

EXECUTIVE SUMMARY

A. Introduction

The Municipality of Obando was established on May 14, 1753 in honor of Don Francisco de Obando Y Salis Marquez. At present, the Municipality of Obando is rated as a second class Municipality in the Province of Bulacan. At the helm of the organization is the Honorable Mayor Edwin C. Santos who is ably supported by ten members of the Sangguniang Bayan with Honorable Vice Mayor Arvin E. dela Cruz as the presiding officer.

The Municipality maintains three funds: General Fund, Special Education Fund, and Trust Fund.

In addition, three economic enterprises are being operated by the Municipality namely, Pamilihang Bayan ng Obando, Pamilihang Laureano Marquez (Municipal Fishport) and the Obando Public Cemetery.

B. Financial Highlights

The comparative data on the financial condition, results of operation and sources and application of funds of the Municipality for the years 2019 and 2018 are presented below:

	Amounts in Thousands of Pesos			
	2019	2018	Increase (Decrease)	
			Amount	%
Financial Condition				
Total Assets	198,603,726.20	177,572,686.45	21,031,039.75	11.84
Total Liabilities	80,804,442.86	77,136,273.19	3,668,169.67	4.75
Total Equity	117,799,283.34	100,436,413.26	17,362,870.08	17.28
Results of Operations				
Total Revenues	170,775,890.95	155,411,050.15	15,364,840.80	9.88
Total Expenses	153,413,020.86	147,060,555.99	6,352,464.87	4.31
Excess of Income Over Expense	17,362,870.09	8,350,494.16	9,012,375.93	107.92

C. Scope of Audit

Our audit was made in accordance with International Standards of Supreme Audit Institutions (ISSAIs) and we believe that it provided a reasonable basis for the audit results.

The objectives of the audit were to (a) ascertain the level of assurance that may be placed on management's assertions on the financial statements; (b) recommend agency improvement opportunities; and (c) determine the extent of implementation of prior years' audit recommendations.

The audit covered the financial transactions and operations of the Municipality of Obando for the calendar year 2019, specifically the 2019 audit focus and thrusts for Local Government Sector in compliance with the unnumbered Memorandum dated July 3, 2019 by the Commission on Audit Assistant Commissioner Joseph B. Anacay and in pursuance of COA Memorandum No. 2016-023 dated November 14, 2016, as follows:

1. Financial Audit

Audit of Financial Statements:

- a. Financial Liabilities
- b. Due from NGOs/POs and Other LGUs

2. Performance and Compliance Audit

- a. Fund Transfers from National Government Agencies (NGAs) to Local Government Units (LGUs)
- b. 20% Development Fund
- c. Local Disaster Risk Reduction Management Fund (LDRRMF) on Disaster Preparedness thematic area
- d. Solid Waste Management

3. Audit of Revenue-Generating Programs

4. Inclusion of evaluation/audit observation on the following audit areas:

- a. Payment to casuals, job orders, contractual and consultants pursuant to COA Memorandum No. 2012-010 dated October 17, 2012, regardless of fund source and account charged;
- b. Enforcement of COA Disallowances and Charges as prescribed in COA Memorandum No. 2009-084 dated November 16, 2009;
- c. Compliance with tax laws;
- d. Remittance of mandatory GSIS, PhilHealth, and HDMF contributions and remittance of loan amortization; and
- e. Compliance with Programs and Projects related to Gender and Development.

D. State Auditor's Report

As discussed in Part II of the report, we conducted our audit in accordance with International Standards of Supreme Audit Institutions (ISSAIs) and we believe that it provided a reasonable basis for the audit results. We rendered a qualified opinion on the

fairness of presentation of the financial statements of the Municipality of Obando due to the following error and deficiency: The Cash Advance for Confidential Fund amounting to ₱1,997,000.00 granted in CY 2019 to the Municipal Administrator who acted as designated Special Disbursing Officer was recorded in the books as liquidated even without submission to the Agency Accountant and to the COA Audit Team of the supporting Transmittal Letter stamped “received” by the Intelligence and Confidential Fund Audit Unit (ICFAU), COA Central Office, contrary to COA/DBM/DILG/DND/GCG Joint Circular No. 2015-001 dated January 8, 2015 which provides the Guidelines on the Entitlement, Release, Use, Reporting and Audit of Confidential and/or Intelligence Fund.

For the above noted exception, we recommended that the Local Chief Executive (LCE):

For the Unliquidated Confidential Fund, require the (a) Municipal Administrator to facilitate the submission to the Office of the COA Chairperson through the ICFAU, of the liquidation documents for the Cash Advance granted for Confidential Fund amounting to ₱1,997,000.00 and (b) Municipal Accountant to (i) ensure that supporting documents are complete and in the required form; and (ii) record the corresponding liquidation upon receipt of liquidation documents with the Transmittal Letter duly stamped received by ICFAU; and (iii) make the necessary adjusting entries to restore the Cash Advances to the affected accounts to correct the understatement of the Advances to Special Disbursing Officer and overstatement of the Confidential Expenses for the same amount of ₱1,997,000.00.

