

Executive Summary

Introduction

1. The Municipality of Buldon, Maguindanao was created by virtue of Presidential Decree No.3419 dated June 18, 1961. The municipality upon its devolution enjoys total independence in the planning, managing and deciding in administrative, fiscal and development that would enhance the quality of life of its constituents.

2. We conducted financial and compliance audit on the accounts and operations of the Municipality of Buldon, Maguindanao for Calendar Year ending December 31, 2017. Our examination was made in accordance with generally accepted and prescribed auditing standards and accordingly included such other auditing procedures as it was necessary.

3. The scope of our audit covered the General Fund, Special Education Fund and Trust Fund from January 1, 2017 to December 31, 2017.

Financial Highlights

4. For CY 2017, the total assets of the Municipality of Buldon, Maguindanao was lower by ₱ 53 (In Thousands of Pesos) or 0.010%, its total liabilities was lower by ₱ 2,134 (In Thousands of Pesos) or 28.25% and its equity was higher by ₱ 2,081 (In Thousands of Pesos) or 4.49% in comparison with the previous year as shown below:

Particular	CY 2017 (In Thousands of Pesos)	CY 2016 (In Thousands of Pesos)	Increase (Decrease)	Percentage
Assets	₱ 53,830	₱ 53,883	(₱ 53)	(0.010%)
Liabilities	5,421	7,555	(2,134)	(28.25%)
Equity	₱ 48,409	₱ 46,328	₱ 2,081	4.49%

5. During the year the municipality's total income amounting to ₱ 139,486 (In Thousands of Pesos) was increased by ₱17,935 (In Thousands of Pesos) or 14.76% as compared with the last year's income of ₱ 121,551 (In Thousands of Pesos) as shown below:

Revenue	CY 2017 (In Thousands of Pesos)	CY 2016 (In Thousands of Pesos)	Increase (Decrease)	Percentage
Tax Revenue	₱ 953	₱ 337	₱ 576	152.79%
Share from Internal Revenue Collection	134,667	120,018	14,649	12.21%
Other Share from National Tax	-	-	-	-

Service & Business Income	1,542	824	718	87.14%
Gain	-	-	-	-
Other Income	2,324	332	1,992	600.00%
Total Income	₱ 139,486	₱ 121,551	₱ 17,935	14.76%

6. The total expenditures for the year 2017 totaling to ₱ 139,711 (In Thousands of Pesos) was higher by ₱ 16,715 (In Thousands of Pesos) or 13.59% than the preceding year of ₱ 122,996 (In Thousands of Pesos). Shown below are the expenditures for the year.

Expenditure	CY 2017 (In Thousands of Pesos)	CY 2016 (In Thousands of Pesos)	Increase (Decrease)	Percentage
Personnel Services	₱ 52,127	₱ 39,371	₱ 12,756)	(32.40%)
Maintenance and Other Operating Expense	86,966	75,209	11,757	15.63%
Non-Cash Expense	-	-	-	-
Financial Expenses	618	8,416	(7,798)	(92.66%)
Total Expenses	₱ 139,711	₱ 122,996	₱ 16,715	13.59%

7. For CY 2017, appropriation amounting to ₱ 136,196 (In Thousands of Pesos) was higher by ₱ 14,311 (In Thousands of Pesos) or 11.74% with that of the preceding year of ₱ 121,885 (In Thousands of Pesos), its allotment was ₱ 136,196 which was higher by ₱ 14,645 (In Thousands of Pesos) or 12.05% as compared to last year of ₱ 121,551 (In Thousands of Pesos) and its current year obligation was higher by ₱ 18,347 (In Thousands of Pesos) or 15.13%. Shown below are the appropriation allotment and obligation for reference.

