

## EXECUTIVE SUMMARY

### INTRODUCTION

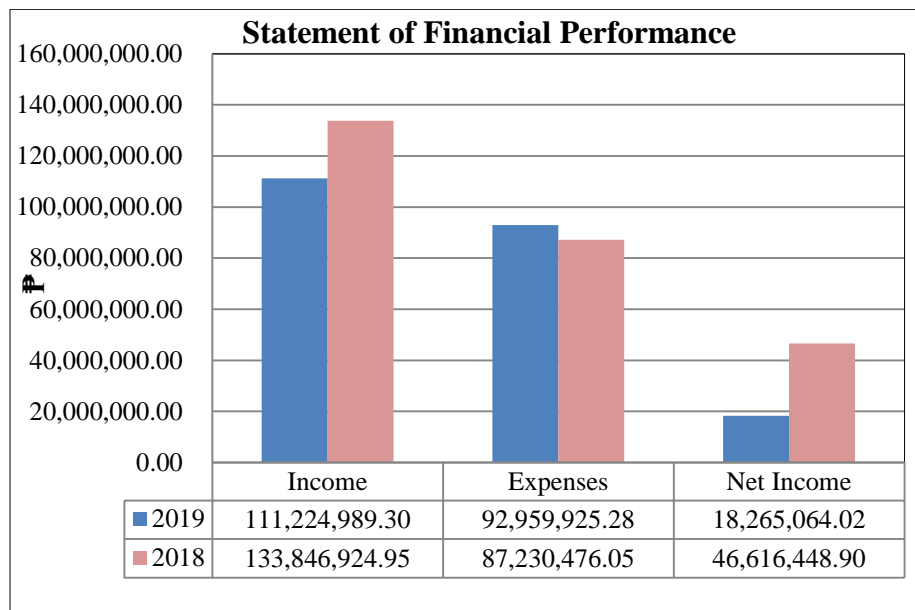
The Municipality of Tubo was created in 1920 during the American Era. It is composed of ten barangays namely: Alangtin, Dilong, Kili, Poblacion, Tabacda, Tubtuba, Wayangan, Tiempo, Supo and Amtuagan.

Like any other municipality, the Municipality of Tubo serves as a dynamic mechanism for the development process and effective governance of local government units (barangays) in its territorial jurisdiction. Its primary role is the delivery of basic, regular and direct services to its constituents.

The Municipality of Tubo is classified as 4<sup>th</sup> class Municipality. It is headed by Honorable Guilbert P. Ballangan and has total personnel complement of 93: composed of 13 elected officials, two co-terminus, one temporary and 77 permanent employees.

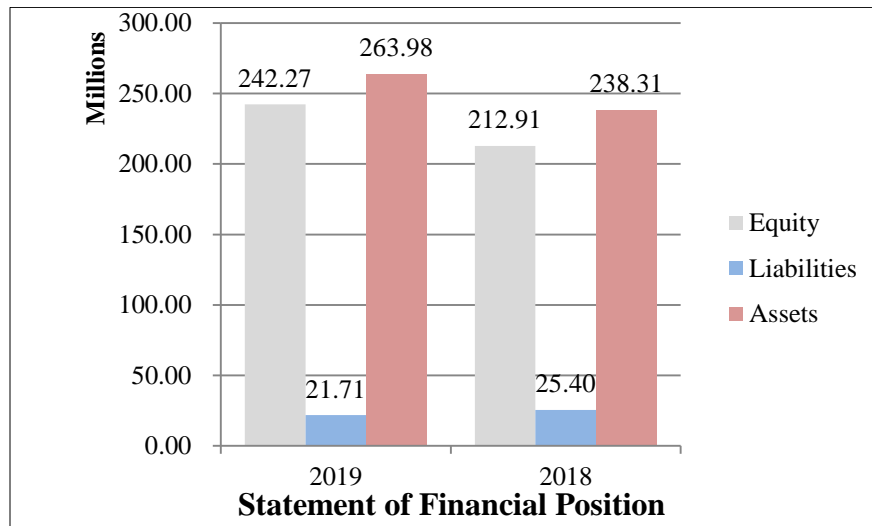
### FINANCIAL HIGHLIGHTS

Comparative analysis of the Statement of Financial Performance as graphically illustrated showed an overall decrease in the income of the Municipality as compared to the previous year.



The Municipality generated a total income of ₱111,224,989.30 for the year, showing a decrease of ₱22,621,935.65 or 16.90% compared to last year's income of ₱133,846,924.95. The decrease in income is significantly attributed to the non-receipt of Share from Tobacco Excise Tax. Total expenses amounted to ₱92,959,925.28, showing an increase of ₱5,729,449.23 or 6.57% compared to last year's figure of ₱87,230,476.05.

