

EXECUTIVE SUMMARY

A. Introduction

The town was named after Don Manuel Sequig, the founder and leader of the settlers who explored the virgin forest from the bank of the Agno River towards the grassy lands of the west to the foot of the Cordillera Mountains in the north. When San Manuel became a town in 1614, the site of the Poblacion was in Pau (now known as Curibetbet).

San Manuel is a first-class municipality composed of fourteen (14) barangays. It is in the eastern part of Pangasinan which has nearby neighbors: Cordillera Mountain, Tuba, Benguet, Pozorrubio, San Nicolas, Asingan, Tayug and Binalonan, all of Pangasinan, with a total land area of 183.39 sq.m. According to the 2010 census, it has a population of 46,875 people.

The Municipality of San Manuel, Pangasinan is headed by **Honorable Alain Jerico S. Perez**, as its Municipal Mayor and **Honorable Salvador M. Perez** as its Municipal Vice-Mayor. The total manpower complement for the calendar year 2017 was three hundred twenty two (322), broken down as follows:

Elective	10
Co-Terminus	7
Permanent	87
Casual	157
Contractual	<u>61</u>
Total	<u>322</u>

B. Financial Highlights

The financial conditions and results of operations of the municipality for the calendar year 2017 compared with that of the last year's are presented as follows:

	CY 2017	CY 2016	Increased (Decreased)	Percentage (%)
Assets	415,385,598.93	320,661,381.58	94,724,217.35	29.54%
Liabilities	129,061,357.63	59,105,860.14	69,955,497.49	118.36%
Government Equity	286,324,241.30	261,555,521.44	24,768,719.86	9.47%
Income	197,489,534.70	185,055,799.13	12,433,735.57	6.72%
Expenses	169,230,115.09	143,612,880.09	25,617,235.00	17.84%

C. Operational Highlights

The major and significant accomplishments of the Municipality of San Manuel are as follows:

<u>Programs/Projects/Activities</u>	<u>Cost</u>	<u>Status</u>
- Installation of Dancing Fountain	P7,020,000.00	Completed
- Concreting of Arzadon-Cabulundayan Road	4,995,000.00	Completed
- Concreting of Campo Uno Road at Barangay Sto. Domingo	2,498,000.00	Completed
- Slope Protection of Colobong Creek at Barangay San Bonifacio	1,598,000.00	Completed
- Construction of Two (2) Storey Public Market (Phase III)	9,995,000.00	Completed
- Site Development of Public Cemetery	1,998,000.00	Completed
- Development of Historical Park	998,000.00	Completed

LGU Awards

1. MSWD – Compliant with the Standard for a Fully Functional Local Social Welfare and Development Office
2. Seal of Child – Friendly Local Governance by the Council for the Welfare of Children
3. Accreditation of LGU 10 Day Care Center by the DSWD Field Office (Region I)
4. Seal of Good Local Governance Passer
5. Accredited MCP (Maternal Care Program), DOTS (Direct Observed Treatment), PCD (Primary Care Benefit)

Scope of Audit

The audit covered the accounts and operations of the Municipality for the calendar year 2017 to determine whether management presented fairly the financial statements in adherence to the generally accepted accounting principles; whether prevailing laws, rules and regulations have been complied with; and whether funds were utilized in the most efficient, effective and economical manner. A Financial and Compliance and Value for Money Audit were conducted to achieve these audit objectives.

The audit was focused on the common audit thrust areas issued by the COA Local Government Sector for CY 2017 audit on LGUs.

Auditor's Opinion on the Financial Statements

We rendered a qualified opinion on the fairness of the presentation of the Financial Statements of the Municipality of San Manuel, Pangasinan for CY 2017 because the reliability, accuracy and existence of the Property, Plant and Equipment (PPE) with a net amount of P363,983,385.98 could not be ascertained due to the failure of the municipality to conduct annual physical count of properties. Further, the inadequacy of the municipality's records relative to the account did not enable us to undertake alternative procedures to validate the correctness of the year-end account balance.

Significant Findings and Recommendations

- 1. The properties of the municipality with a net book value of P363,983,385.98 cannot be ascertained due to failure to conduct annual physical count during the year hence existence and conditions of these properties cannot be determined thereby affecting the reliability and accuracy of the Property, Plant and Equipment account presented in the Financial Statement.**
 - a. We have recommend the Local Chief Executive to initiate move by creating Inventory Committee that will conduct the physical count of all properties of the municipality to know the existence and condition of these assets and to prepare and submit to the Auditor the Report on Physical Count of Property, Plant and Equipment (RPCPPE) in compliance with Section 124 of the MNGAS and inconsonance with Section 156 of COA Circular 92-386.
 - b. For the Municipal Accounting Office and the Municipal Treasurer's Office to maintain Property Ledger Cards and Property Cards, respectively, to show records of the various municipal assets and which will also be used in reconciling with the physical inventory count conducted by the Inventory Committee.
- 2. Cash-In-Local-Treasury had outstanding balances at every end of the month which signified that collections were not deposited daily and intact contrary to Section 32 of the New Government Accounting System (NGAS) Manual Volume I, thereby exposing government funds to risk of loss thru malversation and loss of opportunity to earn interest income.**

We have recommended that management require the Municipal Treasurer to observe strictly the deposit of all collections daily and intact to safeguard collections from the risk of loss and avoid the opportunity loss for interest income due to late deposits of collections.

- 3. Advances for Payroll and Advances for Officers and Employees amounting to P241,943.61 and P434,562.84, respectively, remained not settled/ liquidated as of the end of the year which is not in accordance with the provisions of COA Circular 97-002.**
 - a. We have recommended to the management that all officials and employees who still have outstanding cash advance as of year-end immediately settle/liquidate their respective cash advances. Similarly, Advances for Payrolls should be liquidated within the time frame stated in the Circular.
 - b. Stop granting additional cash advance to officials and employees with outstanding balances unless the previous one has been settled/liquidated to comply with the rules and regulations in the granting, utilization and liquidation of cash advances as provided for in COA Circular 97-002.

4. Prior Period Adjustments under General Fund amounting to P475,756.87 was closed to Income and Expense Summary account instead of Government Equity account thus, understating the Surplus (Deficit) for the period by the same amount, contrary to COA Circular No.2015-009 dated December 1, 2015.

- a. We have recommended consistent adherence to the proper recording and reporting of accounts pursuant to Philippine Public Sector Accounting Standards (PPSAS).
- b. We also have recommended that the balance of the Prior Year's Adjustment account should be closed to Government Equity account as of year-end for the fair presentation of the Financial Statements.

The foregoing and other findings were discussed in detail in Part II of this report.

Status of Implementation of Prior Year's Recommendations

Out of the sixteen (17) prior year's audit recommendations embodied in the 2016 Annual Audit Report, one (1) were fully implemented, three (3) were partially implemented and thirteen (13) remained unimplemented.