

EXECUTIVE SUMMARY

A. Introduction

The enactment of Republic Act No. 7173 on January 13, 1992 gave birth to the Municipality of Asipulo. It is a 5th class municipality with 9 component barangays, and 4 economic zones created through a provincial ordinance issued by the Provincial Government of Ifugao. Republic Act 7160 mandates the Local Government Unit to manage its resources and deliver basic services and facilities to its constituents. To carry out its functions, municipal Officials are guided by its vision and mission statements.

The Municipal Government is currently headed by Honorable Armando P. Domilod, as the Municipal Mayor. He is assisted by Vice Mayor, Honorable Tomas U. Pullupul, 9 Honorable Members of the Sangguniang Bayan, 52 permanent/regular employees, 4 co-terminus appointees and 86 job order personnel.

A financial and compliance audit was conducted on the accounts and operations of the Municipal Government of Asipulo, Ifugao for the period ended December 31, 2016. The audit was conducted in accordance with Philippine Public Sector Standards on Auditing and was aimed to ascertain whether: (a) Management presented fairly the financial statements of the Municipality in adherence with the Philippine Public Sector Accounting Standards; (b) prevailing laws, rules and regulations have been complied with; (c) funds were utilized in the most efficient, effective and economical manner; and (d) Management implemented prior years' audit recommendations.

B. Financial Highlights

I. Financial Position

	2016	2015	Increase/ (Decrease)
Assets	₱102,923,077.31	₱58,089,262.93	₱44,833,814.38
Liabilities	25,103,660.93	12,227,085.59	12,876,575.34
Government Equity	77,819,416.38	45,862,177.34	31,957,239.04

II. Sources and Application of Funds

	2016	2015	Increase/ (Decrease)
Income	₱66,706,421.51	₱60,525,988.02	₱6,180,433.49
Expenses	52,693,711.32	47,541,214.11	5,152,497.21
Appropriations	70,449,923.65	64,320,235.40	6,129,688.25

C. Operational Highlights

For the year 2016, the municipality was able to realize its objectives on the four areas of local governance which are, Administrative Governance, Social Governance, Economic Governance and Environmental Governance through the implementation of various projects under the following sources:

Fund Source	Number of Projects	Project Cost
General Fund-20% Development Fund	55	13,869,278.06
MDRRMF	50	4,495,941.65
Trust Fund		
OPAPP	1	24,000,000.00
LGSF	3	8,800,00.00
BUB	8	6,139,925.00
Total	117	57,305,144.71

D. Independent Auditor's Report on the Financial Statements

An unqualified opinion was rendered on the fairness of presentation of the financial statements of the Municipality.

E. Summary of Significant Observations and Recommendations

The following is a summary of the significant observations and recommendations which were discussed with management in an exit conference on March 23, 2017 and whose comments were incorporated in the report, where appropriate:

1. The accounting office treated fund transfers of ₱4,287,000.00 as expense instead of receivable contrary to COA Circular No. 94-013 dated December 13, 1994, resulting in the understatement of assets and Net Income.

We recommended that Management advise the Municipal Accountant to adhere to the provisions of COA Circular No. 94-013 and prepare the necessary adjusting entries to reflect the correct balances of the accounts affected. Further, require the submission by the recipients of liquidation reports as bases in the recording of adjustments to the Due from LGUs account.

2. Representation Allowance and Transportation Allowance (RATA) of municipal officials were paid in full without any supporting document to validate the number of days of actual work performance prescribed under Local Budget Circular No. 103 dated May 15, 2013, thus, the propriety of the disbursements could not be established reasonably.

We recommended that Management:

- a) Submit a monthly summary of leave applications of officials receiving RATA and the work schedules or performance standards of the Sanggunian for CY 2016; and
 - b) Support the grant of RATA for the ensuing year with the following documents:
 - b.1 For regular officials observing an 8-hour work day, copy of monthly Daily Time Record (DTR) with supporting certificates of appearance and leave applications;
 - b.2 For the members of its Sangguniang Bayan, minutes of sessions and/or monthly work schedule attendance, and leave applications or certificates of appearance, if applicable.
3. Transfer of funds totaling ₱4,772,000.00 were not substantially supported with the documentary requirements prescribed under COA Circular No. 2012-001, thereby, casting doubt on the legality and propriety of the disbursements.

We recommended Management to justify the fund transfers made not in accordance with the provisions of the aforementioned laws, rules and regulations and submit additional documents to supplement the justifications.

4. Monthly Report on Sources and Utilization of LDRRM Fund were not prepared and submitted as required under Section 5.1.5 of COA Circular No. 2012-002, thereby, rendering the evaluation of LDRRM fund utilization difficult.

We recommended that Management for the ensuing year, submit within the prescribed period the monthly Report on the Sources and Utilization of LDRRM Fund to the Audit Team.

5. Expenses items not related to disaster risk reduction and management activities amounting to ₱2,148,992.22 were paid out of the Local Disaster Risk Reduction and Management Fund (LDRRMF) contrary to NDRRMC, DILG, DBM and CSC Memorandum Circulars.

We recommended that Management refrain from charging ineligible expenses from the LDRRMF and utilize the DRRM fund for disaster activities and projects pursuant to DILG Memorandum Circular No. 2012-73 and NDRRMC/DBM/DILG Joint Circular No. 2013-1.

6. Non-maintenance of a Solid Waste Management Disposal Facility required under Republic Act 9003 could pose adverse effects on human health, life and the environment and that charges for non-compliance with the law may be filed against the LGU.

We recommended that management formulate strategies to comply with the mandates set forth in RA 9003, particularly on the establishment of a Solid Waste Facility.

7. Some Programs and projects under the 20% Development Fund were either implemented late or not implemented at all, hence delaying the delivery of government services and at risk of losing their relevance and responsiveness to the needs of target beneficiaries.

We recommended that management require the offices concerned to execute all PPAs planned for implementation during the year to immediately address the needs and aspirations of the beneficiaries.

F. Status of Audit Suspensions, Disallowances and Charges

As of December 31, 2016, the status of suspensions, disallowances and charges are as follows:

	Beginning Balance		Current Year		Balance as of December 31, 2016
	Prior to COA Circular No. 2009-006	COA Circular No. 2009-006	Issuances	Settlements	
Suspension	-	-	-	-	-
Disallowances	33,195.00	491,800.00	295,000.00	222,286.50	597,708.50
Charges	-	-	-	-	-
Total	33,195.00	491,800.00	295,000.00	222,286.50	597,708.50

G. Status of Implementation of Prior Years' Audit Recommendations

Out of the 17 recommendations embodied in the 2015 Annual Audit Report, 9 were fully implemented, 6 were partially implemented and 2 were not implemented.