

EXECUTIVE SUMMARY

A. INTRODUCTION

Alaminos City Government Profile

The City Government of Alaminos, Pangasinan is under the administration of City Mayor, Honorable Arthur F. Celeste. It legally attained its status as a component city by virtue of Republic Act No. 9055 which was approved on March 5, 2001. It has a land area of more or less 16,623.39 hectares with 39 barangays. It is where the “*One Hundred Islands*” is located. Today, Alaminos City is considered as the center of trade and commerce in Western Pangasinan.

Audit Scope and Methodology

The audit covered the accounts and operations of the Alaminos City Government for the Calendar Year ended December 31, 2018.

The objectives of the audit were to determine the reliability of the City Government’s accounts and to express and opinion on the fairness of presentation of the financial statements as well as to determine whether or not the City’s transactions were made in accordance with existing government laws, rules and regulations.

The audit was conducted in accordance with laws, COA standards, and applicable Philippine Public Sector Accounting Standards (PPSSAs). It involves performing procedures to obtain audit evidence supporting the amounts and disclosures in the financial statements. It also includes evaluating the appropriateness of the accounting principles used and reasonableness of accounting estimates made by Management, as well as evaluating the overall financial statements presentation.

B. FINANCIAL HIGHLIGHTS

As of December 31, 2018, the Alaminos City Government had the following assets, liabilities, equity, income and expenses, with comparative figures for CY 2017:

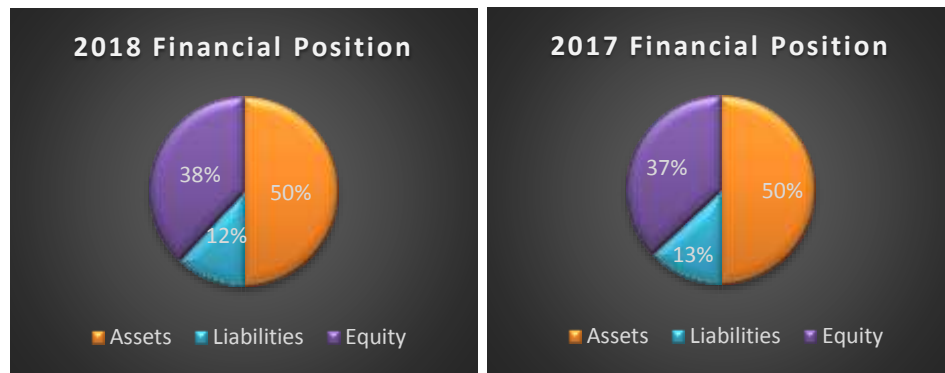
Comparative Status of Financial Position

Particulars	CY 2018	CY 2017	Increase/(Decrease)
Assets	1,656,575,306.99	1,574,893,814.84	81,681,492.15
Liabilities	396,912,026.07	410,001,904.84	(13,089,878.77)
Equity	1,259,663,280.92	1,164,891,910.00	94,771,370.92

Comparative Status of Financial Performance

Particulars	CY 2018	CY 2017	Increase (Decrease)
Revenue	622,933,708.20	563,411,004.50	59,522,703.70
Expenses	529,754,599.59	460,089,353.69	69,665,245.90
Surplus from CO	93,179,108.61	103,321,650.81	(10,142,542.20)
Add(Deduct):			
Transfers, Assistance and Subsidy from	11,244,687.54	1,759,049.85	9,485,637.69
Transfers, Assistance and Subsidy to	(43,620,831.17)	(35,474,750.81)	8,146,080.36
Surplus for the Period	60,802,964.98	69,605,949.85	(8,802,984.87)

A comparative presentation for the current and previous year's total assets, liabilities and equity is presented below:



For CY 2018, the City Government had appropriations of ₱948,459,367.73 of which ₱630,272,231.36 were obligated during the year, leaving an unobligated balance of ₱209,333,958.01 at end of the year. Below are the comparative figures for the current and previous years:

Appropriations	CY 2018	CY 2017	Increase (Decrease)
Current Appropriation	868,372,311.25	588,364,435.24	280,007,876.01
Continuing Appro.	80,087,056.48	72,068,626.53	8,018,429.95
Sub-Total	948,459,367.73	660,433,061.77	288,026,305.96
Obligations	630,272,231.36	551,579,883.41	78,692,347.95
Unobligated Balance	318,187,136.37	108,853,178.36	209,333,958.01

