

EXECUTIVE SUMMARY

Introduction

Founded in 1696 by Don Diego Mangilaya, Infanta, Quezon is one of the oldest towns in Quezon Province. It is situated in the northern part of the Luzon mainland, lying along the coast of the Pacific Ocean, facing the island municipalities of Polillo. Given its geographical location in the east coast, Infanta is now being considered as the passage or gateway to the Pacific. Infanta is a first class municipality with a total land area of 34,276 hectares, distributed among its 36 barangays.

Infanta, known by its mythical name Binangonan del Ampon, is now accessible from Metro Manila through two (2) picturesque routes. First, through the “old” Famy-Infanta Road which would bring the travelers around the lake towns of Rizal, on to adjoining towns of Laguna, up to Famy, Laguna, then on to Infanta. Secondly, Infanta is now accessible through the newly constructed Marikina-Infanta Road. Starts from Masinag Market of Marikina City, Cogeo, through the upland areas of Boso-Boso and Brgy. Sampaloc, Tanay, Rizal up to Sitio New Little Baguio, Brgy. Magsaysay.

The Organizational Structure of the Municipality is as follows:

A. Key Officials

Hon. Rodante G. Potes, Sr. -Municipal Mayor
Hon. Filipina Grace R. America -Municipal Vice-Mayor

Members of the Sanggunian:

1. Hon. Lourn Daniela C. Manalo
2. Hon. Noli H. Villamor
3. Hon. Maxiel Rodrigo A. Mortiz Jr.
4. Hon. Rex R. Gamara
5. Hon. Casiano P. Ungriano
6. Hon. Rolando B. Avellano
7. Hon. Rodolfo A. Ungriano
8. Hon. Lord Arnel L. Ruanto
9. Hon. Romeo N. Rosas

Other Key Officials:

Mr. Rio P. Crisostomo -Municipal Accountant
Ms. Jane A. Fortunado -ICO – Municipal Treasurer

B. No. of Personnel Complement

Elected	-	11
Permanent	-	107
Co-terminus	-	1
Job Order	-	<u>228</u>
Total		<u>347</u>

Financial Highlights

For Calendar Year (CY) 2015, the Municipality generated a total income of ₱201,249,428 from local taxes, permits and licenses, service and business income, internal revenue allotment and other income. The total appropriations for the year amounted to ₱145,699,343 of which the amount of ₱119,577,251 was expended.

The Municipality's financial condition and results of operations for CY2015 are summarized below and shown in detail in the attached audited financial statements.

Assets	₱307,967,913
Liabilities	58,848,050
Net Assets/Equity	249,119,863
Income	201,249,428
Expenses	126,861,736

Scope of Audit

Financial and Compliance and Value for Money audits were conducted on the accounts and operations of the Municipality for CY 2015 to ascertain the fairness of the presentation of the financial statements and compliance of the Municipality with laws, rules and regulations, as well as the economical, efficient and effective utilization of resources.

Audit Opinion on the Financial Statements

The Auditor rendered a qualified opinion on the presentation of financial statements of the Municipality of Infanta, Quezon as of December 31, 2015 due to the following reasons:

- The valuation and existence of the recorded Property, Plant and Equipment (PPE) totaling ₱72,886,751.98 could not be ascertained due to failure of the Municipality to conduct physical inventory per type of property and absence of property cards and subsidiary ledger cards, contrary to Sections 119, 120 and 124 of the New Government Accounting System Manual, Volume I; and
- The reconciliation of actual amounts on comparable basis to the budget and actual amounts in the financial statements was not disclosed neither on the face of the Statement of Comparison of Budget and Actual Amounts (SCBAA) nor in the Notes to Financial Statements, contrary to Section 47 of the Philippine Public Sector Accounting Standards (PPSAS) No. 24, Presentation of Budget Information in the Financial Statements, resulting to failure of the Municipality to better discharge its accountability obligations.

For the exceptions cited above, the Audit Team recommended the Municipal Mayor to:

- instruct the Inventory Committee to prepare and submit the RPCPPE per type of property;
- require the Municipal Accountant and General Services Officer to prepare the corresponding ledger cards and property cards for all types of properties and reconcile the same to establish the correct PPE balances and to investigate and adjust any discrepancy that will be noted; and
- instruct the Municipal Accountant to reconcile the actual amounts presented in the SCBAA and the actual amounts presented in the financial statements; and disclose the said reconciliation on the face of the SCBAA or in the notes to financial statements in compliance with Section 47 of the PPSAS No. 24, to enable the Municipality to better discharge its accountability obligations.

Significant Audit Observations and Recommendations

The other significant audit observations and recommendations in the audit of the Municipality of Infanta for the year 2015 are as follows:

1. The Municipal Treasurer failed to send written notices to payees of checks one (1) month before the issued check become stale, contrary to the provisions of Section 59, Volume 1 of the Manual on the New Government Accounting System thus, checks totaling ₱16,466.00 became stale and remained outstanding as of December 31, 2015. Likewise, the Municipal Accountant failed to prepare the necessary adjusting entries on the accounts affected, contrary to Item 6, Section 61 of the same Manual, thus misstating the financial statements.

