EXECUTIVE SUMMARY

Introduction

The town's name originated from Simeona Mangaba, known to her town mates as Ate Monang. She was a woman reputed to be of unquestionable leadership. The town folks regarded her as their adopted parent, leader and protector.

Based from the written account of Jesus Olega, a local historian, Atimonan was founded on February 04, 1608 by a group of families led by Simeona Mangaba at the place located near the mouth of a river, now Maling River.

Atimonan hugs the Lamon Bay coastline approximately 175 kilometers south of Manila. It is traversed by the Daang Maharlika and a safe 45-minute drive from the Provincial Capital of Lucena. It is bounded on the north by Lamon Bay; on the east by Plaridel; on the south by Unisan and on the west by Pagbilao.

It has a total land area of 24,475 hectares representing two percent of the total land area of Quezon Province. It has 42 barangays, 38 rural and four urban barangays. The poblacion consisting of four urban barangays has an area of approximately 53 hectares.

The Municipality's vision is:

"Makabago, matatag, mapayapa at progresibong bayan ng Atimonan na may maunlad na pamayanan at bukas na pamamahalang tumutugon sa hamon ng globalisasyon."

The Municipality received the following award in the year 2019:

1. Seal of Good Financial Housekeeping 2019 Awardee
2. Ecological Act of 2000 Exemplary Practice Award
3. Calabarzon Regional Nutrition Award

The key officials of the Municipality are composed of the following:

Hon. Rustico Joven U. Mendoza	Municipal Mayor
Hon. Zenaida D. Veranga	Municipal Vice Mayor
Hon. Rumel L. Verastigue	Municipal Councilor
Hon. Cielyn D. Makayan	Municipal Councilor
Hon. Nestor E. Santander	Municipal Councilor
Hon. Estela A. Lim	Municipal Councilor
Hon. Renato C. Sarmiento	Municipal Councilor
Hon. Maria Aurora A. Tamayo	Municipal Councilor
Hon. Nelmer V. Santander	Municipal Councilor
Hon. Merlinda C. Pesigan	Municipal Councilor
Hon. Amado A. Vidal	Ex-Officio/PPLB
Hon. Dexter B. Alegre	Ex-Officio/PPSK

Included also as part of key personnel of the Municipality are Ms. Marilyn G. Casiding, Municipal Accountant, Mr. Carlito A. Marasigan, Municipal Treasurer, and Ms. Catherine M. Alvarez, Municipal Budget Officer.

As of December 31, 2019, the personnel complement of the Municipality totaled 357 which is broken down as follows:

Elective Officials	12
Coterminous	3
Permanent Employees	112
Job Order	230
Total	357

Financial Highlights

For Calendar Year (CY) 2019, the Municipality collected a total income of ₱219,958,418.83 from local taxes, service and business income, Internal Revenue Allotment (IRA) and other income. The IRA for the year totaling ₱176,125,810.00 increased by ₱16,034,539.00 compared with last year's figure of ₱160,091,271.00. Total appropriations for the year amounted to ₱266,515,908.50 of which ₱207,837,596.42 was expended.

The Municipality's comparative financial condition and results of operations for CYs 2019 and 2018 are summarized below and shown in detail in the attached audited financial statements:

	2019	2018	Increase (Decrease)
Assets	₱ 363,604,012.26	₱ 349,291,336.92	₱ 14,312,675.34
Liabilities	52,098,317.02	81,150,278.69	(29,051,961.67)
Net Assets/Equity	311,505,695.24	268,141,058.23	43,364,637.01
Income	219,958,418.83	195,099,334.19	24,859,084.64
Expenses	184,199,040.22	172,401,956.53	11,797,083.69

Scope of Audit

Financial and compliance audits were conducted on the accounts and operations of the Municipality of Atimonan, Quezon for CY 2019 to ascertain the fairness of the presentation of the financial statements and compliance of the Municipality with laws, rules and regulations. The audit consisted of review of operating procedures, interview of concerned government officials and employees, verification, reconciliation and analysis of accounts and such other procedures considered necessary.

Independent Auditor's Report on the Financial Statements

The Auditor rendered a qualified opinion on the fairness of the presentation of the financial statements of the Municipality due to the following:

1. The balances of various Property, Plant and Equipment (PPE) accounts per financial statements and the Report on the Physical Count of Property, Plant and Equipment (RPCPPE) have a net discrepancy of ₱9,102,883.42 due to submission of an incomplete RPCPPE and non-reconciliation of the property cards and ledger cards, hence the existence, completeness and reliability of the said assets could not be ascertained.

2. The accuracy and reliability of the recorded Land account of ₱19,092,275.75 could not be ascertained due to: (a) the inclusion of an amount worth ₱1,702,275.75 without details/breakdown in the General and Special Education Funds, (b) unrecorded parcels of land owned and titled under the name of the Municipality, and (c) lots with tax declarations named under the Municipality but were not supported with certificate of titles. Moreover, four lots owned by the Municipality are still untitled under its name, thus exposing the same to third party claims and land disputes in the future.

