

## EXECUTIVE SUMMARY

### 1. Introduction

Kasibu was first established as part of the Municipal District of Bambang, Nueva Vizcaya until the post-war year 1959-1969 and 1964-1967 when it was finally recognized as a Municipal District. The Municipality of Kasibu is classified as 3<sup>rd</sup> class municipality with (30) barangays.

The audit covered the accounts and operations of the Municipality of Kasibu, Nueva Vizcaya for the year 2017 and was aimed at determining whether management presented fairly the financial statements of the Municipality in adherence to the generally accepted accounting principles; whether prevailing laws, rules and regulations have been complied with; and funds were utilized in the most efficient, effective and economical manner. Financial and compliance audits were conducted to achieve these audit objectives.

### 2. Financial Highlights

The highlights of the financial position, financial performance and appropriations, allotments and obligations of the Municipality of Kasibu, Nueva Vizcaya for the year ended December 31, 2017, with comparative figures for CY 2016, are as follows:

Particulars	2017	2016	Increase / (Decrease)
<b>Financial Position</b>			
Total Assets	P 466,810,242.96	P 311,077,884.47	P 155,732,358.49
Total Liabilities	66,520,140.03	54,323,178.35	12,196,961.68
Total Government Equity	400,290,102.93	256,754,706.12	143,535,396.81
<b>Financial Performance</b>			
Revenue	P 254,430,269.66	P 264,547,878.00	P (10,117,608.34)
Expense	128,746,124.19	118,060,015.30	10,686,108.89
Surplus	125,684,145.47	146,487,862.70	(20,803,717.23)
<b>Appropriations, Allotments and Obligations</b>			
Current Year Allotment	P 183,935,326.29	P 111,278,632.42	P 72,656,693.87
Continuing Allotment	181,485,031.85	44,162,455.50	137,322,576.35
Current Year Obligations	114,071,912.32	87,850,805.48	26,221,106.84
Continuing Obligations	97,705,481.26	34,233,455.04	63,472,026.22

During the year, total assets increased by P155,732,358.49 as compared last year mainly due to the recognition of public infrastructure projects previously recorded in the registries to the asset accounts of the municipality. The total allotments of the municipality amounted to P365,420,358.14 and the obligations incurred amounted to P211,777,393.58 leaving a balance of P153,642,964.58 of

which the amount of P83,779,550.59 is a continuing appropriation and P69,863,413.97 is free of any obligation.

Comparative Statement of Fund Transfers to and from NGAs, GOCCs, LGUs,  
NGOs and POs

Particulars	2017	2016	Increase / (Decrease)
<b>Fund Transferred to Other Agencies</b>			
Due from NGAS	P 1,166,491.45	P 1,260,568.64	P (94,077.19)
Due from GOCCs	38,478.00	38,478.00	-
Due from Other LGUs	842,589.88	565,905.88	276,684.00
Due from NGOs / POs	-	-	-
<b>Total</b>	<b>P 2,047,559.33</b>	<b>P 1,864,952.52</b>	<b>P 182,606.81</b>
<b>Fund Received from Other Agencies</b>			
Due to NGAs	P 19,999,176.14	P 9,432,398.65	P 10,566,777.49
Due to GOCCs	5,484.25	5,484.25	-
Due to Other LGUs	7,782,496.70	5,914,091.48	1,868,405.22
Due from NGOs / POs	-	-	-
<b>Total</b>	<b>P 27,787,157.09</b>	<b>P 15,351,974.38</b>	<b>P 12,435,182.71</b>

### 3. Independent Auditor's Report on the Financial Statements

As discussed in Finding No 1, Part II of the report the Auditor rendered a qualified opinion on the fairness of presentation of the financial statements of the municipality for the year ended December 31, 2017 for reason that the balance of the Property, Plant and Equipment account amounting to ₱111,807,591.54 could not be relied upon due to unreconciled difference of ₱65,566,604.29 between the accounting and property records.

### 4. Summary of Significant Findings and Recommendations

The findings and recommendations were discussed with the Management in an exit conference held on March 1, 2018. Management comments were incorporated in the report where appropriate.

1. The balance of the Property, Plant and Equipment account amounting to ₱111,807,591.54 could not be relied upon due to unreconciled difference of ₱65,566,604.29 between accounting and property records which is not in accord with Sections 114 and 124, Volume I of the NGAS and Chapter 4 of the Handbook on Property & Supply Management System.