Particular	CY 2017 (In Thousands of Pesos)	CY 2016 (In Thousands of Pesos)	Increase (Decrease)	Percentage
Appropriation	₱ 136,196	₱ 121,885	₱ 14,311	11.74%
Allotment	₱ 136,196	₱ 121,551	₱ 14,645	12.05%
Obligation	₱ 136,644	₱ 121,297	₱ 18,347	15.13%

Auditor's Opinion on the Financial Statements

The auditor rendered a qualified opinion in the fairness of the financial statements of the Municipality of Buldon, Maguindanao as of December 31, 2017, except (1) Inventory Account of ₱9,827.85 in the Consolidated Statement of Financial Position CY 2017 could not be relied when the management failed to submit the Report on the Physical Count of Inventories (RCPI), in violation to Section 124 of the Manual on the New Government Accounting System For Local Government Units, Volume I. (2). The Real Property Tax Receivable Account of ₱4,580,155.71 as of December 31, 2017 in the Consolidated Statement of Financial Position CY 2017 were not collected, contrary to Section 57 of the Presidential Decree (PD) No. 464, otherwise known as the Real Property Tax Code.

Summary of Significant Observations and Recommendations

8. The Office of the Auditor audited the transactions of the Municipality of Buldon, Maguindanao. The significant observations and its corresponding recommendations are as follows:

Observations	Recommendations
1. Cash and Cash Equivalents of ₱115,916.97 in the Consolidated Statement of Financial Position for CY 2017 could not be relied because the accountable officer failed to submit the bond and Statement of Accountability for the Accountable Form with Money Value and Without Money Value, contrary to Section 122 of the Presidential Decree (PD) No. 1445, otherwise known as the Government Auditing Code of the Philippines.	1. We recommend to the Local Chief Executive (LCE) to instruct the accountable officer to submit the bond and Statement of Accountability for the Accountable Form with money value and without money value in accordance with Section 122 of the Presidential Decree No. 1445, otherwise known as the Government Auditing Code of the Philippines.
2. Inventory Account of ₱9,827.85 in the Consolidated Statement of Financial Position CY 2017 could not be relied when the management failed to submit the Report on the Physical Count of Inventories (RCPI), in violation to Section 124 of the Manual on the New Government Accounting System For Local Government Units, Volume I.	2. We recommend to the Local Chief Executive (LCE) to direct the Municipal Accountant to submit to the Report on the Physical Count of Inventories (RPCI). Office Supplies, pursuant to Section 124 of the Manual on the New Government Accounting System - For Local Government Units, Volume I.

Observations	Recommendations
<p>3. The Real Property Tax Receivable Account of ₱4,580,155.71 as of December 31, 2017 in the Consolidated Statement of Financial Position CY 2017 were not collected, contrary to Section 57 of the Presidential Decree (PD) No. 464, otherwise known as the Real Property Tax Code.</p>	<p>3. We recommended to the Local Chief Executive (LCE) to instruct the Municipal Treasurer the following:</p> <p>31.1 Abide to Section 57 of the Presidential Decree (PD) No. 464, otherwise known as the Real Property Tax Code.</p> <p>31.2 Conduct tax campaign especially to those development real property owners.</p> <p>31.3 Exert extra effort to collect the real property taxes.</p> <p>31.4 Recommended tax incentives community to Municipal Mayor and Sanggunian Bayan for those real property owners who would pay their respective taxes early for those delinquent real property tax owners.</p>

Observations	Recommendations
<p>4. Property, Plant and Equipment Account totaling to ₱ 46, 633, 689.63 could not be relied because the management failed to reconcile and the stock card and Property, Plant Equipment Ledger Card submit the Report of the Physical Count of the Property, Plant and Equipment (RPCPPE), in violation to Section 114 (3) (4) and 124 (2) of the Manual on the New Government Accounting System (MNGAS) Local Government Units – For Local Government Units, Volume I.</p>	<p>4. We recommended to the Local Chief Executive (LCE) to instruct the Municipal Accountant and General Service Officer the following:</p> <p>41.1 Municipal Accountant</p> <p>41.1.1 Abide to Section 114 (3) (4) of the Manual on the New Government Accounting Systems (MNGAS) – For Local Government Units, Volume I.</p> <p>41.1.2 Reconcile the Property, Plant and Equipment Ledger Card with the Stock Card of the General Service Office.</p> <p>41.2 Supply Officer</p> <p>41.2.1 Adhere to Section 124 (2) of the Manual on the New Accounting System, For Local Government Units, Volume I.</p> <p>41.2.2 Reconcile the Stock Card (SC) with the Property, Plant and Equipment Ledger Card (PPELC).</p> <p>41.2.3 Prepare and submit to the audit Team the Report on the Physical Count of Property, Plant and Equipment (RPCPPE).</p>

