EXECUTIVE SUMMARY

A. Introduction

The original town of Dupax was the largest municipality of the province of Nueva Vizcaya in terms of land area. But in 1971, Congress passed into law Republic Act 6372 otherwise known as *"An Act Creating the Municipality of Dupax del Sur from the Municipality of Dupax in the province of Nueva Vizcaya"*, sponsored by then Congressman Benjamin B. Perez in the Philippine House of Representatives and Senator Leonardo B. Perez in the Philippine Senate. On November 26, 1974, PD No. 586 paved the way for the division of Dupax into two municipalities: Dupax del Norte and Dupax del Sur. Dupax del Sur which is composed of nineteen (19) barangays is classified as a second (2nd) class municipality.

A financial and compliance audit was conducted on the accounts and operations of the Municipality of Dupax del Sur. The audit objectives were to ascertain the propriety of disbursements, the reliability of financial reports, the adequacy of accounting records, compliance with laws, rules and regulations as well as adherence to prescribed policies and procedures. Likewise, the audit was conducted to determine whether plans, programs, projects and activities for the year were attained in an efficient, economic and effective manner.

B. Highlights of Financial Operations

The financial position and financial performance of the Municipality of Dupax del Sur for the calendar year (CY) 2016 with comparative figures of CY 2015 is presented below:

	2016	2015	Increase/(Decrease)	
			Amount	%
Financial Position				
Total Assets	236,365,417.76	188,222,688.82	48,142,728.94	25.58%
Total Liabilities	48,958,278.76	42,348,111.54	6,610,167.22	15.61%
Total Government Equity	187,407,139.00	145,874,577.28	41,532,561.72	28.47%
Financial Performance				
Revenue	124,019,303.54	112,951,898.88	11,067,404.66	9.80%
Expense	80,555,191.54	85,513,837.12	(4,958,645.58)	(5.80%)
Surplus (Deficit)	43,464,112.00	27,438,061.76	16,026,050.24	58.41%
Appropriations, Allotments and Balances				
Current Year Appropriations	125,643,000.00	121,087,006.47	4,555,993.53	3.76%
Continuing Appropriations	30,339,105.19	30,054,005.51	285,099.68	0.95%
Current Year Obligations	92,500,916.20	94,424,267.56	(1,923,351.36)	(2.04%)
Continuing Obligations	8,232,694.43	8,425,753.65	(193,059.22)	(2.29%)
Unobligated Balance	55,248,494.56	48,290,990.77	6,957,503.79	14.41%

During CY 2016, the income increased by P11,067,404.66, bulk of which coming from the increase of Internal Revenue Allotment (IRA). The total allotments of the municipality amounting to P155,982,105.19 and obligations incurred amounting to P100,733,610.63 leaving a balance of P55,248,494.56 of which the amount of P22,106,410.76 is a continuing appropriation and P33,142,083.80 is free of any obligation and available for appropriation in the ensuing year.

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

Account Title	2016	2015	Increase/ (Decrease)
Funds Received from Other Agencies			
Due from LGUs	9,199.00	9,199.00	0.00
TOTAL	9,199.00	9,199.00	0.00
Funds Transferred to Other Agencies			
Due to NGAs	2,708,750.53	2,304.243.96	404,506.57
Due to Other LGUs	808,826.61	654,349.82	154,476.79
TOTAL	3,517,577.14	2,958,593.78	558,983.36

C. Independent Auditor's Report on the Financial Statements

The Auditor rendered a qualified opinion on the fairness of presentation of the financial statements of the Municipality of Dupax del Sur, Nueva Vizcaya as of December 31, 2016 for reason that the validity of Property, Plant and Equipment (PPE) amounting to P71,903,933.95 cannot be determined due to the absence of actual physical inventory thereof contrary to Section 124, Volume I of the MNGAS, hence unreliable.

D. Significant Findings and Recommendations

The findings and recommendations were discussed with Management in an exit conference held on February 27, 2017. Management comments were incorporated in the report where appropriate.

