

EXECUTIVE SUMMARY

A. INTRODUCTION

Balanga, the capital of the province of Bataan, became a component city on December 30, 2000 by virtue of Republic Act No. 8984. It occupies a total land area of 11,163 hectares and has 25 barangays, five of which are found along the coast of Manila Bay. It is located at the heart of the Province in the mid-eastern part barely 124 kilometers away from Manila by land and just right across Manila Bay by water. Its present population was reported at 96,061 at the end of 2015 (PSA 2015 Census).

Present economic activities in the city include agriculture, trading and commerce, services and tourism. Being the capital, Balanga is the dominant commercial, service and education center of the Province. With its current situation, the city envisions itself to be “A World Class University Town by 2020: The Emerging Hub for Knowledge-Based Businesses in the Philippines. This vision is supported with the mission to build a family-oriented society with a strong learning atmosphere that will ensure sustainable development and participatory governance. The city is undergoing Performance Governance System with its partner, Institute for Solidarity in Asia to ensure the realization of its vision and is now on its institutionalization. Various strategic initiatives are put in place to close and bridge the identified performance gaps in the attainment of the city objectives.

The city is one of the Philippines’ first Islands of Good Governance for its contribution to strengthening Filipino institutions, communities, and individuals by advocating for strong learning and family ties and building an environment that is ripe for innovation. It was also conferred the Seal of Good Local Governance and was awarded various recognition such as UNESCO Learning City Award for its excellent progress in being one of the learning cities in the world and Red Orchid Hall of Fame for implementing a 100% Tobacco – Free environment for three consecutive years.

B. FINANCIAL HIGHLIGHTS

	2017	2016
Financial Condition		
Assets	₱ 1,307,940,271.49	₱ 1,048,717,668.60
Liabilities	488,674,196.73	424,095,209.29
Net Assets/ Equity	819,266,074.76	624,622,459.31
Results of Operations		
Revenues	724,007,754.96	627,070,941.59
Expenses	451,167,470.06	402,038,768.34
Surplus for the period	241,337,489.51	196,189,674.51

C. SCOPE OF AUDIT

The audit was conducted in accordance with the Philippine Public Sector Standards on Auditing. It covers the financial transactions and operations of the City of Balanga for CY 2017. It included the examination of supporting documents of pre-selected accounts and areas, employing audit procedures and techniques such as analysis of accounts and such other procedures considered necessary. The audit was conducted to (a) ascertain the level of assurance that may be placed on management's assertions on the financial statements; (b) determine compliance of management with the laws, rules and regulations on the pre-identified audit thrusts/areas and recommend agency improvement opportunities thereon; and (c) determine the extent of implementation of prior year's audit recommendations.

D. AUDITOR'S REPORT

A qualified opinion was rendered because the accuracy of the recorded RPT/SET Receivables were unreliable due to the absence of the certified list of taxpayers/assessment roll to support the amount set up as receivables during the year. Also, the absence of details identifying each Land, Buildings and Furniture and Fixtures in the records maintained by the Treasury, Accounting and General Services Department resulted in unreconciled records between the three offices, rendering the accounts unreliable.

On the recording of RPT/SET Receivables we recommended that the –

- Accounting Office comply with Section 20 of the Manual on the NGAS for LGUs, Volume I on the setting up of RPT/SET Receivables using as basis the certified list of taxpayers submitted by the City Treasurer's Office and maintain subsidiary ledgers detailing the accounts and taxes due thereof.
- Local Chief Executive instruct the Management Information Systems Office to fast track the billing and collection system intended for the taxable and collectible real property taxes so as to present the RPT/SET Receivable accurately.

On the unaccounted and unreconciled PPE accounts, we recommended that –

- Management be guided by PPSAS 17 in the (a) recognition of Land and Building; (b) determination of their carrying value; and (c) impairment losses to be recognized in relation to them.
- Management conduct physical inventory of Furniture and Fixtures to verify the existence and actual status of each item, make a report thereof and decide on their disposition, if needed.

