

EXECUTIVE SUMMARY

INTRODUCTION

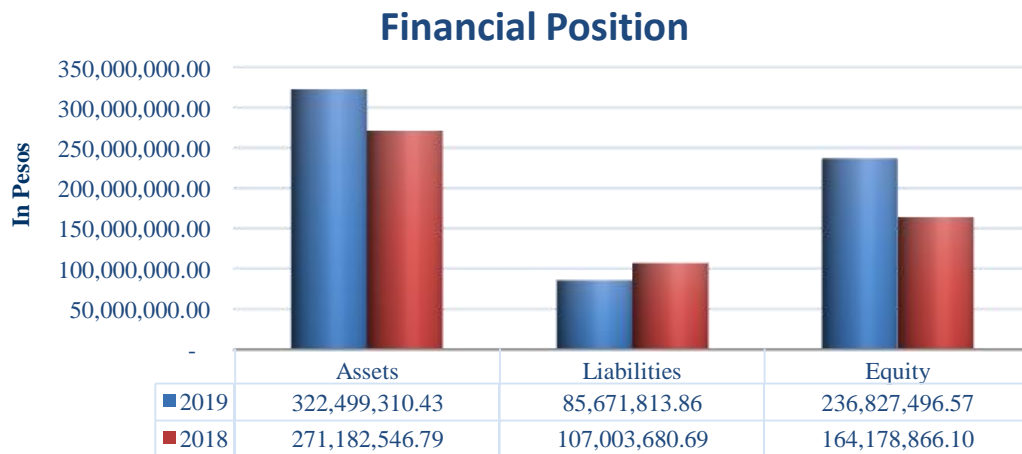
The Municipality of Pamplona was formerly among the sitios of the City of Tanjay. However, on June 16, 1950, it became a town in the Province of Negros Oriental by the enactment of Republic Act (RA) No. 535. Pamplona has 16 Barangays and currently classified as a 3rd class Municipality. It is located 38 kilometers north-west of Dumaguete City and 7.5 kilometers west of the City of Tanjay. According to the 2015 census, it had a population of 37,596 people.

As of December 31, 2019, it had a personnel complement of 470 as shown below:

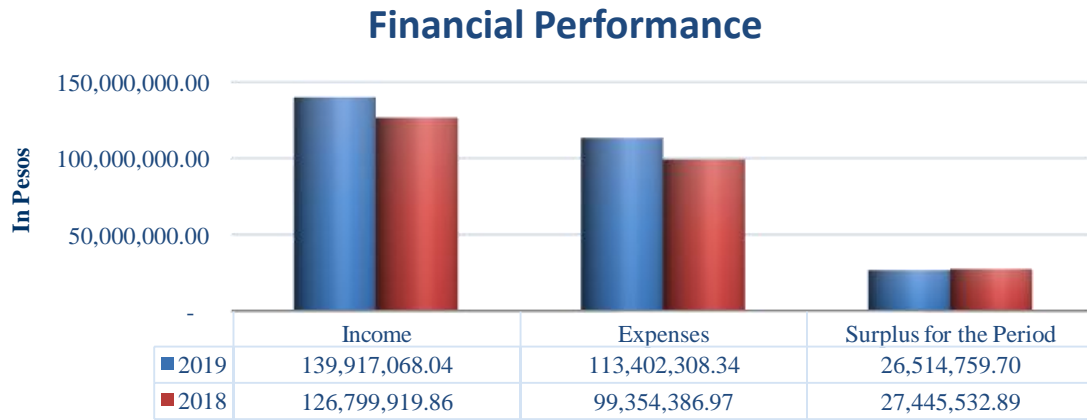
<i>Nature of Appointment to Office</i>	<i>Quantity</i>
Elective Officials	12
Permanent Positions	68
Casuals/Contractuals	82
Job Orders	308
Total	470

