

EXECUTIVE SUMMARY

A. Introduction

The Municipal Government of Plaridel, Misamis Occidental was created under Executive Order No. 242 on December 28, 1939 which was signed by President Manuel L. Quezon and Secretary Jorge B. Vargas which took effect on January 2, 1940.

The Municipality of Plaridel, 27 kilometers north of Oroquieta City, takes pride of its vast riceland and rich source of aqua-marine products being located along the coastline. It is comprised of 105.18 square kilometers spread over in its 33 barangay with a population of over 17,000.

Republic No. 7160 had defined clearly its goal to have its facilities and resources more responsive to the needs of the constituents. The fast growing economic development in the place had motivated Plaridel to envision becoming, by 2020, a vibrant city with empowered and disciplined constituents that uphold Filipino moral values; enhanced opportunities for an increased family income through sustainable agri-fishery enterprise, dynamic cooperativism, tourism development and improved investors' confidence.

The municipality is headed by Honorable Mayor Diego C. Ty, who is on his 2nd term as Mayor.

B. Financial Highlights

Financial Position

As of December 31, 2018, the consolidated financial position of the Municipality of Plaridel, excluding barangays showed the total asset of ₱294,663,491 total liabilities of ₱52,643,747, and equity of ₱242,019,744, respectively:

	CY 2018	CY 2017
Assets	₱294,663,491	₱222,753,138
Liabilities	52,643,747	51,139,173
Government Equity	242,019,744	171,613,965

Results of Financial Performance

The Municipality's Surplus for the CY 2018 is ₱17,293,553 as shown in the table below:

	CY 2018	CY 2017
Total Revenue	131,261,348	120,855,876
Total Current Operating Expenses	113,882,978	105,124,073

Transfers, Assistance and Subsidy from	6,400,000	550,000
Transfers, Assistance and Subsidy to	6,559,298	555,000
Other Non-Operating Income/Losses	74,481	138,916
Surplus for the Period	17,293,553	15,865,719

Cash Flows

The Consolidated Statement of Cash Flows showed an aggregate inflows and outflows of P238,281,834 and P231,888,525, respectively. Balance in cash at the end of CY 2018 was P47,635,967.

	CY 2018	CY 2017
Cash on Hand, beginning of the year	41,242,658	34,449,899
Add: Total Cash Inflows	238,281,834	214,509,584
Total Cash Available	279,524,492	248,959,483
Less: Total Cash Outflows	231,888,525	207,716,825
Cash on Hand, end of the year	47,635,967	41,242,658

C. Operational Highlights

It is worth to mention that for the Calendar Year 2018, the agency had accomplished major Programs and Projects, to wit:

Program/Project/Activity Name	Total Cost	% of Completion
Rehabilitation and Concreting of Unidos-Mangidkid-Balanlinao FMR (PRDP)	26,143,925.04	100%
Construction of Plaridel Water System P-II	6,750,000.00	100%
Concreting of Sta. Cruz-Puntod-Mangidkid Road	7,000,000.00	100%
Expansion of Plaridel Water System	1,191,907.00	100%
Completion of Evacuation Center	200,000.00	100%
Improvement of Ecological Center	471,310.00	100%
Construction of Cold Storage & Farm Laboratory at Farmers Training Center (FTC)	1,000,000.00	100%
Concreting of Clarin-Catarman Road	5,500,000.00	100%
Concreting of Katipunan FMR	400,000.00	100%
Completion of Plaridel Community Hospital P-VI	2,000,000.00	100%
Fabrication of Fish Aggregating Device	1,000,000.00	100%
Concreting of Mamanga Gamay FMR	500,000.00	100%
Rehab./Imprv't. Of Mun. Level Grain Center Bldg.	500,000.00	100%
Imprv't./Rehab. of Plaridel Fishport	1,500,000.00	100%
Imprv't. of Plaridel Commercial Bldg. (Food Court)	800,000.00	100%

Imprv't. of Ecological Center P-II	500,000.00	100%
Rehab./Imprv't. of Plaridel Water System	932,963.00	100%
Imprv't./Rehab. of Burgos Street	300,000.00	100%
Imprv't. of Organic Agriculture Demo Farm	1,200,000.00	100%
Imprv't./Concreting of Eastern Looc-Lao Proper Road	7,000,000.00	100%
Imprv't./Concreting of Sitio Tagaytay Cebulin-Divisoria Road	5,000,000.00	100%
Imprv't./Rehab. of Orbita Street	300,000.00	100%
Concreting of Looc Proper-Lao Proper Diversion Road	2,000,000.00	100%
Gravelling of Barangay Road	200,000.00	100%

D. Scope of Audit

A financial and compliance audit was conducted on the accounts and operations of the Municipality of Plaridel, Misamis Occidental for the Calendar Year 2018. The audit was undertaken to ascertain the presentation of the financial statements and adherence of the municipal laws, rules and regulations and whether programs, activities and projects were carried out in an economical, effective and efficient manner.

