

EXECUTIVE SUMMARY

1. Introduction

Kasibu was first established as part of the Municipal District of Bambang, Nueva Vizcaya until the post-war year 1959-1969 and 1964-1967 when it was finally recognized as a Municipal District. The Municipality of Kasibu is classified as 3rd class municipality with (30) barangays.

The audit covered the accounts and operations of the Municipality of Kasibu, Nueva Vizcaya for the year 2018 and was aimed at determining whether management presented fairly the financial statements of the Municipality in adherence to the generally accepted accounting principles; whether prevailing laws, rules and regulations have been complied with; and funds were utilized in the most efficient, effective and economical manner. Financial and compliance audits were conducted to achieve these audit objectives.

2. Financial Highlights

The highlights of the financial position, financial performance and appropriations, allotments and obligations of the Municipality of Kasibu, Nueva Vizcaya for the year ended December 31, 2018, with comparative figures for CY 2017, are as follows:

Particulars	2018	2017	Increase / (Decrease)
Financial Position			
Total Assets	P 550,202,648.30	P 466,810,242.96	P 83,392,405.34
Total Liabilities	96,639,254.15	66,520,140.03	30,119,114.12
Total Government Equity	453,563,394.15	400,290,102.93	53,273,291.22
Financial Performance			
Revenue	P 278,972,314.14	P 254,430,269.66	P 24,542,044.48
Expense	230,545,440.27	128,746,124.19	101,799,316.08
Surplus	48,426,873.87	125,684,145.47	(77,257,271.60)
Appropriations, Allotments and Obligations			
Current Year Allotment	P 236,346,081.24	P 183,935,326.29	P 52,410,754.95
Continuing Allotment	347,824,432.41	181,485,031.85	166,339,400.56
Current Year Obligations	163,552,957.66	114,071,912.32	49,481,045.34
Continuing Obligations	227,680,419.80	97,705,481.26	129,974,938.54

The total allotments of the municipality amounted to P584,170,513.65 and the obligations incurred amounted to P391,233,377.46 leaving a balance of P192,937,136.19 of which the amount of P120,144,012.61 is a continuing appropriation and P72,793,123.58 is free of any obligation.

Comparative Statement of Fund Transfers to and from NGAs, GOCCs, LGUs,
NGOs and POs

Particulars	2018	2017	Increase / (Decrease)
Fund Transferred to Other Agencies			
Due from NGAS	P 1,166,491.45	P 1,166,491.45	P -
Due from GOCCs	38,478.00	38,478.00	-
Due from Other LGUs	1,110,646.68	842,589.88	268,056.80
Due from NGOs / POs	-	-	-
Total	P 2,315,616.13	P 2,047,559.33	P 268,056.80
Fund Received from Other Agencies			
Due to NGAs	P 17,900,555.21	P 19,999,176.14	(P 2,098,620.93)
Due to GOCCs	5,484.25	5,484.25	-
Due to Other LGUs	8,359,174.94	7,782,496.70	576,678.24
Due from NGOs / POs	-	-	-
Total	P 26,265,214.40	P 27,787,157.09	(P 1,521,942.69)

3. Independent Auditor's Report on the Financial Statements

As discussed in Finding Nos. 1 to 3, Part II of the report, the Auditor rendered a qualified opinion on the fairness of presentation of the financial statements of the municipality for the year ended December 31, 2018 for reasons that:

1. The Cash in Bank – Local Currency Current Account as at December 31, 2018 amounting to P331,735,403.90 was overstated by P2,293,367.56 due to the unrecorded check disbursements.
2. The balance of the Property, Plant and Equipment account amounting to P176,608,341.61 is unreliable due to the unreconciled difference of P119,866,558.35 between the accounting and property records.
3. The Accounts Payable amounting to P33,628,336.62 includes unsupported claims of P2,796,565.97.

4. Summary of Significant Findings and Recommendations

The findings and recommendations were discussed with the Management in an exit conference held on March 1, 2018. Management comments were incorporated in the report where appropriate.

