

## EXECUTIVE SUMMARY

### Introduction

From being one of the barrios of Binangonan, Angono became an independent municipality on August 19, 1938 by virtue of Executive Order No. 158 signed by then President Manuel L. Quezon. Republic Act 6469 which was passed on June 17, 1972 ratified EO No. 158 and established the status of Angono as a Municipality.

The Organizational Structure of this Municipality is as follows:

Municipal Mayor	:	Hon. Jeri Mae E. Calderon
Municipal Vice-Mayor	:	Hon. Gerardo V. Calderon
Members of Sanggunian:		
	1.	Hon. Joanne E. Saguinsin
	2.	Hon. Sherween T. Lagaya
	3.	Hon. Patubay Tiamson
	4.	Hon. Armando Villamayor Sr.
	5.	Hon. Leah Villalon
	6.	Hon. Roberto Sison
	7.	Hon. Jose Ruben V. Unidad
	8.	Hon. Richard Bryan V. Cruz
ABC President	9.	Hon. Bernardo E. Balagtas
Municipal Accountant	:	Ms. Sylvia T. Ibañez
OIC- Municipal Treasurer	:	Ms. Eva Dolores A. Rivera

The Municipality's manpower complements are as follows:

<u>Nature of Employment</u>	<u>Number</u>			
	<u>1<sup>st</sup> Qtr.</u>	<u>2<sup>nd</sup> Qtr.</u>	<u>3<sup>rd</sup> Qtr.</u>	<u>4<sup>th</sup> Qtr.</u>
Permanent	159	159	159	160
Casual	37	37	37	37
Coterminus	14	14	14	15
Elective Officials	11	11	11	11
Consultants	2	2	2	2
Temporary	1	1	0	0
Job Order Contract	1,293	1,851	1,842	1,866
<b>Total</b>	<b>1,517</b>	<b>2,075</b>	<b>2,065</b>	<b>2,091</b>

## Scope of Audit

Financial and Compliance audits were conducted on the accounts and operations of the Municipality for Calendar Year 2019. It was conducted in accordance with applicable legal and regulatory requirements and generally accepted auditing standards. The audit was also done to (a) ascertain the propriety of financial transactions and compliance of the agency to prescribed rules and regulations; and (b) verify the level of assurance that may be placed on management's assertions on the financial statements.

The audit also aimed to determine whether programs, projects and activities were implemented in accordance with plans and targets.

## Financial Highlights

For the year 2019, the Municipal government generated a total revenue of ₱458,073,417.47, including subsidies from other funds, an increase of ₱26,942,151.85 or 6.25 percent as compared with last year's revenue of ₱431,131,265.62. The significant increase in the revenue of the Municipality is attributable to the increase in Tax Revenue of the Municipality and Share in Internal Revenue Tax Collection. The total expenses reached ₱439,257,595.09, including subsidies to other funds and donations, an increase of ₱41,591,529.13 or 10.46 percent from last year's level of ₱397,666,065.96. The surplus for the year amounted to ₱18,815,822.38 or a decrease of (₱14,649,377.28) or 43.77 percent from that of last year's amount of ₱33,465,199.66 due to the increase of expenses.

Total current appropriations under the General Fund and Special Education Fund amounted to ₱442,906,622.87 and ₱29,492,538.07 of which ₱434,266,051.46 and ₱28,581,049.74, respectively, were the reported expenditures during the year.

The following is the Municipality's consolidated assets, liabilities and government equity as of December 31, 2019, with comparative figures for CY 2018:

	CY 2019	CY 2018	Increase (Decrease)
<b>Assets</b>	₱654,370,348.50	₱647,949,174.73	₱ 6,421,173.77
<b>Liabilities</b>	327,062,694.11	395,413,639.73	(68,350,945.62)
<b>Equity</b>	327,307,654.39	252,535,535.00	74,772,119.39

## Operational Highlights

During the year, the Municipal Government of Angono planned to implement major infrastructure projects and programs funded out of the appropriation of the municipal government and from outside sources which have been completed or accomplished and other were almost complete at year-end that boosted its social, agricultural and economic growth and delivery of basic services.