E. Independent Auditor's Report on Financial Statements

The Auditor rendered a qualified opinion on the financial statements of the Municipal Government of Plaridel, Misamis Occidental for the period ended December 31, 2018.

F. Significant Observations and Recommendations

1. Collections were not remitted daily or not later than the next working day, contrary to Section 69 of Presidential Decree (PD) No. 1445 and Section 29 of the New Government Accounting System (NGAS), Vol. I for LGUs, thus exposing government funds to possible misuse and losses.

We have recommended that management direct the collectors to remit intact all collections at the end of each business day to prevent any liability arising from possible losses resulting from unlawful use or application thereof, and for all losses attributable to negligence in keeping of the funds; and

Require the Liquidating Officer to monitor the collectors' compliance of the required daily remittance of collections and to report any non-compliance to the Municipal Treasurer for proper action.

2. Cash advance in the amount of Php120,000.00 for Pasungko Festival was granted to an employee who is not appointed as special disbursing officer contrary to Section 4.1 of COA Circular 97-002 dated February 10, 1997, thus exposing government funds to undue risk of loss and misuse of funds.

We have recommended that management stop granting special purpose cash advances to persons not appointed as special disbursing officer and non-permanent employees of the LGU. Management may designate a special disbursing officer provided the designee is a permanent employee and properly bonded in accordance with the law. Further, refrain from granting cash advances not duly supported with detailed list/estimate of expenses to avoid excessive cash advance.

3. The Municipal Government failed to record receivables for hospital services rendered to patients and health insurance claims from Philippine Health Insurance Corporation due to the failure of the Plaridel Community Hospital to provide the Municipal Accountant a Schedule of Receivable as at year end contrary to Section 112 of Presidential Decree (P.D.) No. 1445, thus affecting the fair presentation of the affected financial statement accounts.

We have recommended that management require the Plaridel Community Hospital Head to submit a Schedule of Receivables every end of the year to the Office of the Municipal Accountant to serve as basis of the latter to record the transaction in the books of accounts of the hospital.

4. The accuracy, existence and validity of the PPE accounts which totaled ₱228,708,476.00 as of December 31, 2018 remained doubtful due to the failure of management to submit the physical inventory reports and reconcile the records of the Supply Office and the Accounting Office.

We have reiterated our recommendation that management shall prioritize the conduct of physical inventory of PPE as required by existing regulations and submit the physical inventory reports to support the book balances of reported PPE. The inventory reports shall be properly and completely filled up for reconciliation with the accounting records.

5. Registration fees totaling ₱374,500.00 paid by the municipality to the Philippine Councilors League, Vice Mayors League and League of Municipalities of the Philippines for attendance to meetings, seminars, and conferences were not issued with government prescribed official receipts in violation with Section 68 of Presidential Decree (P.D.) No. 1445 and may result to loss or wastage of government funds.

We have recommended that management require the Philippine Councilors' League, Vice Mayors League and League of Municipalities of the Philippines and other organized leagues and federations of local elective officials to issue

government prescribed official receipts for all collections made to establish proper financial accountability.

6. The Municipality paid several claims for per diems in excess of amounts allowed under Executive Order (E.O.) No. 298 which prescribes the rules and regulations and new rates of allowances for official local and foreign travels of government personnel amounting to ₱31,600.00, resulting to loss or wastage of government funds.

We have recommended that Management discontinue the grant of travel allowance particularly for hotel/lodging including meals if these are already covered by the registration fee of the participant, otherwise all subsequent excessive claims shall be disallowed in audit.

7. The Municipality failed to submit contracts and its supporting documents for nineteen (19) projects totaling P49,480,143.00 to the Commission pursuant to COA Circular No. 2009-001 dated February 12, 2009, thereby, affecting the implementation of a systematic review and evaluation process of the auditorial, legal and technical aspects of the contract thus, any defects and/or irregularities of the said government contracts cannot be detected or rectified on time.

We have recommended that management direct the Bids and Awards Committee to immediately submit the contracts and supporting documents enumerated in Section 3.2.1 of COA Circular No. 2009-001 dated February 12, 2009 of the above-listed projects. Henceforth, all government contracts and their supporting documents shall be submitted to the Commission as prescribed in the said Circular within five (5) calendar days from the execution of a contract thereof.

G. Summary of Total Suspensions, Disallowances and Charges

The table below shows the status of suspensions, disallowances and charges as of December 31, 2018 recorded after the effectivity of the COA Rules and Regulations on the Settlement of Accounts.

	Balance as of Dec. 31, 2017		Issued in CY 2018		Settled in CY 2018		Balance as of Dec. 31, 2018	
Notice of Suspensions	₱	6,095,103.33	₱	-	₱	-	₱	6,095,103.33
Notice of Disallowance		20,099.25		-		-		20,099.25
Notice of Charges		-		-		-		-
Total	₱	6,115,202.58	₱	-	₱	-	₱	6,115,202.58

H. Status of Implementation of Prior Year's Audit Recommendations

Of the six (6) audit recommendations embodied in the 2017 Annual Audit Report, two (2) were fully implemented, three (3) were partially implemented and one (1) was not implemented.