OPERATIONAL HIGHLIGHTS

Among of the significant accomplishments during the year which were validated by the COA Audit Team are as follows:

Infrastructure Projects	Project Cost/s	Status
Development Projects at Lucap Wharf		
Construction of Tourism Building (Phase II)	8,260,533.89	Completed
Completion of the Tourism Building at Lucap Wharf	3,658,170.00	Completed
Construction of 7 units souvenir shops at Lucap Wharf	8,172,409.21	Completed
Construction/Rehabilitation of Multi-Purpose Building/Shed		
Construction of Waiting Sheds at Brgys. Magsaysay, Poblacion and Lucap	1,629,834.75	Completed
Construction of Multi-Purpose Building at Ildefonso Community High School	2,889,304.50	Completed
Construction of Multi-Purpose Building at Brgy. Quibuar Elem School	1,098,950.00	Completed
Construction of Multi-Purpose Building at San Jose Elem School	1,099,688.19	Completed
Construction of Stage at Brgy. Landoc	1,060,000.00	Completed
Construction of Stage with CR at New Plaza at Barangay Tangcarang	978,500.00	Completed
Construction/Rehabilitation of Office Buildings and Gymnasium		
Construction of Office of the Senior Citizens Building at Brgy. Poblacion	3,263,785.41	Completed
Renovation of CDRRMC Main Building	657,083.44	Completed
Improvement of Alaminos City Gymnasium at Brgy. Poblacion	4,297,392.71	Completed
Construction/Concreting of Barangay Roads/Asphalt Overlay/Slope Protection		
Construction of Slope Protection of Perimeter Oval & Concrete Line Canal with Steel Grating at Alaminos City NHS	1,965,824.98	Completed
Asphalt Overlay of J. Braganza at Barangay Poblacion	5,218,352.37	Completed
Concreting of Narra Street at Barangay Bolaney	678,231.47	Completed
Concreting of Zone III Road at Barangay Dulacac	998,083.91	Completed
Concreting of Sabaro Road Extension	1,298,479.56	Completed
Development Projects at HINP		
Construction of Life Size "Station of the		

Cross" at Martha Island, HINP	2,949,120.94	Completed
Construction of Multi-Purpose Building at Martha Island, HINP	4,679,995.96	Completed

Pictures of the accomplished projects were shown in Annex J of this report.

C. Awards & Recognition for CY 2018 are as follows:

1. BSP Stakeholders Awards - National Kapitbisig
2. Regional Gawad Kalasag Award - 2nd Place
3. Best in eGov Data Driven Governance (D2G) on Digital Cities PH Awards
4. 2nd Place Best Performing LGU Cooperative Development Office, City Component Level on 2018 National Gawad Parangal Awarding Ceremony
5. Recipient of CY 2017 Seal of Good Local Governance
6. Seal of Child Friendly Local Governance
7. Gold Awardee -National Anti-Drug Abuse Council (ADAC) Performance Award
8. Recipient of Philippine Rural Development Project (PRDP) Subproject I I-REAP Component (Salad Tomato Production, Consolidation and Mktg. Ent.
9. Recipient of thirteen (13) Bottoms-Up Budgeting Programs for CY 2018 from DOLE, DA, BFAR, DENR, DOH, DILG, DSWD and the NCC.

OPINION OF THE AUDITOR ON THE FAIRNESS OF PRESENTATION OF THE FINANCIAL STATEMENTS

The Auditor rendered a qualified opinion on the fairness of presentation of the financial statements due to various accounting deficiencies, errors/omissions materially affecting some of the account balances which could not be verified as to validity and accuracy in the absence of adequate records. These deficiencies were presented in detail in Part II of the report and summarized as follows:

1. Balances of the Infrastructure Assets, Machineries and Equipment and Furniture and Fixtures accounts with book value of ₱520,815,613.22 as of year-end was unreliable due to: (a) discrepancy of ₱49,188,718.53 between the accounting records and the Report of Physical Count of the Property, Plant and Equipment (RPCPPE); and (b) unserviceable properties worth ₱3,641,911.11 still included in the Property, Plant and Equipment (PPE) account were not disposed during the year.
2. The City's consolidated balance of Local Road Networks totalling ₱267,870,884.08 as of December 31, 2018 has accounting error/omissions and deficiencies in the reporting resulting to misstatements of ₱17,858,416.85 contrary to Section 27 of the Philippine Public Sector Accounting Standards (PPSAS) 1, thereby casting doubts on the validity and reliability of the reported balances in the financial statements.