FINANCIAL HIGHLIGHTS

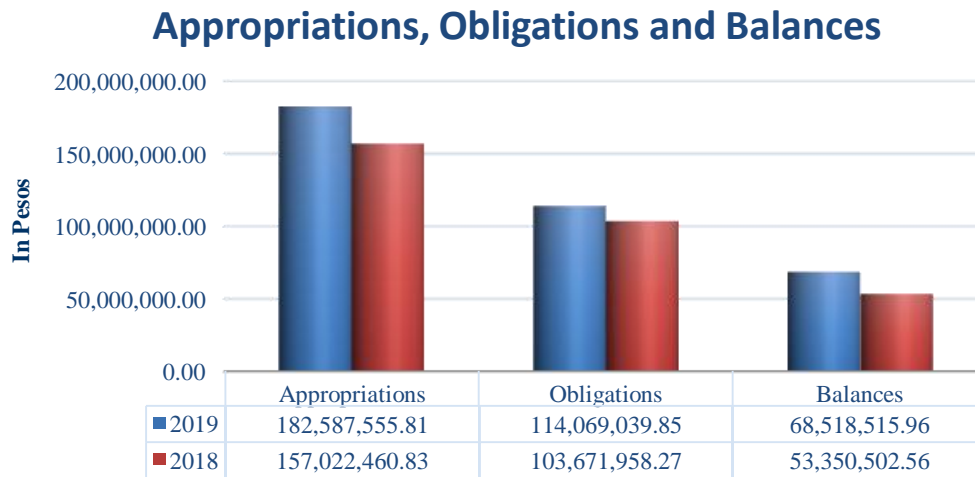
Comparative analysis of the Statement of Financial Position as graphically illustrated below showed an increase in assets and equity and a decrease in liabilities:



On the other hand, the Statement of Financial Performance reflects an increase in income and expenses as shown in the table below:



The following graph illustrates an increase in appropriations and obligations during the year.



SCOPE OF AUDIT

The audit covered the operations of the Municipality of Pamplona for the calendar year 2019. The objectives of the audit were to ascertain the fairness of the presentation and reliability of the Municipality's financial position and results of operations, and to determine whether the programs, projects and activities for the year were attained in an efficient, economical and effective manner. We also conducted compliance audit to check the validity and propriety of the transactions and adherence to pertinent laws, rules and regulations.

In compliance with the unnumbered Memorandum dated July 3, 2019 of the Assistant Commissioner, Local Government Sector, COA, Quezon City, the following are the significant thrust areas that were looked into by the Audit Team:

1. Validation as to the existence of Cash-Local Treasury account
2. Determination whether revenues are correctly collected, accounted for and properly recorded in the books
3. Local Disaster Risk Reduction and Management Fund (LDRRMF)
4. 20% Development Fund

Based on the Audit Team's assessment on Agency's account, the following were likewise covered in audit:

1. Internal control in the area of cash management;
2. Payment of hazard allowance and monetization of leave credits; and
3. Compliance with Section 93 of the General Provisions of Republic Act (RA) No. 10964

AUDITOR'S OPINION ON THE FINANCIAL STATEMENTS

A qualified opinion was rendered on the fairness of the presentation of the financial statements of the Municipality for the year 2019 because the collections amounting to ₱273,634.92 remained unremitted at the end of the year, thereby, understating both the cash and revenue accounts of the Municipality by the same amount. Also, as discussed in Part III, the inventory of Breeding Stocks and the prevailing market price for each item as of reporting date was still not fully submitted by the Local Agriculturist to the Municipal Accountant, hence, the existence and condition of the Biological Assets with an acquisition cost of ₱2,196,314.50 could not be ascertained. Moreover, Inter-agency and Other Receivables account balances amounting to ₱535,626.83 had been dormant for over ten years, yet, no allowance for impairment of receivables was recognized. Lastly, the balance of movable Property, Plant and Equipment (PPE) totaling ₱22,033,239.93 as at December 31, 2019 could not be relied upon because the Inventory Committee did not complete the physical count.

SIGNIFICANT OBSERVATIONS AND RECOMMENDATIONS

The following is the summary of significant observations and recommendations in the audit and/or evaluation of the operations of the Municipality of Pamplona for the year 2019:

- 1. Due to lack of proper monitoring and control of accountable forms, some collectors did not remit their collections intact daily to the Liquidating Officer (LO)/Municipal Treasurer (MT), hence, collections amounting to ₱273,634.92 remained unremitted at the end of the year, thereby, understating both the cash and revenue accounts of the Municipality by the same amount.**

We recommended that the MT require the collectors to remit immediately their collections totaling ₱273,634.92 and to, henceforth, prepare the RCD and remit all collections daily to the designated LO. We also recommended that she require the LO to verify the RCD by checking the issued ORs as to serial numbers, dates, and total collections remitted as well as count and check the AFs in the custody of the collectors against the balances on hand in the report.

