

EXECUTIVE SUMMARY

A. Introduction

On February 12, 1997, President Fidel V. Ramos signed the bill which elevated Las Piñas from Municipality into a City. A plebiscite, held a month after, approved the City status, and Las Piñas became the 10th city of Metro Manila on March 26, 1997.

Las Piñas, like other cities of the Philippines, is a local government unit whose powers and functions are specified by the Local Government Code of the Philippines. As a City, Las Piñas is headed by a Mayor who heads the City's executive function and the Vice Mayor who heads the City's legislative function, through the Sanggunian, which is composed of 12 councilors, six each from the City's two City Council districts. For representation, the City is considered as one district, and therefore has one representative, in the country's House of Representatives.

The City of Las Pinas has a total personnel complement of 1,949 comprising of:

Permanent Employees	306	Elective	15
Contractual	249	Temporary	4
Regular Casual	1,370	Co-Terminus	5

B. Financial Highlights

Financial Position:

		2015	
Assets	₱	4,551,198,078	
Liabilities		1,460,392,791	
Government Equity		3,090,805,288	

Comparative Financial Performance:

		2015	
Income	₱	2,245,273,741	
Expenses		1,535,680,047	

Appropriations

For Calendar Year 2015, the appropriations of the City Government of Las Piñas for the General and the Special Education Funds totaled P2.627 billion. Obligations charged against these appropriations amounted to P1.997 billion.

Fund	Appropriations	Obligations
General Fund		
Current Appropriation	₱ 2,148,560,904	₱ 1,749,141,129
Continuing Appropriation	128,637,171	-
	2,277,198,075	1,749,141,129

Fund	Appropriations	Obligations
Special Education Fund		
Current Appropriation	349,912,258	247,917,066
Continuing Appropriation	-	-
	349,912,258	247,917,066
	P 2,627,110,333	P 1,997,058,195

Sources of Funds

The operating income of ₱2.245 billion collected during the year was sourced from the following:

Particulars	General Fund	Special Education Fund	Total
Tax Revenue	P 901,264,081	P 263,375,684	P 1,164,639,765
Share from National Taxes	847,636,594	-	847,636,594
Service and Business Income	229,922,325	770,108	230,692,430
Gains	583,117	-	583,117
Other Income	1,721,833	-	1,721,833
	P 1,981,127,949	P 264,145,792	P 2,245,273,741

C. Scope of Audit

The audit covered the accounts and operations of the City of Las Piñas for the period January to December 31, 2015, and the objective is to (a) determine the level of assurance that may be placed on management's assertions on the financial statements; (b) verify the propriety of financial transaction and the extent of compliance with applicable laws, rules and regulations; (c) recommend agency improvement opportunities; and (d) determine the extent of implementation of prior year's audit recommendations.

D. Auditor's Opinion on the Financial Statements

We rendered a qualified opinion on the fairness of presentation of the financial statements due to various accounting errors and deficiencies affecting the account balances of which inadequacy of records did not permit us to apply alternative procedures to establish the validity and correctness of the balances of the affected accounts. These errors and deficiencies were presented in detail in Part II of the report and summarized as follows:

1. Unreconciled balances between the recorded Property, Plant and Equipment (PPE) and the General Service Office (GSO) records in the amounts of ₱2.261

billion and ₱2.363 billion, respectively, or a net discrepancy of ₱102.683 million. (*Observation No. 1.1, page 24*)

We have recommended that the Office of the City Accountant and the General Services Office prioritize and make concerted efforts to reconcile the records maintained for property and equipment to ensure the accuracy, completeness and reliability of the City's PPE as reflected in the financial statements. Noted discrepancies be adjusted accordingly and the concerned Office prepare/execute a Deed of Donation in favor of each of the recipient Barangays for the donated motor vehicles in lieu of the Memorandum Receipt for Equipment previously issued.

2. Non-performance of actual physical inventory and inclusion in the GSO records of incomplete/on-going construction of infrastructure projects of ₱104.0 million. (*Observation No. 1.2, page 27*)

We have recommended that Management ensure that (i) the Inventory Committee undertake an actual count/physical inventory taking of all the City's PPE to determine their physical existence, location, condition and other relevant information; (ii) the Office of the City Accountant and the General Services Office give priority on the PPE accounts with noted variances in the reconciliation of records; (iii) the General Services Office include in the physical count/inventory report only existing infrastructure projects applying the corresponding contract costs of the projects as well as the other PPE as bases of their valuation in the RPCPPE; and (iv) the Office of the City Auditor be notified/informed on the conduct of an inventory taking by the Inventory Committee to witness the physical count of the properties.

3. PPE accounts in the General Fund and Special Education Fund amounting to ₱260.404 million and ₱172.384 million, respectively, were misclassified and without specific description. (*Observation No.1.3, page 30*)

We have recommended that Management conduct detailed review of the available documents and records of the property and equipment maintained by the Accounting and the General Services Offices and the consequent reclassification, correction and adjustments be made to ensure the accuracy of records and fair presentation of the PPE accounts in the City's financial statements.

4. PPE with lump-sum beginning balances of ₱802.515 million have not been provided with details/breakdown, thus, the validity and existence of the asset account were not established. (*Observation No.1.4, page 32*)

We have recommended that Management exert extra efforts to analyze, review and work back on the available documents/records of the PPE to determine the details/breakdown of the same and to prepare the necessary adjustments, to reflect the correct balances.