The following are the significant accomplishments of LGU Angono, Rizal for CY 2019 which were validated through ocular inspection to determine the existence of the project, to wit:

<b>Projects</b>	<b>Source of Fund</b>	<b>Project Cost</b>	<b>Status</b>
Rehabilitation of Municipal Building, Sangguniang Bayan Building and Municipal Compound; Design and Build – Phase II	General Fund/Loan from Land Bank of the Philippines	₱ 33,310,362.96	Completed
Core Local Access Road	Trust Fund - Department of Budget and Management (DBM)-Local Government Support Fund (LGSF)	9,993,997.83	Completed
Acquisition of land for alternative road situated at Sitio Pinagpala	General Fund	6,600,000.00	Completed
Local Road Upgrading Material Recovery Facility(MRF)	Trust Fund - DBM-LGSF	3,776,819.01	Completed
Local Road Upgrading Pinangkaisa	Trust Fund - DBM-LGSF	1,499,296.91	Completed
Local Road Upgrading Pinagpala	Trust Fund - DBM-LGSF	1,499,217.71	Completed
Local Road Upgrading Yupangco	Trust Fund - DBM-LGSF	1,498,460.76	Completed
Construction of Evacuation Center Patamaba	Trust Fund - DBM-LGSF	998,037.96	Completed

The Awards and Recognition Received by the Municipality for CY 2019

<b>Awards/Recognitions/Citations</b>	<b>Category</b>	<b>Given By:</b>
1. Certificate of Recognition as a Member of the International Scientific	International	Tomorrow People Organization

<b>Awards/Recognitions/Citations</b>	<b>Category</b>	<b>Given By:</b>
Committee of the 12 <sup>th</sup> Annual Poverty and Social Protection Conference in Bangkok, Thailand		
2. 10 <sup>th</sup> Over All Most Competitive Municipality in the Philippines (1 <sup>st</sup> to 2 <sup>nd</sup> Class)	National	National Competitiveness Council of the Philippines
3. Seal of Good Local Governance	National	Department of the Interior and Local Government (DILG)
4. Seal of Child-Friendly Municipality	National	Council for the Welfare of Children, Department of Social Welfare and Development (DSWD) and DILG
5. National Best PESO Champion	National	Department of Labor and Employment (DOLE)
6. Top Regional Performer	National	DOLE
7. National Anti-Drug Abuse Council Performance Award	National	DILG
8. Certificate of Recognition for Magna Carta of Workers in the informal Economy	National	Homenet Philippines
9. Certificate of Recognition for providing gainful employment for the Informal Sector of Angono, Rizal	National	PATAMABA
10. Plaque of Recognition	National	Association of Anti-Drug Abuse Coalitions of the Philippines, Inc.
11. Gawad Emilio Aguinaldo Award	National	Department of Health and Philippine Blood Center
12. Regional Top Performer in the conduct Referral and Replacement	Regional	DOLE Region IV-A

<b>Awards/Recognitions/Citations</b>	<b>Category</b>	<b>Given By:</b>
13. Nominee for Regional Top Performing PESO in the conduct of Referral and Employment Placement	Regional	DOLE Region IV-A
14. Nominee for Regional Top Performing PESO in the conduct of Career Guidance and Employment Coaching	Regional	DOLE Region IV-A
15. Calabarzon Champion Award to the PESO of Angono, Rizal for winning the National Best PESO for 1 <sup>st</sup> and 2 <sup>nd</sup> Class Municipalities Category in the 19 <sup>th</sup> National PESO Congress.	Regional	National Economic and Development Authority (NEDA) Region IV-A (CALABARZON)