1. The Cash in Bank – Local Currency Current Account as at December 31, 2018 amounting to P331,735,403.90 was overstated by P2,293,367.56 due

to the unrecorded check disbursements which is not in in accord with the provisions of Sections 111(2) and 112 of Presidential Decree (PD) No. 1445, hence negating the reliability of information in the financial statements.

We recommended that (1) the Accounting and Treasury Offices to reconcile the bank accounts and (2) that strict compliance with the MNGAS for LGUs is to be enjoined so as not to infringe the provisions of Section 111(2) and 112 of PD No. 1445.

2. The balance of the Property, Plant and Equipment account amounting to ₱176,608,341.61 is unreliable due to the unreconciled difference of ₱119,866,558.35 between the accounting and property records, hence not in accord with Sections 114 and 124, Volume I of the NGAS and Chapter 4 of the Handbook on Property & Supply Management System.

We reiterated our recommendation:

1. Reconstitute the Inventory Committee and regularly monitor its performance and accomplishments; and
2. Management undertake a complete periodic physical inventory of municipal properties and immediately reconcile the balances of any affected accounts to permit fair presentation of PPE in the financial statements.
3. The Accounts Payable amounting to P33,628,336.62 includes unsupported claims of P2,796,565.97 which is not in consonance with the provisions of Sections 4(6) and 112 of PD No. 1445, hence the overstatement of the account by the same amount and the uncertainty of management's assertions in the financial statements.

We recommended that management to review the entire records and documents pertaining to its payable accounts and to revert all obligations with no legal support and claims.

4. The inability of the Municipality to completely implement and deliver Twenty Five (25) out of Forty Six (46) identified projects under the 20% development fund deprived the intended beneficiaries of the LGU of the timely utilization thereof, hence the socio – economic benefits were not achieved and optimized.

We recommended for management to fast tract the implementation of all on – going and not yet started programmed and funded projects under the

20% Development Fund to optimize utilization thereof and timely brings the desired benefits to the intended beneficiaries.

5. The Municipality did not fully implement and deliver 14 out of 60 or 23.33% of the Local Disaster Risk Reduction and Management (LDRRM) programs, projects and activities budgeted for the CY 2017, thus the desired goals and objectives of reducing disaster risk and enhancing disaster preparedness and response capabilities may not be optimally achieved contrary to RA No. 10121, the Philippine Disaster Risk Reduction and Management Act of 2010, and its IRR.

We reiterated our recommendation that management through the Municipal Disaster Risk Reduction and Management Office:

1. Monitor the utilization of LDRRMF focusing on programs, projects and activities (PPAs) requiring the highest priority in terms of urgency and/or impact on the four thematic areas of Disaster Risk Reduction and Management; and
 2. Ensure efficient and effective implementation of all programmed projects identified during the budget year to optimize the utilization of the fund and to warrant that goals and objectives of reducing disaster risk and enhancing disaster preparedness and response capabilities be achieved.
6. The on-going construction of the municipality's Sanitary Landfill (SLF) amounting to P20,272,274.25 is a faithful compliance with the mandate of RA No. 9003, hence a favourable contribution by the municipality in the preservation of a healthy environment.

We recommended for management to continuously implement the mandate of RA No. 9003.

5. Summary of Total Suspensions, Disallowances and Charges as of year-end

Particulars	Beginning Balance	Issued During the Year	Settlement During the Year	Ending Balance	% of Settlement
Suspensions					
Prior Years	94,504.50	-	-	94,504.50	0.00%
Current Year	-	-	-	-	-
Total	94,504.50			94,504.50	
Disallowances					
Prior Years	1,136,149.73		-	1,136,149.73	0.00%

Current Year	-	-	-	-	-
Total	1,136,149.73		-	1,136,149.73	
Charges					
Prior Years	-	-	-	-	0.00%
Current Year	-	-	-	-	0.00%
Total	-	-	-	-	

6. Status of Implementation of Prior Years' Recommendations

Out of the twenty two (22) recommendations embodied in the 2017 Annual Audit Report, nine (9) were fully implemented, eleven (11) were partially implemented and two (2) were not implemented.

The implementation of audit recommendations enabled Management to attain more efficient utilization of government resources in its operations.