E. Other Significant Audit Observations and Recommendations

1. Some of the Programs/Projects/Activities (PPAs) under the 70 percent Mitigation Fund and the list of projects and activities charged to the unexpended Local Disaster Risk Reduction Management Fund (LDRRMF) of the previous year under the Special Trust Fund were not completely provided with details in the Local Disaster Risk Reduction Management Fund Investment Plan (LDRRMFIP). Moreover, the Report on the Sources and Utilization of LDRRMF was not prepared and submitted. (*Observation No. 7.1, page 55*)

We have recommended that Management ensure that the PPAs under the Mitigation Fund and those under the Special Trust Fund are provided with details in the LDRRMFIP. Likewise the Report on the Sources and Utilization of LDRRMF be prepared and submitted to the COA Auditor in compliance with item 5.1.5 of COA Circular No. 2012-002 dated September 12, 2012.

2. The LDRRMF was not fully utilized in CY 2015 and projects amounting to ₱7.961 million that have already been started and planned to be completed during the year, were not accomplished. (*Observation No. 7.2, page 56*)

We have recommended that Management ensure that identified priority PPAs are implemented as planned to better prepare for and lessen the impact of natural and man-made hazards/disasters and promote socio economic growth in the City.

3. Repairs and maintenance expenses of ₱15.859 million were incurred in CY 2015 on the 74 garbage compactors and dump trucks, 40 units of which are already fully depreciated but still used in the garbage collection activities of the City. Moreover, the cost of repairs of 38 trucks exceeded 30 percent of their acquisition cost, thus, considered excessive expenditures of government funds pursuant to COA Circular No. 2012-023 dated October 29, 2012. (*Observation No. 11.1, page 66*)

We have recommended that Management instruct the concerned City Officials to conduct proper and thorough evaluation and inspection of garbage compactors, dump trucks that are fully depreciated and those that are already incurring cost of repairs and maintenance of more than 30 percent of their acquisition cost to determine whether the repair would still be viable and economical. Request for repair shall be properly monitored and approved by proper authorities.

4. The Gender and Development (GAD) Plan and Budget was not fully implemented and utilized, while out of the amount utilized of ₱59.688 million, ₱43.010 was disbursed for non-GAD related activities. (*Observation No.8.1, page 58*)

We have recommended that management maximize the utilization of the GAD funds through implementation of GAD related programs and projects.

5. Expenses for hauling and disposal of garbage in the amount of ₱22.924 million were inappropriately charged to the 20% Development Fund (*Observation No.9.1, page 62*)

We have recommended that management stop the charging of the expenses for the hauling and disposal of garbage from the 20% Development Fund, instead, include in the PPAs to be charged to the fund, those that will contribute to the attainment of desirable socio-economic development and environmental management outcomes.

6. The validity of the balances of Due from LGUs of ₱13.142 million is doubtful due to un-reconciled balances with the concerned LGUs' records. (*Observation No.4.1, page 48*)

We have recommended that the City Treasurer and the City Accountant coordinate with the City Treasurer and the City Accountant of Pasay City and the concerned banks in order to reconcile the account balances and ultimately transfer said cash balances to the City Government of Las Piñas. The City Accountant also coordinate with the Accountant of MMDA in order to reconcile the account balances and to effect the reclassification of the account to the proper account Due from NGAs- MMDA.

7. The purchases of food items/ingredients in the amount of ₱1.496 million and ₱2.309 million, respectively, were either in excess or lesser in quantity than that listed in the Standard Cycle Menu (SCM). In addition, purchases in the amount of ₱2.275 million of several ingredients not included in the SCM was also noted. (*Observation No. 10.1, page 64*)

We have recommended that Management, in the implementation of similar program in the future, require the CSWDO to prepare a coordinated plan to ensure economy and efficiency in the procurement of food ingredients and its distribution and issuance be based on the number of beneficiaries/children to ensure effectiveness of the program.

8. Consultants were hired to perform duties and responsibilities not requiring specialized or technical skills/expertise and the covering contracts for their services were without definite expected outputs/deliverables. Two consultants

served as Department Heads who exercise supervision over regular and casual personnel in violation of Section 15, Rule XIII of the Revised Omnibus Rules on Appointments and other Personnel Actions. (*Observation No.5.1, page 49*)

We have reiterated our previous recommendation that Management revisit its organizational structure, staffing pattern and service requirements to assess the necessity of hiring consultants and to fill up the vacant positions for the offices handled by the consultants. We have further recommended that Management limit the hiring of consultants only to those with specialized or technical skills not available in the City. The specific functions, duties, responsibilities and definite expected outputs/deliverables of the consultants be clearly indicated in their respective contracts of services.

9. Payment of consultancy fees amounting to ₱8.108 million for CY 2015 were not supported with the required documents to establish the propriety of the claim. (*Observation No.5.2, page 52*)

We have reiterated our recommendation to Management that the copies of the consultancy contracts be submitted, together supported with the required Terms of Reference, Curriculum Vitae and their Accomplishment Reports to support the payroll.

F. Summary of Suspensions, Disallowances and Charges

The balances as of December 31, 2016 are as follows:

	Suspension	Notices of Disallowances	Charge
Balance, Dec. 31, 2014	-	-	-
Add: Issuances (2015)	2,908,061.68	-	-
	2,908,061.68	-	-
Less: Settlement			
Current Year	2,578,875.00	-	-
Prior years' Issuances	-	-	-
Balance, Dec. 31, 2015	329,186.68	-	-

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

Of the 81 audit recommendations embodied in the CY 2014 Annual Audit Report 39 were fully implemented, 29 were partially acted upon and the remaining 13 were not implemented by the City