

EXECUTIVE SUMMARY

INTRODUCTION

In 1961, the Municipality of Wao became separate and independent from its mother municipality on account of its ability to generate income. It was originally a component of the territorial jurisdiction of the Municipality of Lumba Bayabao, Lanao del Sur. Proclamation No. 58 dated June 29, 1950 issued by Elpidio Quirino establishes, "Wao Settlement Project". Which eventually open to the public for settlement on January 19, 1954 by President Ramon Magsaysay. It is located in the in the northern part of Mindanao between the lands of the provinces of Bukidnon, Cotabato and Lanao del Sur, predominantly inhabited by Muslims belonging to Maranao tribe.

The Municipality of Wao, Lanao del Sur is a 2nd class municipality consist of 26 barangays under the leadership of Hon. Elvino B. Balicao, Jr. who is re-elected as Municipal Mayor of the municipality

HIGHLIGHTS OF FINANCIAL OPERATIONS

The Municipality of Wao, Lanao del Sur, has an annual projected income of Php 109,439,977.79 for calendar year 2013 which composed of the following, with comparative figures for 2012:

<u>Sources of Income</u>	<u>CY2013</u>	<u>CY2012</u>	<u>Increase/Decrease</u>
Local Taxes	3,809,495.42	3,914,948.08	(105,452.66)
Internal Revenue Allotment	94,618,481.00	87,108,454.00	7,510,027.00
Permit and Licenses	829,911.07	290,004.49	539,906.58
Service Income	177,677.42	625,250.22	(447,572.80)
Business Income	6,582,895.88	5,394,659.78	1,188,236.10
Other Income	3,421,517.00	2,551,628.54	869,888.46
Total	109,439,977.79	P 99,884,945.11	9,555,032.68

SCOPE OF AUDIT

A financial, compliance and value for money audit have been conducted in the financial accounts and operations of the Municipality of Wao, Lanao del Sur, for the period January 1, to December 31, 2013. This includes audit of financial systems and transactions including an evaluation of compliance with applicable laws and regulations. Substantive tests were conducted to ensure adequate documentation of audit findings and to evaluate whether or not the financial statements of the Municipality are in accordance with the Generally Accepted Accounting Principles and Standards (GAAP). An exit conference for the review of managerial efficiency was also undertaken with the end in vies of eliminating waste and promoting efficient use of public funds and resources and the ascertainment of the agency's effectiveness by determining whether desired results have been achieved and programs have accomplished their purposes and objectives.

AUDITOR'S OPINION ON THE FINANCIAL STATEMENTS

The Audit Leader renders a qualified opinion on the financial statements due to the effect of the following audit findings.

SUMMARY OF AUDIT FINDINGS AND RECOMMENDATIONS

1. The municipality complied with the mandatory regular deduction of municipal officials and employees to Government Service Insurance System (GSIS) and were remitted promptly and regularly, except for the prior year deduction.

We recommend that management shall continue faithfully comply with its mandatory deductions/obligations as prescribed under the GSIS Republic Act No. 8291.

2. The management had effected settlement of all suspensions issued upon the effectivity of the COA rules and regulations on the settlement of accounts for the quarter ending December 31, 2013

The Municipal Accountant is advised to continue abide the rules and regulations set by the Commission on Audit to see to it that each processed disbursement/payroll is complete with supporting documents.

3. The quantity and the different kinds of accountable forms in the possession of the accountable officers could not be ascertained due to the failure of the treasurer's to prepare and submit the Consolidated Report of Accountability for Accountable Forms (CRAAF) in violation of the provisions of COA Circular 2002-003 and also issued of the said forms is not in chronological order.

Require the Treasurer to prepare and submit the Consolidated Report of Accountability for Accountable Forms (CRAAF) as required by the above-cited provisions of the COA Circular 2002-003 dated June 20, 2002 and to see to it that issuance of accountable forms must be in chronological order.

4. Failure of the management to complete the physical inventory of all fixed assets listed in the financial statement except for the purchased of the said assets on the current year amounting to P583,116.69, thus, proper valuation of such assets are not ascertained.

Require the Chief of the Office of the General Services, Property Custodian or the created a Inventory Committee to conduct complete physical inventory at the end of the year in adherence to the herein mentioned of COA rules and regulations.

STATUS OF IMPLEMENTATION OF PRIOR YEAR'S AUDIT RECOMMENDATIONS

Out of four (4) audit recommendations in prior year's annual audit report, two (2) was fully implemented, and two (2) was partially implemented.