### **Audit Opinion 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 year-end balance of Cash in Bank - Local Currency, Current Account (CIB - LCCA) amounting to ₱128,433,985.82 was overstated by ₱1,466,766.24 due to reconciling items such as unrecorded disbursements, dishonored checks, stale checks and debit memos remained unadjusted in the Municipality's books of accounts as of year-end, contrary to Section 74 of Presidential Decree (PD) No. 1445, thus affecting the correctness of the balance of Cash in Bank account as reported in the financial statements.
2. The balances of the Property, Plant and Equipment (PPE) accounts with carrying amount of ₱358,077,834.47 at year-end remained unreliable due to: (a) incomplete physical count of Municipality's PPE; (b) Incomplete Acknowledgement Receipt for Equipment (ARE) being maintained by the General Service Office (GSO); (c) non-provision for depreciation for PPE costing ₱68,855,910.44; and (d) failure to conduct inventory of Local Road Network (LRN), non-preparation of the required reports for LRN, and non-disclosure of total road network system in the Notes to the Financial Statement.
3. The year-end balance of the Accounts Payable account totaling ₱29,891,421.86 was overstated by ₱696,977.58 due to inclusion of payables which were not duly supported with documents to prove its validity and have been in the books for more than two years, contrary to Section 157 of Government Accounting and Auditing Manual (GAAM), Volume I and Section 98 of Presidential Decree (PD) No. 1445.

## **Significant Audit Observations and Recommendations**

For the exceptions cited above, we recommended that the Municipal Mayor direct the:

- a) Municipal Accounting Office to obtain from the Municipal Treasurer's Office all the necessary documents needed (paid disbursement vouchers; Debit/Credit Memo) to support the identified reconciling items and draw Journal Entry Voucher (JEV) to record all valid reconciling items that require adjustment in the General Ledger for fair presentation of the affected accounts in the financial statements;
- b) Municipal Accounting and Treasurer's Offices to conduct periodic reconciliation of their records to ensure accuracy in recording. Make the necessary adjustments, if there are any, to avoid accumulation of the discrepancies between the two records and to present the correct balance of the CIB - LCCA in the financial statements;
- c) Municipal Treasurer's Office to submit all paid disbursement vouchers to the Municipal Accounting Office for recording so that the true/correct balance of the accounts for the period were properly presented in the financial statements and to avoid the loss or misplacement of the vouchers. Make proper demand from the concerned taxpayers for the settlement of the returned/dishonored checks;
- d) Inventory Committee to conduct a physical inventory of all the Municipality's PPE and prepare and submit the required report thereon. Any discrepancies between the inventory report and the accounting and property records should be investigated and make the necessary adjustments where the error was committed;
- e) GSO to determine the officials/employees to whom the equipment was issued, and issue the corresponding ARE for each property to pinpoint the direct person accountable and responsible thereon;
- f) Municipal Accountant to provide the correct depreciation and make the necessary adjustment for each type of properties of the Municipality;
- g) Municipal Engineer to expedite the submission of the complete description and cost segregation of road components for the road projects of the Municipality;
- h) GSO to maintain Local Road Inventory and Road Map, LRNPC and RLRN in accordance with COA Circular No. 2015-008;
- i) Municipal Accountant to disclose in the Notes to Financial Statements the total road network system as required in COA Circular No. 2015-008;
- j) Municipal Accountant to request for an authority for the reversion of those payables without valid documentation in the amount of ₱696,977.58 and have been outstanding for two years or more, to the Sangguniang Bayan. Thereafter, make the necessary journal entry to revert the said long outstanding obligations to

Government Equity so that the Municipality can use the available funds for other priority projects that would uplift the living condition of its constituents;

- k) Municipal Accountant to submit to the Municipal Treasurer those obligations found to be valid and properly supported by sufficient evidence for immediate payment; and
- l) Municipal Accountant to record only payables with proper and complete documentation.

The following are the other significant audit observations and recommendations in the audit of the Municipality for the year 2019:

1. The correctness and validity of the recorded balances of RPT and SET Receivables as of December 31, 2019 both amounting to ₱48,752,042.40, could not be determined due to the continued failure of the Municipal Treasurer to furnish the Municipal Accountant certified list of taxpayers as basis for the setting-up of at the start of the year, contrary to Section 20 of the Manual on the New Government Accounting System (MNGAS) for Local Government Units (LGUs), Volume I.

