

# **EXECUTIVE SUMMARY**

## **A. INTRODUCTION**

### **Agency Profile**

Infanta, Pangasinan was formerly a barangay by the name of San Juan, named after its Patron Saint. In 1876 or thereabouts, said barangay was organized into a regular municipality under the leadership of the late Don Juan Miano and Don Juan Merindo and was christened San Felipe, which was then located in the Sitio of Nangalisan, a place about three (3) kilometers southeast of the present Infanta town. Due to the frequent depredation and raids by lawless people called “tulisanes” who robbed the people thereof, the people of the new town took action and moved the municipality to a safer place near the beach west of its original site.

It was a year 1904 when the town transferred to its present site. It was called “INFANTA”, so named in honor of then Infanta queen “Isabel” of Spain as she was then fondly called or referred to during the Spanish regime. Formerly, Infanta had an appropriate area of 240 square kilometers only. When the big Barangay of Equia was fused with the said town, the area became around 330 square kilometers. At this period, Infanta was separated from her mother municipality of Sta. Cruz, Zambales and was included as part of the Province of Pangasinan.

The Municipality of Infanta, Pangasinan is bounded on the north by the Municipality of Dasol, south by the Municipality of Sta. Cruz, Zambales, west by the South China Sea; and east by the Municipality of Bugallon, Pangasinan. It has thirteen (13) barangays along the plains and mountainous areas. During the 2008 MBN Development Office, it had a population of 23,899, with a total number of households of 4,730.

Infanta, a third class Municipality composed of 13 barangays, is headed by the Honorable Marvin M. Martinez newly elected Municipal Mayor during May 10, 2016 election. and supported by 10 elected officials, 12 department heads, 40 permanent employees, one co-terminus and six casual employees.

### **Agency Vision**

Progressive, peaceful, self-directing and self-reliant community that can maintain its environment. God-loving people, gender sensitive, healthy and productive united by a system of governance that is just, responsive, efficient and participatory.

## B. FINANCIAL HIGHLIGHTS

### a) Comparative Presentation for the Current and Previous Year's Total Assets, Liabilities, Equity, Income and Expenses

	2016	2015	Increase (Decrease)	% of Change
Assets	204,538,463.93	135,790,144.75	68,748,319.18	50.63%
Liabilities	66,483,661.89	64,417,914.94	2,065,746.95	3.21%
Government Equity	138,099,802.04	71,372,229.81	66,727,572.23	93.49%
Income	99,745,465.93	93,884,650.16	5,860,815.77	6.24%
Expenses	80,695,905.06	79,797,376.05	898,529.01	1.13%

### b). Comparative Presentation of the Appropriation/Allotment/Obligation

	2016	2015	Increase (Decrease)	% of Change
Appropriation	103,756,476.23	91,212,550.71	12,543,925.52	13.75%
Allotment	113,108,232.33	95,574,066.29	17,534,166.04	18.34%
Obligation	94,821,756.86	85,876,511.62	8,945,245.24	10.41%

## C. OPERATIONAL HIGHLIGHTS

During the year, the Municipal Government of Infanta planned to implement major infrastructure projects and programs funded out of the appropriation of the municipal government and from outside sources which have been completed or accomplished and others were almost complete at year-end that boosted its social, agricultural and economic growth and delivery of basic services.

The following are the significant accomplishments of the Municipality for CY 2015 in which ocular inspection to determine the existence of the projects was conducted.

Project/Program	Source of Fund	Project Cost	Status
1. Purchase of Agricultural Machineries to increase the Agricultural Production	BuB/GPB/DA	1,100,000.00	Delivered
2. Concreting of Single Lane Municipal Road Network at SitioBulog, (Materials and Labor Payroll)	DA	4,512,230.00	Completed
3. Fabrication of six (6) units motorized fishing boat with engine	BuB/BFAR	934,200.00	Delivered
4. Supply and Delivery of materials for the construction of Multi-Purpose	DA-RFO1	177,881.00	Delivered

Drying Pavement. at Barangay Nangalisan, Infanta, Pangasinan			
5. Supply and Delivery of Materials for the construction of irrigation line canal at Doliman, Infanta, Pangasinan	DA/RFO1	848,875.80	Delivered
6. Supply and Delivery of Materials for the construction of one (1) Unit Day Care Center at Patima, Infanta, Pangasinan	Bub-GPB/DSWD	624,901.86	Delivered

#### **D. SCOPE OF AUDIT**

A financial and compliance audit on the accounts and operations of the Municipality of Infanta was conducted for the period ended December 31, 2016. The audit was conducted to ascertain the propriety of financial transactions and compliance of the Municipality to prescribed rules and regulations. It was also made to ascertain the accuracy of financial records and reports, as well as the fairness of the presentation of the financial statements. Likewise, a value for money audit was conducted on selected areas to ascertain whether management had attained its goals and objectives in an economical, efficient and effective manner.

#### **E. AUDITOR'S OPINION ON THE FINANCIAL STATEMENTS**

A qualified opinion was rendered on the fairness of the presentation of the financial statements due to the non-ascertainment of the balance of the Property, Plant and Equipment (PPE) account amounted to ₱153,775,586.51 as to its correctness, validity and existence due to the non-conduct of complete physical count and non-maintenance and non-submission of complete inventory records and reports.

