

EXECUTIVE SUMMARY

A. INTRODUCTION

The Municipality of Sagada became a regular municipality on June 25, 1963 by virtue of Executive Order No. 45. It is a fifth class municipality and is composed of nineteen barangays.

It derives its mandate from Republic Act No. 7160 otherwise known as the Local Government Code of 1991. The goals and objectives of the Municipality were geared towards sustainable development, social and economic progress as well as the improvement of revenue collection from local sources as contained in the annual budget.

As of December 31, 2016, the Municipality has a total personnel complement of ninety four (94) employees composed of thirteen (13) elected officials, fifty seven (57) permanent employees and twenty four (24) on a job order status.

B. FINANCIAL HIGHLIGHTS

I. Comparative Financial Position

	CY 2016	CY 2015	Increase/ (Decrease)
Assets	₱ 98,460,916.52	₱ 81,387,276.98	₱ 17,073,639.54
Liabilities	28,544,132.03	24,648,555.44	3,895,576.59
Equity	69,916,784.49	56,738,721.54	13,178,062.95

II. Sources and Applications of Funds

	CY 2016	CY 2015	Increase/ (Decrease)
Appropriations	₱ 57,109,369.00	₱ 54,428,721.10	₱ 2,680,647.90
Income	59,794,616.40	54,073,678.33	5,720,938.07
Expenditures	48,428,237.14	50,886,801.97	(2,458,564.83)

C. OPERATIONAL HIGHLIGHTS

Particulars	Municipal Funded Projects		NGA Funded Projects	
	No.	Amount	No.	Amount
Construction and Rehabilitation of pathways, footbridges, flood controls, drainage canals, water sanitation projects and public building	47	₱6,098,107.36	1	₱3,000,000.00

D. SCOPE OF AUDIT

The audit covered the operations of the Municipality of Sagada for the calendar year 2016. A financial and compliance audit was conducted to examine the propriety of its transactions, and the reliability and accuracy of financial reports and books of accounts. A value for money audit was included to determine whether agency objectives were attained in an economical, efficient and effective manner.

E. INDEPENDENT AUDITOR'S REPORT ON THE FINANCIAL STATEMENTS

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

F. OBSERVATIONS AND RECOMMENDATIONS

1. The amount of ₱3,014,125.01 in the Trust Liability-DRRMF was disbursed even without the corresponding MDRRMFIP contrary to Item 5.1.2 of COA Circular 2012-002.

We recommended and Management agreed to prepare the MDRRMFIP for the Trust Liability-DRRMF in the succeeding years in accordance with Item 5.1.2 of COA Circular 2012-002 and ensure that PPAs in the plan shall support disaster risk reduction and management activities of the LDRRMC in accordance with Item 4.4 of the same Circular.

2. The collectors were not provided relevant trainings on the proper handling of solid wastes.

We recommended and Management agreed:

- a. to provide the collectors with sufficient and necessary trainings or seminars to enhance their knowledge in the proper handling and disposal of solid waste; and
 - b. to prepare a health and safety program that enumerates safety procedures that would lessen, prevent or eliminate the effects of the identified potential hazards associated in the handling of wastes, on them and to the community.
3. The SEF budget for CY 2016 was prepared late contrary to Section 7 of Republic Act No. 5447, hence; only 5 or 33.33% out of the 15 activities were undertaken during the year.

We recommended and Management agreed to prepare an annual budget for the SEF for the ensuing fiscal year not later than August 15 of each year in order that the purpose for which the fund was created be realized.

4. The Notices of Award, Notices to Proceed and the Approved Contracts were not posted in the Philippine Government Electronic Procurement System (PhilGEPS) and in the LGU websites contrary to Sections 37.1.6 and 37.4.2 of the Revised Implementing Rules and Regulations (IRR) of Republic Act No. 9184.

We recommended and Management agreed to require the BAC Secretariat to post succeeding Notices of Award within three (3) calendar days from its issuance and the Notices to Proceed and the Approved Contracts within fifteen (15) calendar days from the issuance of the Notice to Proceed, in the websites of the PhilGEPS and in the LGU upon restoration, pursuant to regulations.

5. No DRRM infrastructure project was implemented as at year-end, thereby defeating the purpose of the fund for disaster prevention and mitigation, preparedness, response, rehabilitation and recovery.

We recommended and Management agreed to fast track the implementation of these CY 2016 DRRM PPAs to achieve the purpose for which the fund was appropriated.

6. Disallowances amounting to ₱447,973.25 remained unsettled.

We recommended and Management agreed:

- a. to require the settlement of the disallowances by the persons determined to be liable pursuant to Section 9 of COA Circular 2009-006; and
 - b. to notify the accountable persons who are not currently employed by the Municipality to settle their obligations.
7. The municipal GAD plan and budget for the CY 2016 was not prepared in accordance with Joint Memorandum Circular No. 2013-01 thus monitoring for each gender issues that the agency commits to address were not properly considered.

We recommended and Management agreed to henceforth, formulate the GAD Plan in accordance with the format and guidelines prescribed under the PCW-NEDA and DBM Joint Circular No. 2013-01 for a clear identification of GAD issues and concerns with the corresponding causes and a facilitative monitoring of the status of implementation of the plan.

G. STATUS OF IMPLEMENTATION OF PRIOR YEARS' AUDIT RECOMMEDATIONS

Out of the 20 recommendations embodied in the CY 2015 Annual Audit Report, 14 were fully implemented, 3 were partially implemented and 3 were not implemented.