Observations	Recommendations
<p>5. Notice of Suspension (NS) totaling to ₱173,830.00 were issued during the year which remained unsettled at year end. We likewise issued Notice of Disallowance (ND) totaling to ₱157,489.32, in violation to Sections 9.4 and 10.4 of the Commission on Audit (COA) Circular No. 2009-006 dated September 15, 2009.</p>	<p>5. We recommend to the Local Chief Executive (LCE) to direct the personnel concerned to settle the Notice of Suspension and Notice of Disallowance in accordance with Sections 9.4 and 10.4 of the Commission on Audit (COA) Circular No. 2009-006 dated September 15, 2009.</p>
<p>6. The Local Disaster Risk Reduction and Management Fund (LDRRMF) for CY 2017 was only allocated a 4.89 % from the total budget of ₱139,740,145.53 resulting to the understatement of the Quick Response Fund (QRF) and Mitigation Fund (MF) amounting to ₱76,089.98 and ₱177,543.30, respectively, in violation Section 21 of the Republic Act (RA) No. 10121, otherwise known as an Act Strengthening the Philippine Disaster Risk Reduction Management System, providing for the National Disaster Risk and Management Framework and institutionalizing the National Disaster Risk Reduction and Management Plan, appropriating funds thereof and other purposes and Section 5.15 of COA Circular No. 2012-002 dated September 12, 2012.</p>	<p>6. We recommend to the Local Chief Executive (LCE) to allocate the amount not less than five percent (5%) from the total budget for the Local Disaster Risk Reduction and Management Fund in the ensuing year to avoid similar incident of CY 2017, in accordance with Section 21 of the Republic Act (RA) No. 10121, otherwise known as an Act Strengthening the Philippine Disaster Risk Reduction and Management Framework and institutionalizing the National Disaster Risk Reduction and Management Plan, appropriating funds thereof and other purposes and Section 5.1.5 of COA Circular No. 2012-002 dated September 12, 2012.</p>

Observations	Recommendations
<p>7. The Municipal Government of Buldon, Maguindanao incurred delays in the submission of Solid Waste Management Plan, which hindered the implementation of the program, contrary to Section 16 of the Republic Act (RA) No. 7160, otherwise known as the Local Government Code of the Philippines.</p>	<p>7. We recommended to the management to fast – track in the preparation of the Solid Waste Management Plan, in accordance with Section 16 of the Republic Act (RA) No. 7160, otherwise known as the Local Government Code of the Philippines.</p>
<p>8. For CY 2017, Management failed to transfer the ₱ 2,008.56 or one (1) percent from Real Property Tax of ₱ 200,855.80 in the General Fund to the Special Education Fund resulting to its understatement of the Cash Account, contrary to Section 4 of the Republic Act (RA) No. 5447, otherwise known as an Act creating a Special Education Fund.</p>	<p>8. We recommend that the Local Chief Executive (LCE) instead the Municipal Accountant to transfer the ₱ 2,008.56 from the General Fund to the Special Education Fund in accordance truth Section 4 of the Republic Act (RA) No. 5447, otherwise known as An Act creating a Special Education Fund.</p>
<p>9. Payment of Contractual Expense totaling to ₱1,394,380.00 as of December 31, 2017 in Consolidated Statement of Financial Performance were not supported with the Contract of service Accomplishment Reports and Daily Time Records (DTRs) when the management failed to attach them, contrary to Section 4.1.3 of the Commission on Audit (COA) Circular No. 2012-001 dated June 14, 2012.</p>	<p>9. We recommend to the Local Chief Executive (LCE) to direct the contractual employees to submit the contract of services, accomplishment report and Daily Time Records (DTRs) pursuant to Section 4.1.3 of the Commission on audit (COA) Circular No. 2012-001 dated June 14, 2012.</p>

Statement of Implemented, Partially Implemented and Unimplemented Audit Recommendations

9. Of the eleven (11) audit recommendations, eight (8) were implemented and three (3) were partially implemented.