3. The Work/Zoo Animals and Breeding Stocks accounts amounting to ₱130,100.00 and ₱89,800.00, respectively were not reconciled because the OIC-GSO was not able to prepare the property cards rendering the existence, completeness, valuation and condition of the said assets doubtful.

4. Separate financial statements were not prepared for Special Accounts, thus operating performance and viability could not be ascertained and monitored.

For the exceptions cited above, the Auditor recommended that the Municipal Mayor require/instruct the:

1. Officer-in-Charge (OIC) - General Services Officer (GSO) to submit to the Audit Team a complete RPCPPE and instruct the Municipal Accountant to reconcile the ledger cards with the property cards maintained by the OIC-GSO and effect adjustments, if warranted;

2.a. Municipal Accountant to exert more effort in providing the breakdown or details of the recorded lot amounting to ₱1,702,275.75;

2.b. Appraisal Committee to continue the valuation of the unrecorded lands, titled and untitled, which will be used as the basis of the Municipal Accountant in recording the parcels of land/adjusting the Land account balance;

2.c. OIC-Municipal Assessor to continue her efforts to verify the ownership of the lots named under the Municipality per its tax declarations but were not supported with certificate of titles and make the necessary follow-ups with the concerned agencies for the titling of all untitled lots owned by the Municipality;

3. OIC-GSO to prepare the Property Card for the Work/Zoo Animals and Biological Assets accounts and to update it regularly and require the Municipal Accountant to submit the documents on the dropping of the deceased animals for evaluation of the Audit Team; and

4. Municipal Accountant to prepare a separate set of financial statements for each economic enterprise so that adequate information as to assets, liabilities, equity and results of operations can be monitored and evaluated to determine viability of the economic enterprises.

Significant Audit Observations and Recommendations

The other significant audit observations and recommendations other than the bases for the qualified opinion that need immediate attention and action by the Head of the Agency for CY 2019 are as follows:

1. Of the amount utilized for 20 percent Development Fund amounting to ₱36,530,528.05, only 31 projects and activities costing ₱22,961,284.45 or 62.86 percent are 100 percent completed, turned over and are being used/enjoyed by its constituents, leaving 37.14 percent or ₱13,569,243.60 not yet completed, while 19 out of 60 programmed projects were not yet implemented due to various reasons, hence the constituents were deprived of the immediate desired socio-economic development and environmental management outcomes.

   We recommended that the Municipal Mayor require the Municipal Planning and Development Coordinator and Municipal Engineer to work for the optimal utilization of the 20 percent Development Fund which is primarily intended to fund projects that shall contribute to the attainment of desirable socio-economic development and environmental management outcomes.

2. The advance payment for 15 percent mobilization fee amounting to ₱652,778.99 for abandoned and rescinded projects funded out of the 20 percent Development Fund totaling ₱4,351,860.06 was still not refunded as the Contractor was not able to fulfill their promise in returning the mobilization fee, thereby resulting to possible loss of government funds.

   We reiterated our recommendation that the Municipal Mayor continue to demand the refund of the advance payment from the Contractor or to resort to other courses of action to ensure that the advance payment made be returned to the Municipality to avoid loss of government funds.

3. Various projects related to disaster risk reduction and management with a total balance of ₱500,000.00 were not implemented for various reasons, thus the aim to strengthen the capacity of the Municipality for disaster risk reduction and management was not fully achieved.

   We recommended that the Municipal Mayor instruct the Municipal Disaster Risk Reduction Management Officer to fully implement the programmed projects and activities in order to strengthen the capacity of the Municipality for disaster risk reduction and management.

The above audit observations, together with the recommended courses of action are discussed in detail in Part II of this report.

Due to the Covid-19 pandemic, the exit conference with the Management officials and staff was not conducted. However, the audit observations, together with the recommended courses of action were summarized in the Summary of Audit Observations and Recommendations which were furnished to the Management on September 11, 2020 wherein their comments were stated therein.

Summary of Total Suspension, Disallowances and Charges as of the Year-End

As of December 31, 2019, the Municipality had unsettled suspensions and disallowances totaling ₱2,603,802.32, as follows:

	Balance as of December 31, 2018	Issued for CY 2019	Settled for CY 2019	Balance as of December 31, 2019
Notice of Suspension	₱ 231,695.00	₱ 0.00	₱ 231,695.00	₱ 0.00
Notice of Disallowance	2,603,802.32	0.00	0.00	2,603,802.32
Total	**₱ 2,835,497.32**	**₱ 0.00**	**₱ 231,695.00**	**₱2,603,802.32**

There are no outstanding Notice of Charge as of year-end**.**

Status of Implementation of Prior Year's Audit Recommendations

Of the 15 audit recommendations embodied in the CY 2018 Annual Audit Report, seven were fully implemented, four were partially implemented and four were not implemented by the Municipality.