

EXECUTIVE SUMMARY

1. Introduction

Historical records bear no exact date of the establishment of Santa Maria, but its origin coincided with the appointment of the first Gobernadorcillo, Don Martin Masigan. He was appointed to the position by the Spanish Authorities thru the recommendation of the church hierarchy. Santa Maria, a former barrio of the Municipality of San Pablo, was named after Dona Maria, the first born child of Don Pablo Marasigan, a Spaniard, and Dona Masigad, a pure native.

The municipality is categorized as a 5th class municipality and composed of twenty (20) barangays. Fifteen (15) of these barangays are located along the Provincial road from Enrile – Santa Maria boundary down to Cagayan River. The other five (5) are far flung barangays situated in the interior portion of the town. The major dialect spoken by the people in the locality is Ibanag.

The audit covered the accounts and operations of the Municipal Government of Santa Maria for the year 2016 and was aimed at determining whether management presented fairly the financial statements of the Municipality in adherence to the generally accepted accounting principles; whether prevailing laws, rules and regulations have been complied with; and funds were utilized in the most efficient, effective and economical manner. Financial and compliance audits were conducted to achieve these audit objectives.

2. Financial and Operational Highlights

A. Financial Highlights

The highlights of the financial condition, results of operation, appropriations, allotments and obligations of the Municipality of Santa Maria for the year ended December 31, 2016, with comparative figures for CY 2015, are as follows:

	2016	2015	Increase (Decrease)
<u>Financial Condition</u>			
Assets	84,731,320.35	77,216,860.60	7,514,459.75
Liabilities	21,188,057.13	16,605,846.78	4,582,210.35
Net Assets/Equity	63,543,263.22	60,611,013.82	2,932,249.40
<u>Results of Operation</u>			
Income	76,076,604.43	74,508,834.29	1,567,770.14
Expenses	73,144,355.03	67,732,381.77	5,411,973.26

Appropriations, Allotments and Obligations			
Appropriations- Current	75,779,285.00	70,691,764.01	5,087,520.99
Appropriations-Continuing	0.00	0.00	0.00
Allotments-Current	75,779,285.00	70,691,764.01	5,087,520.99
Allotments-Continuing	0.00	0.00	0.00
Obligations-Current	73,688,027.40	70,691,764.01	2,996,263.39
Obligations- Continuing	0.00	0.00	0.00

Comparative Statement of Funds Transfer to and from NGAs, LGUs, NGOs and POs.

	2016	2015	Increase(Decrease)
Funds Transferred to Other Agencies:			
Due from NGAs	0.00	0.00	0.00
Due from GOCCs	0.00	0.00	0.00
Due from LGUs	0.00	0.00	0.00
Due from NGOs/POs	0.00	0.00	0.00
TOTAL	0.00	0.00	0.00
Fund Received from Other Agencies:			
Due to Other NGAs	9,233,095.52	6,905.00	9,226,190.52
Due to LGUs	558,037.72	840,774.00	(282,736.28)
Due to NGOs/POs	0.00	0.00	0.00
TOTAL	9,791,133.24	847,679.00	8,943,454.24

B. Major Accomplishments

Project/Programs/Activities	Target	% of Completion
Repair of Evacuation Center	383,000.00	100%
Procurement of LDRRM Vehicle	1,063,113.00	100%
Upgrading of Health Facilities	2,388,400.00	100%

C. Independent Auditor's Report on the Financial Statements

The Auditor rendered a qualified opinion on the following reasons:

1. The accuracy of the balance of the Cash in Bank account amounting to P9,283,653.32 appearing in the financial statements could not be ascertained due to late preparation and submission of bank reconciliation statements.
2. Unliquidated cash advances amounting to P1,955,000.00 were reported as accounts receivable instead of advances to officers and employees.

D. Summary of Significant Findings and Recommendations

1. The procurement of goods with total amount of P 4,353,336.95 was undertaken through alternative method of procurement instead of public bidding, in violation of Government Procurement Reform Act of 2003 and its Revised Implementing Rules and Regulations of 2009.

We recommended that the Bids and Awards Committee (BAC) comply strictly with the provision of Sec. 48.2 of the Government Procurement Reform Act of 2003 and its Revised Implementing Rules and Regulations. Splitting of contracts is not allowed. The alternative method of procurement for shopping or small value procurement be adopted only whenever justified by the conditions and within the threshold provided by the procurement law.

Various disbursements were made to replace staled checks with the total amount of P2,524,712.64 without any supporting documents which is not in accord with Section 4 (6) of PD 1445 and Section 6 of COA-MOF-OBM Joint Circular No. 8-85 dated October 31, 1985, thus there is a risk of double payment to the same transaction.

We recommend that the Honorable Chief Executive to instruct the Municipal Treasurer and Municipal Accountant to submit the duly cancelled staled checks for the verification of the team with its original disbursement vouchers.

2. Copies of Purchase Orders (PO) and Government Contracts together with the supporting documents were not submitted for review and evaluation to the Office of the Auditor in violation of COA Circular No. 2009-001 dated February 12, 2009.

We recommend that the concerned office submit the required documents as mandated by COA Circular No. 2009-001 dated February 12, 2009.

3. Various Fund transfers amounting to P9,231,690.52 from the different National Government Agencies (NGAs) were not yet utilized as of year-end thus constituents cannot obtain the maximum benefit of the program.

We recommended that management expedite the implementation of the projects so that beneficiaries would obtain maximum benefits from the government funds and to cope up with the timetable set by the donor agency.

E. Summary of Total Suspensions, Disallowances and Charges as of year-end

	Beginning Balance	Issued	Settlement	Ending Balance
Notice of Suspension	13,926,811.16	11,848,608.11	0.00	25,775,919.27

Notice of Disallowance	19,017,158.05	127,862.64	0.00	19,145,020.69
Total	37,800,459.42	11,976,470.75	0.00	44,920,939.96

F. Status of Implementations of Prior Year's Audit Recommendations

Out of 17 audit recommendations in 2015 Annual Audit Report (AAR), seven (7) were fully implemented, three (3) were partially implemented and seven (7) were not implemented.