#### **F. FAVORABLE OBSERVATIONS**

##### **a. Granting and Liquidation of Cash Advances**

It is noteworthy to mention that for the CY 2016, the LGU was able to settle and liquidate all cash advances granted to its employees, thus, no outstanding cash advance was shown in the financial statements at year-end.

##### **b. Compliance with the Ecological Solid Waste Management Program (RA (9003)**

Pursuant to the relevant provisions of RA 7160, otherwise known as the Local Government Code, the LGUs shall be primarily responsible for the implementation and enforcement of the provisions of RA 9003 or the Ecological Solid Waste Management Program.

Solid Waste Management is the foremost responsibility of the Municipality of Infanta. It is one of the most demanding activities and it even extends to the level of indispensability.

Section 16 of RA No. 9003, otherwise known as the Ecological Solid Waste Management Act 2000, provides that the Municipality through its Local Solid Waste Management Board, shall prepare its 10-year solid waste management plan consistent with the National Solid Waste Management Framework. The local waste management plan shall be subjected to the approval of the National Solid Waste Management Commission.

Review on the compliance of the LGU to basic environmental laws and regulations, specifically Republic Act No. 9003, revealed that the Municipality had drafted the 10-year Solid Waste Management Plan, a systematic and comprehensive program on better protection of public health and environment of the constituents approved by the Sangguniang Bayan through Sangguniang Bayan Resolution to be submitted to the National Solid Waste Management Commission for approval.

Continuous information education campaign is being done in all barangays to ensure a long term and sustained community awareness and participation in the implementation of segregation at source is closely monitored.

### **c. Remittance of GSIS Premiums**

Section 6(b) of Republic Act No. 8291, otherwise known as GSIS Act of 1997 mandates that the monthly personal share of employees and the contribution for employer's share covered by GSIS shall be remitted within the first 10 days of the calendar month to which the contribution apply.

For CY 2016, the Municipality strictly observed the provision of the above cited GSIS regulation on timely remittance of monthly personal share of employees and the contribution for employer's share. Collection for the month was remitted on the 10<sup>th</sup> day of the preceding month.

## **G. SIGNIFICANT AUDIT OBSERVATIONS AND RECOMMENDATIONS**

Summarized below are the significant audit observations and the corresponding recommendations which were discussed with management during the exit conference. Management comments were included in the report, where appropriate.

1. Correctness, validity and existence of the balance of the Property, Plant and Equipment (PPE) account amounted to ₱153,775,586.51 could not be ascertained due to the non-conduct of complete physical count and non-maintenance and non-submission of complete inventory records and reports contrary to Section 119 and 124 of the Manual on NGAS - Volume I for

LGUs, thus, casting doubts on the reliability of the balance of the PPE account in the financial statements.

We have recommended that the Municipal Mayor require the Property Custodian to prepare and maintain Property Cards for proper monitoring of properties purchased, donated, transferred or disposed/issued, so that reconciliation of the physical count with accounting records will be completed.

Likewise, require the Property Custodian to conduct complete annual physical count of all properties of the Municipality with the presence of an Auditor as witness and submit a report thereon not later than January 31 of each year.

2. Validity of ownership over 25 parcels of land recorded in the books of accounts of the Municipality in the amount of ₱4,884,078.30 could not be ascertained due to the absence of Transfer Certificate of Titles (TCTs) in the name of the Municipal Government of Infanta which is not in conformity with Section 39 of PD 1445.

We have recommended that management exhaust all possible means to document the legality of ownership of the lots through a Transfer Certificate of Title (TCT) in the name of the Municipal Government of Infanta.

3. Dormant Receivable accounts totaling ₱176,839.57 as of December 31, 2016 which remained non-moving in the books for more than ten years and have no records on file, were not acted upon to facilitate the proper write-off thereof as provided under COA Circular No.2016-005 dated December 19, 2016, thus, affecting the accuracy and validity of the agency's assets due to inclusion of accounts with doubtful existence.

We have recommended that management request for write-off of the dormant accounts in accordance with COA Circular No. 2016-005 dated December 19, 2016 in order to reconcile and clear the books of accounts of dormant receivable accounts and fund transfers for fair presentation of accounts in the financial statements.

4. Reciprocal accounts, Due from Other Funds and Due to Other Funds showed a net difference of ₱14,967.49 after consolidation of all funds of the municipality as of December 31, 2016, contrary to generally accepted accounting principles, thus, raises doubt on the reliability of the two accounts.

We have recommended that management require the Municipal Accountant to reconcile the Intra-agency accounts, Due to Other Funds and Due from Other Funds to promptly identify any discrepancy in the balances of the two

accounts and to be able to effect the necessary adjustments, if appropriate, to bring the affected accounts into agreement.

**H. SUMMARY OF TOTAL SUSPENSIONS, DISALLOWANCES AND CHARGES**

Particulars	Balance as of December 31, 2016	
	Prior to 2009 RRSA	2009-2016
Suspensions	0.00	<b>0.00</b>
Disallowances	0.00	<b>0.00</b>
Charges	0.00	<b>0.00</b>

**I. STATUS OF IMPLEMENTATION OF PRIOR YEAR'S AUDIT RECOMMENDATION**

Status of Implementation	Quantity
Fully Implemented	6
Partially Implemented	-
Not Implemented	7