increase (Decrease)	
Personal Services	29,838,896.61	30,883,574.90	(1,044,678.29)	(3.38%)
Maintenance and Other Operating Expenses	23,491,649.92	18,978,919.52	4,512,730.40	23.78%
Total Expenses	P53,330,546.53	P49,862,494.42	P3,468,052.11	6.95%
Operating Income	P15,105,974.71	P9,747,515.40	P5,358,459.34	54.97%
Financial Expenses	23,970.73	24,325.97	(355.24)	(1.46%)
Subsidies and Donations (net)	2,923,852.50	4,064,627.50	(2,517,385.00)	(61.93%)
Net Income	P12,158,151.48	P5,658,561.93	P6,499,589.55	114.86%

D. SCOPE OF AUDIT

A financial and compliance audit was conducted on the operations of the Municipality of Pamplona, Camarines Sur for Calendar Year ended December 31, 2014. The audit consisted of the review of the Municipality's operating procedures, interview with concerned officials and employees, verification/analysis of all accounts (except for the unsubmitted disbursement vouchers covered by an Audit Observation Memorandum), computations, comparison of current with prior year's data and other procedures considered necessary under the circumstances.

E. AUDITOR'S OPINION ON THE FINANCIAL STATEMENTS

The Auditor rendered a qualified opinion on the fairness of presentation of the financial statements for the year 2014 in view of the doubtful validity of the Property, Plant and Equipment account of P29,673,766.33 due to the failure of the agency to conduct a complete physical count and subsequently submit an inventory report. The inadequacy of its records did not permit us to apply adequate alternative procedures to determine the fairness of presentation of these accounts.

F. SIGNIFICANT FINDINGS AND RECOMMENDATIONS

For the exception cited above, the Auditor recommended the submission of complete physical inventory report to the Auditor. In addition, the following are the other significant findings and the corresponding recommendations.

1. The Cash-in-Vault account (101) was understated by P144,294.30 due to the laxity of the Municipal Treasurer to require the Revenue Collectors to remit their collections intact and daily, more particularly at year end, before the closing of the books.

For the deficiencies noted, we recommended the following:

The Municipal Treasurer, should install sound internal control in the collection and remittance of government funds in accordance with his powers and duties as provided under Section 470 (d)(2) of the Local Government Code of 1991;

The Municipal Treasurer sees to it that all collections are reported/accounted on the actual dates they transpired and those taxes, fees and charges collected for the fiscal year should be duly accounted and reported during the fiscal year.

The Liquidating Officer should strictly monitor the remittance of every Revenue Collector by signing the last Accountable Form included in the remittance. All Official Receipt issued to the Collecting Officer must be presented to the Liquidating Officer for verification to deter delayed remittance and other forms of fraudulent acts of collection officers.

The personnel in-charge of releasing the accountable forms should require the presentation of the used stub of official receipt and the approval of the Municipal Treasurer/Liquidating Officer before releasing additional accountable forms.

File appropriate disciplinary actions against erring collectors as maybe warranted under the law.

2. The Cash-in-Vault and Cash-in-Bank-LCCA balances per treasury books and accounting records differed by P10,593.53 and P12,091,399.01, respectively, because the Accounting and Treasury Office failed to regularly reconcile their books.

We recommended that the Municipal Accountant and Treasury conduct a regular reconciliation of both the accounting and treasury records of the Cash-in-Vault and Cash-in-Bank accounts and adjust promptly any error or discrepancy noted therein.

3. Petty Cash Fund (PCF) under the General Fund and Trust Fund amounting to P20,197.25 was not liquidated at the end of the year.

We recommended the immediate refund of the unused Petty Cash Fund by the Municipal Treasurer and submit to the Municipal Accountant copy of the Official Receipt acknowledging return/refund of the amount for proper accounting. Likewise, present copy of the Official Receipt to the Office of the Auditor for validation and verification purposes.

4. Stale Checks amounting to P179,146.34 remained unadjusted for so long a time because the Municipal Treasurer failed to submit to the Accounting Office list of cancelled checks that were treated as outstanding checks.

We recommended that the Municipal Accountant coordinate closely with the Municipal Treasurer to determine whether the checks which became stale are still unclaimed or had been received by the concerned payees. If unclaimed but whose original disbursement voucher (DV) and the supporting documents are still with the Treasurer, the stale check shall be marked "Cancelled". The original DV and supporting documents shall be returned to the Accountant who shall prepare a Journal Entry Voucher (JEV) to record the transaction as Accounts Payable.

We also recommended that management comply with the specific provisions of the Manual on the New Government Accounting System (NGAS) in taking up the stale checks.

5. Cash advances amounting to P 629,107.03 were not liquidated as of December 31, 2014 for failure of the Management to strictly enforced its immediate liquidation.

We recommended to the Honorable Mayor to require the Municipal Accountant to desist from granting additional cash advance if previous cash advance has not been fully liquidated. Closely monitor cash advances by sending demand letters to the concerned Municipal Officials and employees to settle their outstanding cash advances.

We also recommended the withholding of their salaries and other claims against the Municipal Government pursuant to paragraph 5.1.3 of COA Circular 97-002 dated February 10, 1997.

6. Real Property Tax Receivables and Special Education Tax Receivables with year-end balances of P7,221,770.30 and P7,221,770.30, respectively were unreliable due to repetitive failure of the Municipal Treasurer to furnish the Municipal Accountant with the Certified List of Taxpayers.

We recommended that the Honorable Municipal Mayor requires the following officials;

1. *The Municipal Assessor to furnish the Municipal Treasurer with the valuation of property of each taxpayer;*
2. *The Municipal Treasurer to update the Real Property Tax Account Registry/Taxpayer's Index Card for easy determination of amount due and collectible and furnish the Municipal Accountant of the Certified List of Taxpayer's and;*

3. *The Municipal Accountant to set up the receivables based on the List of Taxpayer with the total amount due and collectible and effects the necessary adjustments on affected accounts.*

STATUS OF IMPLEMENTATION OF PRIOR YEAR'S AUDIT RECOMMENDATION

A review of management's actions on our previous year's audit recommendations disclosed that out of the six (6) audit recommendations, one (1) was implemented, three (3) was partially implemented and two (2) was not implemented.