EXECUTIVE SUMMARY

A. Introduction

In January 1887, Mapandan was established as a Pueblo in response to the cry of early inhabitants from the far flung barrios of southern Mangaldan for self-autonomy. The name Mapandan means " a place with many pandan."

Mapandan is third class municipality with a total land area of 3,291.75 hectares and comprises of 15 barangays. Farming is the primary source of income of the people. At present the Municipality is headed by Municipal Mayor Hon. Gerald Glenn L. Tambaoan.

Scope of Audit

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 as such other procedures considered necessary under the circumstances.

A Financial and Compliance Audit was conducted on the accounts and operations of the Municipality of Mapandan, Pangasinan for the year 2017. The audit was conducted to ascertain the propriety of transactions, agency's compliance to prescribed rules and regulations and accuracy of its financial reports. The audit aimed to ascertain whether goals and objectives were attained in terms of economy, efficiency and effectiveness.

Operational Highlights

The most significant accomplishment of the Municipality for the year 2017 were as follows:

	Project/Program	**Actual Cost**	**Status**
1.	Construction of Evacuation Centers @ Brgy. Golden, Lambayan, Jimenez, Sta. Maria & Torres.	6,312,929.31	Completed
2.	Rehabilitation/Improvement of Mapandan Public Auditorium (Phase 2)	1,477,783.35	Completed
3.	Supply & Delivery of 1 unit Heavy Equipment (Man Lifter Truck)	1,100,000.00	Completed
4.	Supply & Delivery of 28 Set Solar LED Lights for Mapandan Town Plaza.	974,981.28	Completed
5.	Concreting of Core Local Road @ 6 Barangays	14,073,523.11	On-going
6.	Rehabilitation/Upgrading of Mapandan Abattoir	3,413,301.38	On-going
7.	Rehabilitation/Upgrading of Children's Park (Phase 2)	1,986,604.31	On-going

B. Financial Highlights

Presented below are the financial position, sources of funds, appropriations and obligations of the municipality during the calendar year 2017, with comparative figures for calendar year 2016:

	2017	2016	Increase(Decrease)	%
Assets	243,600,350.30	239,662,412.35	3,937,937,.95	1.64
Liabilities	34,316,721.11	51,507,434.00	(17,190,712.89)	(33,.38)
Government Equity	209,283,629.19	188,154,978.35	21,128,650.84	11.23
Income	99,989,386.89	88,255,536.86	11,733,850.03	13.30
Expenses	95,214,375.11	78,852,071.66	16,362,303.45	20.75
Appropriations	108,443,630.00	95,132,306.72	13,311,323.28	13.99
Obligations	107,710,313.30	88,219,791.28	19,490,522.02	22.09

C. Auditor's Opinion on the Financial Statements

A qualified opinion has been rendered on the fairness of presentation of the financial statements as the Constructions of Drainage System and Concreting of Core Local Roads in the amount of P1,383,853.15 and P5,146,458.10, respectively were not recorded as Due to NGAS account instead of Asset account in the books under Trust Fund, thus understating the Water Supply System and Road Networks accounts in the financial statement.

D. Significant Findings and Recommendations

Hereunder are some of the significant audit findings and the corresponding recommendations which were discussed with the management during the exit conference. Management comments were incorporated in the report, where appropriate.

1. Constructions of Drainage System at Dama de Noche and Rose St., Poblacion and Concreting of Core Local Roads in the amount of P239,747.97, P1,144,105.18 and P5,146,458.10, respectively or a total of P6,530,311.25, were not recorded as asset account under Trust Fund, thereby understating the Water Supply System and Road Networks accounts in the amount of P1,383,853.15 and P5,146,458.10, respectively, presented in the financial statements as of December 31, 2017.

   We recommended that the Local Chief Executive require the Municipal Accountant to verify the journal entries relative to the projects implemented under Trust Fund and to draw the necessary adjusting entries in the books of accounts to reflect the correct amount of Water Supply System and Road Networks accounts in the financial statements.

2. Liquidation of cash advance prescribed under Section 89 of Presidential Decree No. 1445 and Sections 5.7 and 5.8 of COA Circular No. 97-002 was

not strictly followed, thus resulted to an unliquidated balance of P138,700.00 as of December 31, 2017.

We recommended that Management require the accountable officer to immediately liquidate/settle his cash advances and to strictly observe the provisions in the granting and liquidation of cash advances as provided under PD 1445 and COA Circular No. 97-002.

3. Revenue Collection Officer was not only assigned to collect business permit from taxpayers but also to pay salaries and wages of municipal officials and employees and other petty operating expenses thru Payroll Fund and Petty Cash Fund, respectively, which is not in consonance with internal control system on segregation of duties; hence no check and balance was adopted in handling cash pertaining to collection of taxes and Payroll Fund, and Petty Cash Fund.

   We recommended that the Local Chief Executive instruct the Municipal Treasurer to assign another employee to collect business taxes in order to ensure check and balance in the custody of cash account.

The other audit findings and the corresponding recommendations were discussed in Part II of this report.

E. Statement of Audit Suspensions, Disallowances and Charges (SASDC)

The Notice of Disallowance had a balance of P47,000.00 as of December 31, 2017.

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

Of the 14 audit recommendations embodied in the 2016 AAR, 6 were implemented, 4 were partially implemented and 4 were not implemented by the Municipality.