D. OTHER SIGNIFICANT AUDIT OBSERVATIONS AND RECOMMENDATIONS

1. Funds received from other government agencies were not fully utilized for the intended projects, thereby depriving the intended beneficiaries of the benefits that may be derived therefrom. (*Observation No. 4*)

We recommended that Management (a) ensure the timely implementation of the social and livelihood programs so as to deliver their intended services/purposes; and (b) request from source agencies authority to use unutilized funds, otherwise, return the unutilized balances as required under Paragraph 4.9 of COA Circular No. 94-013.

2. The non-coordination among the concerned departments of the City Government resulted in unimplemented PPAs that could have addressed issues and concerns relative to social protection and sustainable development as embodied in RA No. 10121 and Joint Memorandum Circular No. 2013-1 dated March 25, 2013. (*Observation No. 5*)

We recommended that Management be guided by RA No. 10121 and JMC No. 2013-1 in planning, appropriating and implementing PPAs to provide maximum protection and minimize, if not to avoid completely, the ill effects of calamities to its constituents.

3. The slow-moving implementation of the Integrated Solid Waste Management Facility resulted in un-built and un-operated structures required under DENR Administrative Order No. 10, s. 2006, posing risks to public health and environment. (*Observation No. 7*)

We recommended and Management agreed to revisit its Solid Waste Management Facility Plan and be guided accordingly by DAO No. 10, s. 2006 in structuring its final disposal sanitary landfill to ensure protection of public health and environment.

4. Due to lack of monitoring in the implementation by the GFPS Executive Committee and lack of manpower to implement the GAD activities, the gender and development funds registered a low utilization rate of 68% leaving 32% or ₱13,143,763.50 which could have been used towards the empowerment of both men and women. (*Observation No. 9*)

We recommended and Management agreed that the GFPS Executive Committee monitor the planned projects and activities of the GPB to ensure the effective and efficient implementation thereof and the judicious utilization of the GAD budget toward tapping potentials of men and women that may contribute to local development.

5. Six of the twelve boats provided by the City of Balanga to the fishermen beneficiaries are not operational due to absence of necessary parts such as “batangan” and “katig” and incapacity of the beneficiary, resulting non-attainment of the objectives of the Malinis at Masaganang Karagatan Program. (*Observation No. 11*)

We recommended that the City Agriculturist continuously revisit the project and its beneficiaries to ensure that the objectives thereof are fully achieved and henceforth, proper evaluation of beneficiaries should be conducted to ensure that projects are properly implemented and targeted benefits are derived therefrom.

We are glad to note that Management continuously earned recognitions in good governance as stated below.

6. Following the strategy map which assisted the City of Balanga in attaining its mission of building a family-oriented city with a strong learning atmosphere that will ensure sustainable development and participatory governance and its vision of becoming a “University Town in 2020-The Emerging Hub for Tech Businesses”, management continuously implemented various education and development programs and projects, earning the Palladium’s Hall of Fame for Executing Strategies and Hall of Fame for the Seal of Good Governance. (*Observation No. 10*)

We commended the City Government for its efforts in continuously remaining at the top of its efforts in good governance. We recommended that Management continue following its strategy map in building a family-oriented city with a strong learning atmosphere to ensure sustainable development and participatory governance and attain its vision of becoming a “University Town in 2020-The Emerging Hub for Tech Business”.

The details of these observations are included in the Part II of this report.

E. SUMMARY OF AUDIT SUSPENSIONS, DISALLOWANCES AND CHARGES

As of year-end, the City has an outstanding disallowance of ₱15,857,770.73. No settlement was made on the notices of disallowance for which a motion for reconsideration for the disallowance of ₱1,339,770.73 was filed at the COA Central Office and an appeal for the ₱14,518,000.00 was filed at the COA Regional Office No. III.

F. STATUS OF IMPLEMENTATION OF PRIOR YEAR’S UNIMPLEMENTED AUDIT RECOMMENDATIONS

Of the eight audit recommendations embodied in the 2016 Annual Audit Report, five were fully implemented, one was partially implemented and two were not implemented, some of which are reiterated in this report.