1. **Cash advances granted to officers and employees amounting to P3,784,713.79 remained unliquidated contrary to Section 89 of PD No. 1445 and COA Circular Nos. 97 – 002 and 2012 – 004, thereby resulting in the inefficient management of cash of the Municipality.**

   We reiterated our recommendation for management to require the immediate settlement of all long overdue cash advances. Comply strictly with the provisions of Section 89 of PD No. 1445 and COA Circular. No. 97 – 002 in the granting, utilization and liquidation of cash advances.

2. **The inability of the Municipality to completely implement and deliver forty one (41) out of fifty one (51) identified programs, projects and activities**

(PPAs) under the 20% development fund deprived the intended beneficiaries of the LGU of the timely utilization thereof, hence the socio – economic benefits were not achieved and optimized.

We recommended for management to fast tract the implementation of all on – going and not yet started programmed and funded projects under the 20% Development Fund to optimize utilization thereof and timely brings the desired benefits to the intended beneficiaries.

4. **Procurement opportunities of various disbursements made under the Alternative Methods of Procurement during CY 2016 aggregating ₱2,073,207.53 with Approved Budget for the Contract above ₱50,000.00 were not posted in PhilGEPS, agency website and at any conspicuous place contrary to RA No. 9184, hence defeating the avowed purpose of the law in ensuring that procurements shall be competitive and transparent.**

   We recommended that Management require the Bids and Awards Committee (BAC) to submit, together with other supporting documents of the disbursement vouchers per Annexes A & B, the following:

   a. Evidence of posting of the procurement opportunity in the PhilGEPS website and in the website of the procuring entity, if available as well as the Certification of the Head of the BAC Secretariat as to its posting at any conspicuous place reserved for this purpose in the agency premises; and

   b. Evidence of posting of the Notice of Award (NOA), Contract/PO, including the Notice to Proceed (NTP) if necessary, for information purposes, in the PhilGEPS website, the website of the Procuring Entity concerned, if available, and at any conspicuous place reserved for this purpose in the premises of the Procuring Entity.

   Henceforth, management should require the BAC to strictly comply with the posting requirements of the Government Procurement Reform Act or RA No. 9184, even on procurements undertaken under the alternative mode of procurement of Shopping and Small Value Procurement with an ABC above ₱50,000.00 in order to promote transparency and efficiency in the procurement process.

5. **The Municipality failed to incorporate in the 2016 SEF Budget the accumulated unexpended balance of prior years, hence depriving the LGU of government moneys tied up with the depositary bank in violation of Section 2 of P.D. 1445.**

   We recommended for management to evaluate the components of the fund balance maintained under its SEF account to determine the actual unexpended balance thereof and ensure its inclusion in the SEF budgeting in the ensuing year.

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

Particulars	Beginning Balance	Issued During the Year	Settlement During the Year	Ending Balance	% of Settlement
Suspensions					
Prior Years	226,326.00	0.00	21,420.00	204,906.00	9.46
Current Year	0.00	0.00	0.00	0.00	0.00
Total	**226,326.00**	**0.00**	**21,420.00**	**204,906.00**	**9.46**
Disallowance					
Prior Years	170,717.23	0.00	27,420.00	143,297.23	16.06
Current Year	0.00	0.00	0.00	0.00	0.00
Total	**170,717.23**	**0.00**	**27,420.00**	**143,297.23**	**16.06**
Charges					
Prior Years	0.00	0.00	0.00	0.00	0.00
Current Year	0.00	0.00	0.00	0.00	0.00
Total	**0.00**	**0.00**	**0.00**	**0.00**	**0.00**

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

Out of thirty (31) recommendations embodied in the 2015 AAR, thirteen (13) were fully implemented, eight (8) were partially implemented and ten (10) were not implemented. In the exit conference, the team was assured that despite the non – implementation of some of the audit recommendations, the LGU is in the process of adopting measures to adhere with the regulations as discussed in the previous AARs.