On the other hand, the comparative Statement of Financial Position of the Municipality is presented as follows:



Total assets, liabilities and equity as of December 31, 2019 amounted to ₱263,982,531.81, ₱21,712,492.00 and ₱242,270,039.81, respectively. Total assets, and equity increased by ₱ 25,676,708.09 and ₱29,362,615.94, respectively, while liabilities decreased by ₱3,685,907.85.

## OPERATIONAL HIGHLIGHTS

The Local Government Code of 1991 as embodied under Republic Act No.7160 provides the local government units the responsibility and authority to make use of their resources in order to attain development in line with the goals and vision of the National Government.

The goals and functions of the Municipality as promulgated under the provisions of the Local Government Code of 1991 is to render basic services to its constituents by utilizing the resources for programs and projects.

For the year 2019, the Municipality implemented the following projects, programs and activities under the 20% development fund:

Programs, Projects and Activities	Amount
<b>CY 2019 Appropriations</b>	
<b>A. ECONOMIC SERVICES</b>	
1.Improvement of 500 li. M. along Pilpila-Batayan Road	2,198,500.00
2. Improvement of 500 li. M. Along Kaliskesen Likowan Road	998,437.92
3. Construction of 10 li. M. Langen Spillway	618,162.00
4. Rehabilitation of Bacabac Spillway	2,799,900.73
5. Rehabilitation of Poblacion-Dilong Quirino Access Road	2,351,852.41
6. Improvement of 250 li. M. Along Bana-Tabacda road	1,779,353.56
7. Rehabilitation of Wayangan Spillway	2,217,330.54
8. Rehabilitation of Pingew CIS w/ 7 Meters Flume	359,074.67

<b>Programs, Projects and Activities</b>	<b>Amount</b>
9. Rehabilitation of Indocno CIS	949,910.98
10. Construction of Sabangen Ngina Box Culvert	250,159.64
<b>B. SOCIAL SERVICES</b>	
1. Rehabilitation of Kili Village Water System	718,975.80
2. Construction of Caocaoayan MPCC	1,721,504.55
3. Construction of Pananuman MPCC	1,795,939.00
4. Retaining Wall Construction at Tiempo National High School	1,349,725.49
<b>C. ENVIRONMENTAL MANAGEMENT SERVICES</b>	
1. Concreting of 100 li.m. Road to MRF	405,523.48
2. Retaining Wall of Amtuagan Plaza	989,100.00
<b>Continuing from 2018</b>	
1. Construction of Pasngaw-Bannawe Flood Control	1,999,910.35
2. Improvement of 181 i.m. along Pilpila-Batayan FMR	1,659,356.00
3. Improvement of Domestic Water Sources	514,117.00
<b>Continuing from 2017</b>	
1. Upgrading of Kili Mico-hydro Project	1,064,548.00
<b>Total</b>	<b>26,741,382.12</b>

In addition, the Municipality also implemented the following programs and projects funded from other sources:

<b>Programs, Projects and Activities</b>	<b>Amount</b>	<b>Fund</b>
Improvement of Amtuagan Water Source	359,453.66	General Fund
Road Rehabilitation - Timoken	1,918,000.00	TF - DRRMF
Construction of Mitigation Measures (Riprapping, Canal and PCCP along Soysayan Road)	1,499,000.00	5% DRRM Fund
Improvement of Poblacion - Dacuag FMR Phase 2	3,199,927.72	PCF
Improvement of Poblacion - Lipit Boundary Road	9,799,134.07	LGSF-AM 2019
Concreting of Libliban Road	499,392.44	General Fund
<b>Total</b>	<b>17,274,907.89</b>	

The above projects were not yet inspected by the COA Technical Audit Specialist, due to COVID-19 Pandemic.

## **SCOPE OF AUDIT**

The audit covered the accounts, transactions and operations of the Municipality of Tubo, Abra for the year 2019. The audit was conducted to ascertain the fairness of presentation and reliability of the Municipality's financial position and performance, the propriety of financial transactions and compliance with laws, rules and regulations. It was also made to determine whether the programs, projects and activities for the year were implemented in an efficient, economical and effective manner.

