

EXECUTIVE SUMMARY

1. Introduction

The LGU was founded in 1580s by Juan de Salcedo. He found in Camalaniugan, a flourishing community of farmers and fishermen led by Guiab. At that time, Camalaniugan encompassed a large area that included what we know now as the towns of Buguey, Sta. Teresita, Gonzaga and Sta. Ana. Camalaniugan was one of the first towns in Cagayan to be so organized. At present it is composed of twenty eight (28) barangays and ranked 4th class municipality.

With its existing development trends, strategic locations and resources, the municipality is envisioned to be the center of Agro-Commercial progress in the province and regions as well, where dignified Camalaniugeños feel the enjoyment of improved quality life in a balanced environment thru the principle of good governance.

Records show that through its fast and ever changing economic and political development, the municipality was awarded by institutions, both private and public, as follows:

- a. The Seal of Good House Keeping Bronze Category
- b. One of the Best LGU Anti Red Tape Act Implementer
- c. The Seal of Good House Keeping Silver Category
- d. The Seal of Good Financial House Keeping; and
- e. The Seal of Good Local Governance

The audit covered the accounts and operations of the Municipality of Camalaniugan for the year 2017 and was aimed at determining whether management presented fairly the financial statements of the municipality in adherence to the Philippine Public Sector Accounting Standards, whether prevailing laws, rules and regulations have been complied with, and finds were utilized in the most efficient, effective and economical manner. Financial and performance audit were conducted to achieve these audit objectives.

2. Financial Highlights

The Municipality's assets, liabilities and Equity as of December 31, 2017 were P115,737,604.14, P59,986,880.75 and P55,750,723.39, an increased by 25.41%, 7.73% and 52.30% respectively, compared of last year's assets, liabilities and equity.

The Municipality's income earned for CY 2017 amounted to P93,415,001.88, an increased by 14.45% compared to last year's income of P81,620,411.22.

The municipality's total assets, liabilities, equity, and income and expenses for CY 2017 compared with that of CY 2016 are as follows:

Particulars	2017	2016	Increase(Decrease)	
			Amount	Percentage
Financial Position				
Assets	115,737,604.14	92,287,202.34	23,450,401.80	25.41
Liabilities	59,986,880.75	55,681,296.66	4,305,584.09	7.73
Govt. Equity	55,750,723.39	36,605,905.68	19,144,817.71	52.30
Financial Performance				
Income	93,415,001.88	81,620,411.22	11,794,590.66	14.45
Expense	74,734,597.58	77,836,294.84	(3,101,697.26)	(3.98)
Appropriations, Allotments and Obligation				
Appropriations	101,816,541.28	118,703,832.01	(16,887,290.73)	(14.23)
Obligations	84,822,935.20	94,631,711.43	(9,808,776.23)	(10.37)

Summary of Funds Transferred to Other Agencies

Particulars	2017	2016	Increase(Decrease)	
			Amount	Percentage
Subsidy from General Fund Proper/Other Special Accounts	-	-	-	-
Subsidy to National Government Agencies	143,000.00	681,806.64	(538,806.64)	(79.03)
Subsidy to Other Funds	-	-	-	-

3. Independent Auditor's Report on the Financial Statements

The auditor rendered a qualified opinion on the presentation of the financial statements of the Municipality of Camalaniugan as at December 31, 2017 due to the non-reconciliation of the discrepancy noted amounting to P68,888,014.96 between the Report on the Physical Count of Property, Plant and Equipment (RPCPPE) for the accounts Property, Plant and Equipment (PPE) and Investment Property with carrying value of P26,876,557.74 and P4,783,526.82 respectively and non-maintenance of Real Property Ledger Cards contrary to Sections 120 and 124 of the New Government Accounting System (NGAS) Manual, thus, casting doubt on the accuracy, validity and reliability of the accounting records and related reports, thus, affecting the fair presentation of the accounts in the financial statements.

4. Summary of Significant Audit Observations and Recommendations

- a. The Municipality failed to appropriate the minimum amount required for LCPC equivalent to 1% of its Internal Revenue Allotment (IRA) contrary to Section 15 of R.A. No. 9344 also known as the Juvenile Justice and Welfare Act of 2006, thus, the objective of the LCPC was not attained.

We recommended that Management allocate the required 1% of the total Internal Revenue Allotment for the LCPC so that the children in the municipality will receive the maximum assistance including proper care and nutrition, and special protection from all forms of conditions prejudicial to their development.

- b. Of the thirty eight (38) planned programs and projects funded out of the 20% Local Development Fund, only eight (8) were fully completed amounting to P2,384,782.56 or 16.11% of the total appropriation, as at December 31, 2017, hence, socio-economic benefits and services due to the Municipality's constituents were delayed.

We recommended that Management fast track the implementation of all the unimplemented programs and projects of the LGU and ensure that future projects to be included in the Annual Investment Plan are implemented as scheduled.

- c. Net Take Home Pay of some officials/employees are below the allowed amount of P4,000.00 per month contrary to the provisions of General Appropriations Act, FY 2017.

We recommended that Management strictly observe the General Provision of General Appropriations Act for FY 2017 which provides a limitation on the net take home pay of officials and employees of the government in the amount not below P4,000.00.

- d. The Breeding Stocks account amounting to P422,000.00 were not supported with documents showing its existence due to the absence of actual physical inventory report, hence, the balance appearing in the financial statements cannot be verified and its validity cannot be ascertained.

We recommended that Management instruct all concerned personnel to conduct physical inventory of the breeding stocks and immediately reconcile the accounting records and accordingly effect adjustments in the books, if any.

- e. Discrepancy in the amount of P81,877.77 on Real Property Tax (RPT) Receivable and Special Education Tax (SET) Receivable accounts was not reconciled in conformity with the provisions of Sections 233 and 235 of RA No. 7160, hence the accuracy of the accounts cannot be ascertained.

We recommended that Management undertake an immediate reconciliation of the records of the treasury and accounting offices and make the necessary adjustments to the affected accounts.

5. Summary of Total Suspensions, Disallowances and Charges

The Municipality has zero (0) Suspensions, zero (0) Disallowances and zero (0) Charges as of December 31, 2017.

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

Out of the nine (9) audit recommendations of last year's report, five (5) were fully implemented, three (3) were partially implemented, and one (1) was not implemented as of year-end, hence, reiterated in Part II of the report.