We recommended that the Municipal Mayor direct the Municipal Treasurer to furnish the Municipal Accountant a certified list of the names of the taxpayers and the corresponding amount of taxes due and collectible to establish the correct and valid RPT and SET Receivables that were recognized in the books of accounts.

2. The year-end balances of the Due to BIR, GSIS, Pag-IBIG and PhilHealth accounts in the amount of ₱2,545,695.89, ₱2,110,130.57, ₱219,179.63, ₱211,667.61, respectively, includes a total amount of ₱249,806.94 which remained unremitted to the concerned agencies for more than five years due to the absence of schedules or details that could facilitate remittance thereof, contrary to Section 111 of Presidential Decree (PD) No. 1445.

We recommended that the Municipal Mayor direct the Municipal Accountant to exert extra effort to locate the old files/records of Due to BIR, GSIS, Pag-IBIG and PhilHealth accounts. Make a representation with the concerned agencies to formally inquire whether there were unremitted balances in their records for 2014 and prior years. In case the Municipality has no unremitted balance for the said period, request for a certification of no-arrears; and subsequently request for approval for the reversion of the said Inter-Agency Payables accounts to the Sangguniang Bayan.

3. The accuracy and validity of the recorded balances of Due from and Due to Local Government Units (LGUs) accounts of ₱1,912,987.37 and ₱1,080,680.55, respectively, remained doubtful due to unreconciled differences of ₱134,368.91 and ₱2,849,979.88, respectively, with the reciprocal accounts in the books of the Provincial Government of Rizal, thereby affecting the fair presentation of those accounts in the Municipality's financial statements.

We reiterated our recommendation that the Municipal Mayor direct the Municipal Accountant to coordinate with the Provincial Accountant for the reconciliation of Due from LGUs and Due to LGUs accounts so that appropriate adjustments can be made on the affected accounts for fair presentation in the Municipality's financial statements.

4. The balance of Due to NGAs account at year-end in the amount of ₱17,265,433.32 was overstated by ₱1,057,910.28 due to error committed in recording of the financial assistance from the Social Housing Finance Corporation, PhilHealth Corporation, Rizal Provincial Government and Galing Pook Foundation amounting to ₱354,197.44, ₱353,712.84, ₱250,000.00 and ₱100,000.00, respectively, contrary to COA Circular No. 2015-009 dated December 1, 2015 prescribing the Revised Chart of Accounts for Local Government Units. Moreover, unspent balance of ₱367,931.45 pertaining to previous years' fund transfers remained unremitted to the Bureau of Treasury (BTr)/source agencies as of year-end, thus denying the National Government of the immediate use of the said funds for other beneficial programs/projects. Furthermore, failure of the Accounting Unit to maintain a subsidiary ledger of fund transfers from the NGAs per projects/programs/activities resulted in the erroneous recording of the refunded amount of ₱22,307.16 to its proper source agency and related PPAs records.

We recommended that the Municipal Mayor direct the:

- a) Municipal Accountant to make the necessary adjusting journal entry to correct the error committed in recording the funds transfer from source agencies amounting to ₱1,057,910.28;
  - b) Municipal Treasurer, in coordination with the Municipal Accountant, to remit to the BTr/source agencies the unused balance of funds in the amount of ₱367,931.45 so that the amount could be immediately used for other programs/projects of the National Government and to relieve the Municipality from any accountability/liability for the said unused funds; and
  - c) Municipal Accountant to maintain subsidiary ledger of funds transfer from source agencies per Projects/Programs/Activities for easily monitoring of funds transferred to the Municipality and to avoid error in recording of transactions.
5. Copies of perfected contracts/Purchase Orders (POs) including supporting documents forming part thereof were not submitted to the Office of the Auditor for review within five working days upon issuance, thus timely review of the transactions could not be undertaken, and any defects/deficiencies noted could not be communicated immediately for appropriate corrective action, contrary to Sections 3.1.1 and 3.2.1 of COA Circular No. 2009-001. Moreover, the submission of contracts/POs was 19 to 122 days delay.