SIGNIFICANT AUDIT OBSERVATIONS AND RECOMMENDATIONS

Favorable Observations

1. All current (CY 2018) cash advances were liquidated as of December 31, 2018 except those cash advances from prior years of Accountable Officers who were already passed away and or retired from the service remained unliquidated which the management promised to review and include in the request for write-off in accordance with COA Circular No. 2016-005 dated December 19, 2016.

We commended the City for the strict implementation of the prescribed period of liquidation of cash advances in accordance with COA Circular No. 97-002 and imposing remedies to ensure the immediate liquidation of cash advances.

2. City Government of Alaminos was a recipient of Seal of Good Local Governance (SGLG) for CY 2018 in recognition of the City's performance in pursuing good governance practice while providing better services to the constituents.

We commended the management's continued commitment to elevate and institutionalize the principles of performance, accountability, transparency, and participation pursuant to DILG Memorandum Circular No. 2012-78.

3. The City had complied with the allocation of 1% of the IRA for the strengthening and implementation of PPAs of the local councils for the protection of children.

We commended the city for providing more than 1% of its IRA for the strengthening and implementation of the City's programs, projects and activities for the local council for the protection of children.

Other Significant Audit Observations and Recommendations

The following are several significant audit observations and the corresponding recommendations which were discussed during the exit conference. Management comments were included in the report, where appropriate.

1. Receivables aged over one year (1) to more than 10 years totalling P28,460,458.07 as of December 31, 2018 were classified as Current Assets contrary to Paragraph 76 of PPSAS I, thereby overstating the current assets of the City and affecting the fair presentation of its year-end financial statements.

We recommended that the City Accountant to reclassify the receivable accounts aged over 1 year to more than 10 years under non-current assets, and effect correction/adjusting entries to fairly present the account balances in the financial statements.

2. Food Supplies and Agricultural Produce for Distribution worth ₱69,480.00 and ₱2,472,070.00 respectively, were still carried in the books of accounts although already issued or sold, thereby overstating the balances of the inventories at year-end and understating the corresponding expense accounts in contrary to Paragraph 44 of PPSAS No. 12.

We recommended that the City Accountant prepare Journal Entry Vouchers (JEVs) together with the supporting documents to adjust the Inventory Accounts which still exists per Accounting Records but already inexistent per physical count. Issue demand letters to the requestors of the inventory accounts for distribution to immediately submit the documents relative to the supplies issued to them.

3. The consolidated book balances of Cash in Bank accounts totalling ₱337,085,516.01 were not reconciled with the consolidated bank balances of ₱338,362,169.61 with a net discrepancy of ₱1,276,653.60 due to unrecorded/unadjusted reconciling items of current and previous years' transactions contrary to Items 3.2 and 3.3 of COA Circular No. 96-011 dated October 2, 1996, thereby affecting the accuracy and validity of the cash in bank account balances presented in the financial statements.

We recommended that the City Accountant: a). submit explanation/justification for the delay in the recording/adjustment of identified current year reconciling items reflected in the BRS.; b). submit explanation/justification for the delay of recording/adjustment of prior year's bank credits specifically the unrecorded bank credits with total amount of ₱4,491.38. Were these not detected/discovered during CY 2016 and CY 2017; and c). prepare a thorough verification of all outstanding reconciling items not yet taken up in the books in order to give clear picture of the Cash in Bank account balances as of December 31, 2018 and thereafter furnish the Audit Team, copies of the Journal Entry Vouchers (JEVs) taking up the adjustment.

SUMMARY OF TOTAL SUSPENSIONS, DISALLOWANCES AND CHARGES

Particulars	Balance as of December 31, 2018	
	<i>Prior to 2009 RRSA</i>	<i>2009-2018</i>
Suspensions	-	1,949,585.52
Disallowances	-	1,151,166.66
Charges	-	0.00

STATUS OF IMPLEMENTATION OF PRIOR YEARS' AUDIT RECOMMENDATIONS

Status of Implementation	Quantity
Fully Implemented	9
Partially Implemented	2
Not Implemented	12