The other significant observations and recommendations that need immediate action are as follows:

1. The Local Government Support Fund (LGSF) of ₱11,682,000.00 for the two projects, Local Access Road in Tawiran in the amount of ₱9,101,898.00 and Purchase of Disaster Response and Rescue (DRR) vehicle in the amount of 2,580,102.00 were not implemented at year-end in accordance with the planned projects for CY 2019 under SARO-LGRCB-19-0014311 and SARO-LGRCB-19-0014317, respectively. The non-implementation of the two projects was caused by the delay in the preparation of documents and approval by concerned national agency officials thereby depriving the residents of the beneficial services to be derived from the projects at the earliest possible time. (*Observation No. 2*)

We recommended that the LCE require the (a) Municipal Treasurer and the Municipal Accountant to (i) closely coordinate with the LBP for the immediate notification of downloaded funds by the bank to the Municipal Officials; (ii) immediately inform the respective DBM officials of the Municipality’s Land Bank of the Philippines – Trust Fund (LBP TF) account number for future downloading of funds intended for specific projects; (b) Municipal Engineer to take the initiative to inform the concerned Procurement Unit and the Bids and Awards Committee on the timetable of project procurement and implementation and provide the list of projects with corresponding funding sources; (c) Municipal DRRMO to plan and monitor the progress of accomplishment of the projects;

and (d) Municipal Administrator to (i) assign an official in charge of projects funded by external sources for strict monitoring of implementation schedules and targets; and (ii) ensure that the fund proponent is informed on the project status including the liquidation reports and related documents; and (ii) see to it that, henceforth, all LGSF projects will be completed at the earliest possible time.

2. There were non-related and improper charges found in the audit of the expenditures charged to the CY 2019 Local Disaster Risk Reduction and Management Fund (LDRRMF) contrary to the objectives of R.A. No. 10121 and NDRRMC/DBM/DILG Joint Memorandum Circular No. 2013-1 dated March 25, 2013, thus compromising the availability of the fund in times of calamity. Also, donations in kind were not properly acknowledged pursuant to COA Circular No.2014-002 dated April 15, 2014. **(Observation No. 3)**

We recommended that the LCE require the head of the MDRRMO (a) to strictly implement the guidelines in the allocation and utilization of the projects in the AIP using LDRRMF; (b) properly plan and program appropriate PPAs for inclusion to the AIP and refrain from charging improper and unrelated expenditures against the fund; and (c) instruct the Municipal Treasurer to properly acknowledge all donations for calamity victims from any sources whether in cash or in kind for proper acknowledgment and accounting.

3. The programmed projects in CY 2019 under the 20% Development Fund (DF) amounting to ₱28 Million were not fully implemented due to lack of close supervision and monitoring of the progress of their project implementation in accordance with the CY 2019 AIP and DBM-DILG Joint Memorandum Circular No. 2017-01 dated February 22, 2017, thereby depriving the intended benefits of the projects to its constituents at the earliest possible time. **(Observation No. 4)**

We recommended that the LCE require the Municipal Engineering Office to (a) prepare periodic status reports/maintain records on the status or extent of accomplishment of development projects being implemented by the Municipality with complete essential information and submit to the Audit Team for review; and (b) closely supervise the implementation of the remaining projects funded under 20% DF for maximum utilization of the fund.

4. The Municipality's GAD Plan and Budget (GPB) was not submitted to the Department of Interior and Local Government (DILG) for review and approval, not endorsed to the Philippine Commission for Women (PCW) and the approved (GPB) was not integrated in its Annual Investment Plan and the Annual Budget. This is contrary to PCW-DILG-DBM-NEDA Joint Memorandum Circular (JMC) No. 2013-01, and its amendments under JMC No. 2016-01 which provides for the Guidelines on the Localization of the Magna Carta of Women. **(Observation No. 5)**

We recommended that the LCE require the GAD Focal Person to: (i) ensure the early preparation and submission of the GPB to DILG for review/approval and thereafter for endorsement to PCW; (ii) set up and maintain the GAD database which will serve as the

basis for planning, formulation of policies and identification of GAD responsive projects, programs and activities and strict observance of the provisions under JMC No. 2013-01, as amended by JMC No. 2016-01; and (iii) recommend the formulation of a GAD Code to support the LGU's efforts in promoting, protecting and fulfilling women's rights, women's economic empowerment and gender-responsive governance towards the attainment of gender equality and women's empowerment; (iv) monitor the GAD accomplishments based on the approved GPB and submit accordingly to the DILG on a timely basis.

5. The provisions under R.A. No. 9003 were not complied with, such as the establishment of Materials Recovery Facility (MRF) by the barangays, provision for protective personal equipment, segregation of solid wastes at source, and provision of a protective covering for the waste compartment of garbage trucks, resulting in high cost of environment and sanitary expenses and posing health hazards for the personnel assigned in garbage collection and the general public. (*Observation No. 6*)

We recommended that the LCE require the head of the MENRO to (a) closely monitor the establishment of MRF in the barangays to fully comply with the law; (b) strictly implement the segregation of wastes at source and impose appropriate sanctions; (c) include in the budget the provision for adequate, effective and comfortable personal protective equipment to garbage collectors and MRF workers to protect them from the hazards of handling wastes; (d) evaluate the working conditions of workers at the MRF and at the field and provide them protection from occupational work hazards while in transit; (e) provide the waste compartment of all garbage trucks with adequate cover to ensure the containment of the solid wastes while in transit to prevent spillage.

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

Suspensions, disallowances and charges as of December 31, 2019 stood at ₱0.00, ₱0.00 and ₱0.00, respectively.

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

Out of the 55 unimplemented recommendations in the previous years' Annual Audit Reports, 27 were implemented, 20 were partially implemented, and 8 were not implemented.