We recommended the Municipal Mayor require the Municipal Treasurer to notify the payees or holder of checks one (1) month before they become stale so that concerned payees will be aware of the depository bank's action on these issued checks six months after the date of its issuance.

2. The Municipality's 2015 trial balance and financial statements were not submitted within the prescribed period, contrary to Section 7.2.1 of COA Circular No. 2009-006 and Sections 70 and 72 of the Manual on the New Government Accounting System (NGAS), Volume I, thus, prevented the Audit Team from conducting timely audit of the accounts and transactions of the Municipality for the Calendar Year.

We recommended that the Municipal Mayor instruct the Municipal Accountant to submit the required reports within the prescribed period and strictly adhere to the provisions cited above.

3. Unexpended balances of Priority Development Assistance Fund (PDAF) totaling ₱1,264,024.97 received by the Municipality from various legislators were not reverted to the General Fund-Unappropriated Surplus of the national government despite the Supreme Court Decision on the unconstitutionality of the transfer thereby, deprived the national government of the needed fund to finance other development projects.

We recommended that the Municipal Mayor instruct the Municipal Treasurer to deposit the balances of PDAF totaling ₱1,264,024.97 to the account of the National Treasury, pursuant to the Supreme Court Decision.

4. The list of all on-going government projects/programs/activities (PPA) and those that are to be implemented during the year and its monthly monitoring report were not submitted to the Commission on Audit for review and validation within the prescribed period, contrary to Sections 2.1, 3.1 and 3.2 of COA Circular No. 2013-004 dated January 30, 2013.

We recommended that the Municipal Mayor submit the list of all on-going government PPAs and those that are to be implemented during the year as of January 1, 2015 and submit the monthly monitoring report in compliance with the above cited regulations.

5. The Municipal Disaster Risk Reduction and Management Officer (MDRRMO) failed to submit the monthly Report on Sources and Utilization of Disaster Risk Reduction and Management Fund, contrary to the provision of COA Circular No. 2012-002, thus, prevented the Audit Team from conducting audit to determine if utilization of the fund was in accordance with the guidelines per COA Memorandum No. 2014-009 dated August 28, 2014.

We recommended that the Municipal Mayor require the MDRRMO to submit to the Audit Team the Monthly Report on the Sources and Utilization of Disaster Risk Reduction and Management Fund on or before the 15th day after the end of each month through the LDRRMC and the LDC in compliance with Item 5.1.5 of COA Circular No. 2012-002.

6. The amount of ₱7,327,750.00 or 28.18% of the total budget for the twenty percent (20%) Economic Development Fund of the Municipality of ₱26,005,646.40 remained unutilized as of December 31, 2015, contrary to Section 5 of Joint Memorandum Circular no. 2011-1 dated April 13, 2011 of the Department of the Interior and Local Government (DILG) and Department of Budget and Management (DBM), thus depriving the intended beneficiaries of the maximum benefits that should have been derived therefrom.

We recommended that the Municipal Mayor implement the development projects lined-up for the year to the optimum as provided for in Section 5 of Joint

Memorandum Circular No. 2011-1 dated April 13, 2011 to ensure maximum and immediate benefits to the intended beneficiaries.

7. Posting requirements of Notice of Award in the PhilGEPS for awarded goods and infrastructure projects with costs totaling ₱5,420,603.78 were not strictly adhered, contrary to Section 37.1.6 of the Implementing Rules and Regulations of R.A. No. 9184, hence, campaign of the government for transparency, accountability and participation was not effectively pursued.

We recommended that the Municipal Mayor instruct the Bids and Awards Committee to justify the non-posting of the notices of awards in the PhilGEPS for the procurement of goods and infrastructure projects totaling ₱5,420,603.78 and strictly adhere to the transparency provision cited above.

8. The required five percent (5%) or ₱8,436,885.47 of the Municipality's total appropriations of ₱168,737,709.33 intended for Gender and Development was not complied, contrary to the General Appropriations Act and Joint Circular No. 2004-1 dated April 5, 2004 of DBM, NEDA and NCRFW, thus, depriving the intended beneficiaries of the benefits that should have been derived therefrom.

We recommended that the Municipal Mayor require the Municipal Budget Officer to strictly comply with the General Appropriations Act and Joint Circular no. 2004-01 dated April 5, 2004 of DBM, NEDA and NCRFW requiring the allocation of 5% of the Annual Appropriations for GAD activities.

The observations and recommendations were discussed with the concerned Management officials and staff on August 5, 2016 and their comments were incorporated in the report, where appropriate.

Status of Implementation of Prior Year's Audit Recommendations

Of the seven prior year's audit recommendations embodied in the 2014 Annual Audit Report, four were fully implemented, one was partially implemented and the remaining two were not implemented by the Municipality.