We recommended that the Municipal Mayor direct the concerned municipal officials to strictly adhere with the above cited provision of COA Circular No. 2009-01 on the submission of contracts/POs, together with pertinent documents for timely and objective evaluation of the same by the Audit Team, so that the Municipality could be immediately notified of any defects/deficiencies noted thereon.

6. Certain procedural and documentary requirements in the procurement of various goods and infrastructure projects totaling ₱9,484,631.21 which were undertaken through Negotiated Procurement and Public Bidding were not observed and complied with by the Municipality, contrary to the Revised Implementing Rules and Regulations (IRR) of Republic Act (RA) No. 9184, and COA Circular No. 2012-001 dated June 14, 2012, hence casting doubt on the propriety of such transactions.

We recommended that the Municipal Mayor:

- a) direct the Municipal Accountant to submit to the Audit Team all the lacking supporting documents to attest the propriety and validity of the subject transactions;
  - b) provide explanation on the deficiencies noted; and
  - c) ensure that all disbursements of the Municipality are duly supported with required documentation before processing the same for payment to avoid audit suspensions and/or audit disallowances.
7. Expenditures aggregating ₱5,131,829.83 which do not partake the nature of investment/capital expenditures and a project "Rehabilitation of Municipal Jail" costing ₱935,464.16 not included among the allowable development projects under 20% Development Fund (DF) were charged to the Municipality 20% DF for CY 2019, contrary to Department of the Interior and Local Government (DILG) and Department of Budget and Management (DBM) Joint Memorandum Circular (JMC) No. 2017-1, thereby defeating the purpose for which the fund was established.

We recommended that the Municipal Mayor direct the:

- a) Municipal officials concerned to strictly adhere to the guidelines provided under the Joint Memorandum Circulars to invest in high-impact or development projects that would improve the socio-economic condition of the constituents; and
- b) Municipal Budget Officer to appropriate fund in the General Fund Proper to replenish the amount of 20% DF utilized for projects which do not partake the nature of investment/capital expenditures and not among the allowable projects under the 20% DF. Otherwise, the payments shall be disallowed in audit. Further, refrain from using the 20% DF for purposes other than those provided in DILG and DBM JMC No. 2017-01.

8. Only ten out of the 41 GAD Projects/Programs/Activities (PPAs) under the Municipality's Gender and Development Plan and Budget (GPB) for CY 2019 were implemented during the year, thus the objectives of the Municipality in protecting and fulfilling the rights of women at the socio-cultural, economic and political spheres as mandated by the policies enumerated in Philippine Commission on Women, National Economic and Development Authority, and Department of Budget and Management Joint Circular (PCW-NEDA-DBM JC) No. 2012-01 were not fully achieved. Moreover, there were obligations/expenditures exceeded the approved appropriations, contrary to Section 305(a) of Republic Act (RA) No. 7160.

We recommended that the Municipal Mayor require the GFPS to:

- a) fully implement the GAD Plan and Budget so that the objectives of GAD on protecting and fulfilling the rights of women at the socio-cultural, economic and political spheres as mandated could be fully achieved;
  - b) strictly monitor the implementation of the planned GAD program, projects and activities to ensure that the GAD objectives are fully attain and the actual expenditures will not exceed the approved budget per PPA; and
  - c) submit justification on the overspending of ₱9,533,498.50, otherwise, it shall be disallowed in audit.
9. The Municipality was still not compliant with the accounting and reporting guidelines for the Local Disaster Risk Reduction Management Fund (LDRRMF), such as (a) inability to prepare comprehensive Local Disaster Risk Reduction and Management Fund Investment Plan (LDRRMFIP) for the unexpended LDRRMF of previous years in the amount of ₱5,650,915.29; and (b) copy of the monthly Report on Sources and Utilization of DRRMF were not submitted to the Office of the Civil Defense (OCD) and the Department of the Interior and Local Government-Local Government Operations Office (DILG-LGOO) and the Commission on Audit (COA) within the prescribed period, contrary to COA Circular No. 2012-002 dated September 12, 2012.