We further recommended that the collectors prepare and submit the RAAFs monthly to enable the MT to monitor and account for the ORs issued and the balances to serve as bases in the reconciliation and issuance of the next series.

- 2. The Municipal Treasurer neither deposit her collections intact daily nor on the next banking day, resulting in accumulated undeposited collections of ₱438,792.34 for the period December 11, 2018 to December 31, 2019, thereby, exposing government funds to misuse or misappropriation.**

We recommended that the former Acting Municipal Treasurer deposit her collections in CY 2019 amounting to ₱410,429.43 immediately. Henceforth, the incumbent Acting Municipal Treasurer is required to deposit his collections within the prescribed period in accordance with Section 69(1) of P.D. No. 1445 and Section 32 of the NGAS Manual, Volume I.

- 3. The permanent record book for cash tickets was still not properly maintained by the Municipal Treasurer resulting in unremitted collections amounting to ₱15,987.00, thereby, exposing government funds to risk of loss or misappropriation.**

We recommended that the Acting Municipal Treasurer require the collectors to whom the cash tickets were issued to remit the amount of ₱15,987.00. We also reiterated our previous audit recommendation that he strictly monitor and control the purchases and issuances of cash tickets to duly designated revenue collectors by properly maintaining a permanent record book following the column headings required under Section 59 (L) of the Local Treasury Manual.

- 6. The Municipality paid its 17 Public Health Workers (PHWs) hazard pay at fixed rates per month in CY 2019 totaling ₱476,0747.25 without the required proof of actual exposure to hazards and hardships, hence, the validity and propriety of the payment could not be determined.**

We recommended that the Municipal Accountant require all the PHWs to submit proof of actual exposure to specific health hazards and occupational risks, and documents required under Section 5.8 of COA Circular No. 2012-001 dated June 14, 2012 to support their hazard pay.

7. **The 17 PHWs were paid hazard duty pay based on rates not in accordance with Section 3.3. of Department of Budget and Management (DBM) and Department of Health (DOH) Joint Circular No. 1, series of 2016 dated July 15, 2016, depriving them of the actual amount of hazard pay due them to help improve their economic well-being.**

We recommended that, henceforth, Management adhere strictly with the rates of hazard pay per month, dependent on the actual days of exposure to risks or danger, as prescribed under Section 3.3 of DBM-DOH Joint Circular No. 1 series of 2016 dated July 15, 2016, to ensure that health workers are justly and equitably compensated.

8. **Payments for monetization of leave credits were not in accordance with Sections 22 and 23 of Rule XVI of the Omnibus Rules Implementing Book V of Executive Order (E.O.) No. 292 and COA Circular No. 2012-001 dated June 14, 2012, thus, resulting in irregular expenditures.**

We recommended and Management agreed to comply with the required five days remaining leave credits after monetization in accordance with Section 22 of Rule XVI of the Omnibus Rules Implementing Book V of E.O. No. 292 dated July, 2010. Further, we recommended that Management require the personnel listed in Annex 10 who availed of monetization of 50% or more of their accumulated leave credits to submit proof that the proceeds thereof were used for any of the reasons cited in the Omnibus Rule. Henceforth, we recommended that the Municipal Accountant ensure that monetization of leave credits are properly supported with valid documents in compliance with Section 23 of the Omnibus Rules on Leave and COA Circular No. 2012-001 dated June 14, 2012 before processing the payment.

We further recommended that VL credits should be exhausted first before SL credits are used in accordance with CSC Resolution No. 00-0034 dated January 5, 2000 and that monetization of leave credits shall be availed of only once a year pursuant to CSC and DBM Joint Circular No. 25-97 dated June 27, 1997.

SETTLEMENT OF ACCOUNTS

As of the end of CY 2019, disallowances amounted to ₱1,778,200.00, while there were no unsettled suspensions and charges.

STATUS OF IMPLEMENTATION OF PRIOR YEAR'S RECOMMENDATIONS

Of the 31 audit recommendations contained in the CY 2018 and prior years' Annual Audit Reports two were fully implemented, nine were partially implemented and 20 were not implemented at all.