

## EXECUTIVE SUMMARY

### A. INTRODUCTION

Gregorio del Pilar town was originally called by the first settlers "NGA-AB" which means in the Kankanaey dialect, mountain top. Later it was changed to CONCEPCION in honor of the Patron Saint of the Roman Catholic Church, Immaculate Concepcion. It was formerly a part of the sub-province of Amburayan of the Grand Cordillera Province. When the Grand Cordillera was politically divided into province in 1907, it became a part of Ilocos Sur. And later, into a Municipal District in 1948. The Municipal District Council passed a resolution seeking for the changing of the name of the town from Concepcion to Gregorio del Pilar in honor of the late General Gregorio del Pilar who was killed by American soldiers and buried by Lakay Abeng and Tucidaden at Tirad Pass, was approved by congress in 1955, sponsored by the late Congressman Ricardo Gacula of the 2<sup>nd</sup> District of Ilocos Sur.

The Municipality is located in the eastern portion of Ilocos Sur at the western border of the Cordillera Mountain. It is a home of 5,089 people and a total household of 873 as of 2012. It has a land area of 104.2 sq. km. and an elevation of 1,400 meters above sea level. The annual mean temperature is 20 degrees centigrade. March, April and May are observed the warmest month while December and January are the coldest months.

A comprehensive audit was conducted on the accounts and operations of the Municipality of Gregorio del Pilar, Ilocos Sur for 2016. Our audit was aimed at determining whether the financial statements were presented in accordance with Philippine Public Sector Accounting Standards, whether the resources of the Municipality were utilized in conformity with applicable laws and regulations and to assess or determine whether the resources of the Municipality were disbursed or utilized economically, effectively and efficiently. The audit was focused on the audit thrust issued by the Local Government Sector for CY 2016. The audit consisted of the review of operating procedures, inspection of municipal projects and programs, interview with officials and employees, verification and analysis of accounts and such other procedures considered necessary under the circumstances.

### B. FINANCIAL HIGHLIGHTS

The total assets, liabilities, government equity, income and expenses of the municipality for the current and previous year are shown below:

	2016	2015	Increase (Decrease)	Percentage (%)
Assets	P 256,310,697.21	P 105,627,155.91	150,683,541.30	142.66%
Liabilities	26,427,073.74	22,885,179.61	3,541,894.13	15.48%
Government Equity	229,883,623.47	82,741,976.30	147,141,647.17	177.83%
Income	158,030,308.73	82,644,741.49	75,385,567.24	91.22%
Expenses	36,073,064.40	30,966,922.53	5,106,141.87	16.49%

### **C. OPERATIONAL HIGHLIGHTS**

The total appropriations, allotments and obligations for the current and previous year are shown below:

	2016	2015	Increase (Decrease)	Percentage (%)
Appropriations	185,603,520.05	85,875,755.00	99,727,765.05	116.13%
Allotments	185,603,520.05	85,875,755.00	99,727,765.05	116.13%
Obligations	68,625,032.81	47,630,647.39	20,994,385.42	44.08%

### **D. STATE AUDITOR'S REPORT ON THE FINANCIAL STATEMENTS**

The Auditor rendered a qualified opinion on the presentation of the financial statements because the validity, existence, serviceability and correctness of the recorded Property, Plant and Equipment (PPE) in the amount of P125,922,677.29 as of December 31, 2016 could not be ascertained due to the inability of the municipality to conduct physical count of its PPE. The inadequacy of records did not allow us to adopt other alternative procedures to ascertain the validity of the account.

### **E. SUMMARY OF SIGNIFICANT AUDIT OBSERVATIONS AND RECOMMENDATIONS**

For the Calendar Year 2016, a favorable observation was noted:

1. The Municipal Government was able to appropriate for the Local Disaster Risk Reduction Management Fund (LDRRMF) to support its disaster risk management activities pursuant to R.A. 10121 otherwise known as the "Philippine Disaster Risk Reduction and Management Act of 2010". The amount available and utilized during the year totaled P5,242,404.65 and P1,546,540.83 respectively

Summarized below are the significant audit observations and recommendations which were discussed with management during the exit conference.

1. Payment of Representation and Transportation Allowance (RATA) to the Members of the Sanggunian Bayan and Heads of the different Departments of the municipality were made not on the actual work performance/attendance of the official which is not in accordance with Sections 7.1 and 7.5 of Local Budget Circular (LBC) No. 103, dated May 15, 2013.

We have recommended that the LGU strictly adhere to the above cited provisions regarding the payment of Representation and Transportation Allowance (RATA) of the Members of the Sanggunian Bayan and Heads of the different Departments, so as to avoid the issuance of notice of disallowance in audit. Payments should be supported with attendance sheet/minutes of the regular session duly signed by the Secretary to the SB and DTR for incumbents/OICs of regular positions.

2. Cash Advances for special purposes were granted to persons other than the authorized/designated disbursing officer which is not in accordance with Sections 4.1.4 and 4.1.5 of COA Circular No. 97-002 dated February 10, 1997 and Section 7.1 of COA Circular No. 97-002 dated February 10, 1997 as amended by COA Circular No. 2006-005 dated July 13, 2006.

We have recommended that management grant special cash advances only to duly designated and properly bonded Disbursing Officers or Accountable Officers. The Accountable Officer shall prepare liquidation report with complete supporting documents and submit the same to the Accountant within the prescribed period as required in COA Circular No. 97-002 dated February 10, 1997.

3. Charges from the Special Education Fund include disbursement of Traveling Allowance of Teachers, School Heads & Local School Board Officials for a Study Tour which is not in accordance with Article 363 of the IRR of the Local Government Code.

We have recommended that the Municipal Government and the Municipal School Board adhere to the programs, projects and activities provided in Article 363 of the IRR of the Local Government Code in the appropriation, allocation and disbursement of Special Education Fund. The proper formulation, approval and utilization of the Special Education Fund (SEF) are the responsibilities of the Municipal School Board.

**F. SUMMARY OF TOTAL SUSPENSIONS, DISALLOWANCES AND CHARGES AS OF YEAR-END**

	Beginning Bal. as of Dec. 31, 2015	This Period January 1 – December 31, 2016		Ending Bal. as of Dec. 31, 2016
		NS/ND/NC	NSSDC	
Notice of Suspensions	P2,856,428.03	P(83,445.65)	P1,048,462.76	P1,724,519.62
Notice of Disallowances	181,200.00	1,501,250.00	182,450.00	1,500,000.00
Notice of Charges	0.00	0.00	0.00	0.00
<b>Total</b>	<b><u>P3,037,628.03</u></b>	<b><u>P1,417,804.35</u></b>	<b><u>P1,230,912.76</u></b>	<b><u>P3,224,519.62</u></b>

**G. STATUS OF IMPLEMENTATION OF PRIOR YEAR'S AUDIT RECOMMENDATIONS**

Of the seven audit recommendations embodied in the 2015 Annual Audit Report, three or 42.86% were fully implemented, two or 28.57% were partially implemented and two or 28.57% were not implemented by the Municipal Government.