We recommended that Management undertake a complete periodic physical inventory of municipal properties and immediately reconcile the

balances of any affected accounts to permit fair presentation of PPE in the financial statements.

2. The inability of the Municipality to completely implement and deliver Thirty Four (34) out of Forty Eight (48) identified programs, projects and activities (PPAs) under the 20% development fund deprived the intended beneficiaries of the timely utilization thereof, hence the socio – economic benefits were not achieved and optimized.

We recommended for management to fast tract the implementation of all on – going and not yet started programmed and funded projects under the 20% Development Fund to optimize utilization thereof and timely brings the desired benefits to the intended beneficiaries.

3. The Municipality did not fully implement and deliver 37 out of 90 or 41.11% of the Local Disaster Risk Reduction and Management (LDRRM) programs, projects and activities budgeted for the CY 2017, thus the desired goals and objectives of reducing disaster risk and enhancing disaster preparedness and response capabilities may not be optimally achieved contrary to RA No. 10121, the Philippine Disaster Risk Reduction and Management Act of 2010, and its IRR.

We reiterated our recommendation that management through the Municipal Disaster Risk Reduction and Management Office:

- a. Monitor the utilization of LDRRMF focusing on programs, projects and activities (PPAs) requiring the highest priority in terms of urgency and/or impact on the four thematic areas of Disaster Risk Reduction and Management; and
  - b. Ensure efficient and effective implementation of all programmed projects identified during the budget year to optimize the utilization of the fund and to warrant that goals and objectives of reducing disaster risk and enhancing disaster preparedness and response capabilities be achieved.
4. Unexpended balance amounting to P139,350.28 from CY 2012 LDRRMF appropriation previously transferred to the Local Disaster Risk Reduction Management Fund (LDRRMF) – Special Trust Fund Account was not reverted to the General Fund at year –end hence not in accord with Section 5 (5.1.13) of COA Circular No. 2012 – 002.

We recommended that management revert the unexpended balance of CY 2012 LDRRMF appropriation back to the unappropriated surplus of the

General Fund for subsequent re-appropriation by the local sanggunian for other social services.

5. The municipality disbursed the amount of P4,012,456.83 from the Local Risk Reduction Management Fund (LDRRMF) – Special Trust Fund without LDRRMF Investment Plan (LDRRMFIP) hence not in accord with Section 5 (5.1.2) of COA Circular No 2012 – 002.

We recommended that management prepare the LDRRMFIP which includes projects, programs and activities chargeable from the prior year’s unexpended balance of LDRRMF.

6. Savings amounting to P491,480.12 from implemented projects under the Bottom–Up Budgeting (BuB) and Assistance to Disadvantaged Municipalities (ADM) – Local Government Support Fund (LGSF) remained in the trust fund account of the municipality, hence is not in accord with Section 4 (3) of PD No. 1445.

We recommended for management to:

1. Revert the unexpended balance of the BuB-LGSF to the source agency; or
2. Seek authority from the source agency for the utilization of the unexpended balance for purposes as may be allowed by the latter.

#### 5. Summary of Total Suspensions, Disallowances and Charges as of year-end

Particulars	Beginning Balance	Issued During the Year	Settlement During the Year	Ending Balance	% of Settlement
<b>Suspensions</b>					
Prior Years	94,504.50	-	-	94,504.50	0.00%
Current Year	-	380,565.00	380,565.00	-	100.00%
<b>Total</b>	<b>94,504.50</b>	<b>380,565.00</b>	<b>380,565.00</b>	<b>94,504.50</b>	
<b>Disallowances</b>					
Prior Years	1,340,550.32	204,400.59	-	1,136,149.73	15.24%
Current Year	-	-	-	-	0.00%
<b>Total</b>	<b>1,340,550.32</b>	<b>204,400.59</b>	<b>-</b>	<b>1,136,149.73</b>	
<b>Charges</b>					
Prior Years	-	-	-	-	0.00%
Current Year	-	-	-	-	0.00%
<b>Total</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	

## **6. Status of Implementation of Prior Years' Recommendations**

Out of the twenty six (26) recommendations embodied in the 2016 Annual Audit Report, thirteen (13) were fully implemented, ten (10) were partially implemented and three (3) were not implemented.

The implementation of audit recommendations enabled Management to attain more efficient utilization of government resources in its operations.