

EXECUTIVE SUMMARY

INTRODUCTION

Urbiztondo was created as a town on November 28, 1853 by then Spanish Governor General of the Philippines Antonio de Urbiztondo y Villasis who issued a decree that the town be named after him.

The municipal government is presently under the leadership of Honorable Mayor Martin Raul S. Sison II. He is assisted by Vice Mayor Marilyn S. Sison and eight Sangguniang Bayan Members. The Management is ably assisted by 101 permanent employees assigned to different departments and 101 job orders during the year.

FINANCIAL HIGHLIGHTS

A. Financial Position

The financial position, sources of funds and expenses of the Municipality of Urbiztondo for calendar years 2018 and 2017 are presented below:

	2018	2017	Increase/ Decrease	%
Assets	244,643,566.04	214,795,837.08	29,847,728.96	13.90%
Liabilities	73,463,725.99	82,002,207.71	(8,538,481.72)	(10.41%)
Government Equity	171,179,840.05	132,793,629.37	38,386,210.68	28.91%

B. Financial Performance

Particulars	CY 2018	CY 2017	Increase(Decrease)	
			Amount	Percentage (%)
Income	134,492,761.41	126,944,174.74	7,548,586.67	5.95%
Expenses	96,989,590.78	82,005,570.31	14,984,020.47	18.27%
Excess of Income over Expenses	37,503,170.63	44,938,604.43	7,435,433.80	16.54%

OPERATIONAL HIGHLIGHTS

To promote social and economic development and prompt delivery of basic services, the following are the significant plans and targets as well as accomplishments of the Municipality for the year 2018:

Project/Activities	Project Cost	Status
1. Construction/Installation of Street Lights (Phase II) Various barangays	6,470,594.04	Completed
2. Construction/Improvement of RHU (Phase I & II)	529,597.67	Completed
3. Construction of Public Comfort Room	477,868.20	Completed
4. Improvement of Commercial Stalls beside Sports Complex	579,553.81	Completed
TOTAL	8,057,613.72	

SCOPE OF AUDIT

A Financial and Compliance Audit was conducted on the accounts and operations of the Municipality of Urbiztondo. The audit consisted of review of operating procedures, inspection of the Municipality's programs and projects, interview of officials and employees, verifications of accounts, and such other procedures considered necessary under the circumstances. A Value for Money was also conducted to ascertain whether the implemented projects, programs were attained in an economical, efficient and effective manner.

AUDITOR'S OPINION ON THE FINANCIAL STATEMENTS

A qualified opinion has been rendered on the fairness of presentation of the financial statements because the accuracy, validity and existence of Property, Plant and Equipment-Road Networks with book value of P51,143,632.68 could not be ascertained due to the absence of actual physical count on road lots and non-preparation of the Report on Physical Count of Local Road Network (RPCLRN) and Report on Local Road Network.

FAVORABLE OBSERVATIONS

1. Department of Social Welfare and Development Field Office No. 1

The Municipality's Operations Office of Urbiztondo, Pangasinan was recognized as one of the "Most Participative Municipal Operations Office" and "Most Functional Municipal Action Team" by the Department of Social Welfare and Development – Field Office No. 1 for Calendar Year 2018.

2. Seal of Good Local Governance

The Municipality is a recipient of the 2018 Seal of Good Local Governance for passing the 2018 criteria – symbolizing the Municipality’s journey towards good local governance upholding the standards of transparency, integrity and service delivery.

3. 2018 National Anti-Drug Abuse Council Performance Award

The Municipality is also a recipient of the 2018 National Anti-Drug Abuse Council Performance Award in recognition of its exemplary efforts in the performance of its duties in complementing the National Government’s anti-illegal drug campaign and for garnering a score of 90 functionality points (Ideal) during the conduct of 2017 ADAC Performance Audit.

SUMMARY OF SIGNIFICANT FINDINGS AND RECOMMENDATIONS

The following is the summary of significant observations and recommendations in the audit of the Municipality for calendar year 2018.

1. Accuracy, validity and existence of Property, Plant and Equipment-Road Networks with book value of P51,143,632.68 could not be ascertained due to absence of actual physical count on road network and non-preparation of the Report on Physical Count of Local Road Network (RPCLRN) and Report on Local Road Network which is not in accordance with the provision of Section VI of COA Circular No. 2015-008 dated November 5, 2015.