## **OPINION IN THE AUDITOR'S REPORT ON THE FINANCIAL STATEMENTS**

The Auditor rendered a qualified opinion on the fairness of presentation of the financial statements for reasons stated as follows:

1. The existence, valuation, condition and propriety of the balance of the Road Networks account amounting to ₱171,739,540.77 or 65.06% of the total net assets of ₱263,982,531.81 could not be ascertained due to (a) non-submission of the Report on the Physical Count of Local Road Networks, Local Road Inventory and Road Map and (b) non-maintenance of Local Road Network Ledger Cards (LRNLC) and Local Road Network Property Cards (LRNPC).
2. The validity, existence and accuracy of the Property, Plant and Equipment (PPE) with a net book value of ₱36,439,819.27, and the related Depreciation Expenses and Accumulated Depreciation could not be ascertained due to the non-submission of the updated Report on the Physical Count of PPE (RPCPPE) and the non-maintenance of required records.
3. Management failed to initiate action with regards to the absence of supporting documents for its dormant receivables totaling ₱1,210,350.45 thereby, casting doubt as to the propriety and validity of the recorded receivables.
4. Journal entries recorded in the General Journals for the set-up of Real Property Tax (RPT) Receivable and Special Education Tax (SET) Receivable amounting to ₱239,219.20 and ₱239,219.20, respectively, were not supported with a Journal Entry Vouchers (JEVs) and the Certified List of Taxpayers, hence, the existence and accuracy of the balances of RPT and SET Receivables totaling ₱45,618.92 and ₱34,617.58, respectively, as of December 31, 2019 could not be readily ascertained.

## **SUMMARY OF SIGNIFICANT OBSERVATIONS AND RECOMMENDATIONS**

The following are the summary of significant findings and recommendations in the audit of accounts and operations of the Municipality of Tubo for CY 2019. These were discussed in an exit conference on September 24, 2020 with agency officials and employees concerned and their comments were incorporated in the report, where appropriate. Other audit observations are discussed in Part II of this report.

### 20% Development Fund

- a) The PPA “Upgrading of Kili Micro-hydro” funded under the CY 2017 20% Development Fund totaling ₱1,400,000.00 remained unimplemented as of year-end. Moreover, the non-disclosure of the status and whereabouts of the construction materials procured for the said project totaling ₱1,064,548.00 casted doubt whether said items were really delivered, hence, causing the unwarranted delay or non-implementation of the project.

**We recommended that management justify the non-implementation/non-completion of the above-mentioned project.**

- **Moreover, we have recommended that management also submit proof that the materials costing ₱1,064,548.00 were really delivered by the suppliers. In**

**the event that said items were actually delivered by the suppliers, the whereabouts as well as the status of the said items should be reported and presented for audit.**

- **Any items which could no longer be used due to improper storage or loss thereof should be refunded by the officials following the basic rule that accountable officers found negligent shall be liable for loss of government funds or property as provided under Section 105(2) of Presidential Decree No. 1445.**
- b) The PPA “Rehabilitation of Bacabac Spillway” could not be evaluated if properly implemented and/or whether it partakes the nature of investment or capital expenditure due to non-submission of contract documents.

**We recommended management to instruct the BAC/Municipal Accountant/Treasurer to immediately submit contract documents and other necessary documents for proper review and evaluation of the said projects funded under the 20% Development Fund.**

Local Disaster Risk Reduction Management Fund

- a) Disbursements on pakyaw contracts for the project Road Rehabilitation of Poblacion-Bacabac (Monic) amounting to ₱195,010.00 could not be properly evaluated due to incomplete documentation; thereby casting doubt as to the legality and propriety of the transactions.

**In view of the above noted lapse, we recommended that:**

- **Management instruct the Municipal Accountant and Treasurer to ensure that all the necessary supporting documents are attached to the Disbursement Vouchers before any payments could be made; and**
  - **Municipal Engineer to submit the necessary supporting documents for evaluation and conduct of necessary inspection. Henceforth, management ensure that all infrastructure projects are verified and inspected by the inspectorate committee/ Municipal Engineer before payments are made.**
- b) Existence of goods intended for distribution, medicines and medical supplies sourced from LDRRM Fund totaling could not be ascertained due to non-submission of the Report on the Physical Count of Inventories (RPCI) and that no Supplies Ledger Card was maintained.

**We recommended that management conduct actual physical count of inventories every semester and reconcile the results with the balance per Supplies Ledger Card and book balances. Moreover, management should invite a representative of the agency auditor to serve as witness in the actual conduct of**

**physical count on or before December 31 of year and submit a copy of the report of physical count to the agency auditor not later than January 31 of each year.**

#### **STATUS OF SUSPENSIONS, DISALLOWANCES AND CHARGES**

Notice of suspensions amounting to ₱5,800.00 remained unsettled as of December 31, 2018 pertaining to 2015 and 2016 transactions. There were no other Notices of Suspensions, Disallowances and Charges issued during the year.

#### **STATUS OF IMPLEMENTATION OF PRIOR YEARS' AUDIT RECOMMENDATIONS**

Of the 75 recommendations embodied in the 2014 - 2018 Annual Audit Reports, 16 were fully implemented, 33 were partially implemented, while 26 were not yet implemented or not substantially acted upon.