We recommended that the Local Chief Executive:

- a. Inform the General Services Officer or Property Officer to periodically render Report on Local Road Networks, and furnish copies to the concerned offices. Also, Municipal Engineer’s Office should provide the Municipal Accountant and the General Services Officer or Property Officer with the complete description and cost segregation of road components for road projects;
 - b. Create an Inventory Committee to conduct the physical count of public infrastructures specially the local road networks;
 - c. Require the Municipal Accountant to maintain separate subsidiary ledgers for each individual road network; and
 - d. Ensure coordination among LGU Offices to properly implement the accounting and reporting guidelines on the Local Road Asset Management System.
2. Cash advances amounting to ₱756,295.64 as of December 31, 2018 remained unliquidated due to non-compliance with the regulations on the grant, utilization and liquidation of cash advances prescribed in COA Circular No. 97-002 dated February 10, 1997 and COA Circular No. 2012-004 dated November 28, 2012, resulting to understatement of expenses and overstatement of receivable account at year-end.

We reiterated the previous year's audit recommendation that Management should:

- a. Instruct Municipal Accountant to enforce liquidation of cash advances on the prescribed frequency and impose sanctions by withholding their salaries pursuant to Sections 4.1.3, 5.1.3 and 5.9 of COA Circular 97-002; and
 - b. Exert extra effort to locate the whereabouts of the accountable officers, send demand letters and cause the liquidation of the long outstanding cash advances in compliance with the existing rules and regulations.
3. The Local Government Unit failed to establish a sound internal control pertaining to the implementation of its projects, thus, deficiencies were noted on the implemented projects with total amount of P15,301,330.41 to the detriment of the agency which may result to loss of government funds therefore affecting the optimal attainment of the desired socio- economic outcomes from the said projects.

We recommended the Management to explain the incurrence of delay of 41 and 103 calendar days and to submit the lacking documents to our Office in order for our TAS to make a verification and evaluation thereof. We also recommended the Management to instruct the Municipal Engineer to submit Statement of Work Accomplished (SWA) of the Multi-Purpose Building 2 at Public Market to determine the amount of liquidated damages and to require the Contractor to refund the said liquidated damages.

4. Delay in the completion of the Infrastructure Projects of the Municipality with a total contract amount of P32,887,979.75 was incurred due to delay of undertaking by the Contractors resulting in the incurrence of liquidated damages, thus, depriving the constituents of timely use of the projects for their economic improvement.

We recommended that Management:

- (a) require the contractors to immediately fast track the completion of the project to avoid rescindment of contracts as stipulated wherein pursuant to Section 68 of RA 9184;
- (b) Instruct the Municipal Engineer to conduct inventory of work accomplishment by the Contractor;
- (c) Impose liquidated damages to Contractors which incur delay in the construction of projects at least equal to one-tenth of one percent (0.10%) of the cost of unperformed portion for every day of delay;
- (d) Intensify monitoring of projects in order to avoid recurrence of delay of other projects; and
- (e) Submit Suspension and Resume Orders; if any, on the said projects for validation and evaluation.

- Ecological Waste Management Program was not yet fully implemented in the Absence of a Sanitary Landfill or a long term storage or disposal facility of waste, contrary to Republic Act 9003, thus hazardous wastes were not properly disposed of which could result in environmental and health hazards.

We recommended that Management implement and enforce the Ecological Solid Waste Management Program by appropriating funds which must be utilized fully to attain the objective under Republic Act 9003.

- Delinquent stall rentals amounting to P326,730.00 were not collected at year-end, thus, depriving the Municipality of additional funds which could have been used to meet its obligations or implement other beneficial projects/programs.

We recommended that the Municipal Treasurer intensify efforts in the collection of overdue rentals from delinquent market stall leaseholders. Moreover, update the record on payments of the said leaseholders and if possible, issue Statement of Accounts at least a month before the rent becomes due to ensure prompt payment of rentals.

SUMMARY OF TOTAL AUDIT SUSPENSIONS, DISALLOWANCES AND CHARGES (SASDC)

The Statement of Audit Suspensions, Disallowances, and Charges (SASDC) as of December 31, 2018, as shown below:

	Balance as of December 31, 2017	This Period		Balance as of December 31, 2018
		January 1 – December 31, 2018		
		Issuances	Settlements	
Notice of Suspensions	0.00	0.00	0.00	0.00
Notice of Disallowances – Regular	683,505.46	264,000.00	0.00	947,505.46
Notice of Disallowances - Special Audit	26,183,370.60	0.00	0.00	26,183,370.60
Notice of Charges	0.00	0.00	0.00	0.00
TOTAL	26,866,876.06	264,000.00	0.00	27,130,876.06

STATUS OF IMPLEMENTATION BY THE MUNICIPALITY OF PRIOR YEAR’S AUDIT RECOMMENDATIONS

Out of sixteen (16) recommendations contained in the Annual Audit Report for the year 2017, twelve (12) were fully implemented, three (3) were partially implemented and one (1) was not implemented.