We recommended that the Municipal Mayor direct the:

- a) MDRRMO to prepare a comprehensive LDRRMFIP including the list of projects and activities to be funded out of the previous year's unexpended LDRRMF to ensure Municipality's capacity to respond and recover from the impacts of disasters and emergencies that may occur; and
- b) Municipal Accountant to prepare and submit the monthly Report on the Sources and Utilization of the LDRRMF through the LDRRMC and LDC to the Audit Team in accordance with the period prescribed by the above-cited regulations.

10. The amount of ~~P~~9,557,849.30 or 68 percent only was utilized for the implementation of 32 Programs/Projects/Activities (PPAs) out of the total appropriations for 70% mitigation fund of P14,105,000.00 under Local Disaster Risk Reduction and Management Fund (LDRRMF) for CY 2019, contrary to the provisions of Republic Act (RA) No. 10121 and National Disaster Risk Reduction Management Council (NDRRMC), Department of Budget and Management (DBM) and Department of the Interior and Local Government (DILG) Joint Memorandum Circular (JMC) No. 2013-1, to the detriment of the general public. Moreover, expenditures incurred for the repair and maintenance of infrastructure assets amounting to P3,684,369.09 were not in line with the established purpose of Quick Response Funds (QRF), and certain procedural and documentary requirement were not observed and complied with in the procurement made, contrary to the Revised and Implementing Rules and Regulations (IRR) of Republic Act No. 9184 and COA Circular No. 2012-001 dated June 14, 2012, thus casting doubt on the propriety of such transactions.

We recommended that the Municipal Mayor direct the:

- a) MDRRMO to ensure the efficient and effective implementation of all programs and projects identified during the year to optimize the utilization of fund and to guarantee that the objectives of reducing disaster risk and enhancing disaster preparedness and response capabilities will be achieved;
  - b) MDRRMO to refrain from charging expenses not in line with the established purpose of QRF;
  - c) Budget Officer to replenish the 30% QRF from the General Fund Proper for the amount expended not related to quick response activities;
  - d) Municipal Accountant to submit to the Audit Team all the lacking supporting documents to attest the propriety and validity of the subject transactions; and
  - e) Municipal Accountant to ensure that all disbursements of the Municipality are duly supported with proper and complete documentation before processing the same for payment, to avoid audit suspensions and/or audit disallowance.
11. As in the previous, the Ten-Year Municipal Solid Waste Management Plan (MSWMP) for the Calendar Years (CYs) 2015-2025 still not revised/updated by the Municipal Solid Waste Board (MSWB) despite the average daily residual waste in tons for CY 2019 still increased significantly to at least 36.38 tons as compared with CY 2015 projected data of 14.12 tons, contrary to Section 12(7) of Republic Act (RA) No. 9003, thus may result in rising issues concerning the Municipality's environment and sanitation that could affect the general welfare of its constituents.

We recommended that the Municipal Mayor direct the MSWMC to coordinate with the NSWMC for the guidelines in conduction the revised Waste Analysis

Characterization Study to immediately address the increasing volume of wastes within the locality for environmental sanitation and public health safety.

### Summary on the Status of Audit Suspensions, Disallowance and Charges

Audit suspension of ₱4,223,824.20 and Audit disallowances of ₱2,657,169.38 remained unsettled as of year-end, with details as follows:

Nature	Balance as December 31, 2018	Issuance	Settlement	Balance as December 31, 2019
Notice of Suspension	₱ 9,683,288.48	₱ 0.00	₱5,459,464.28	₱ 4,223,824.20
Notice of Disallowance	2,657,169.38	0.00	0.00	2,657,169.38
Notice of Charge	0.00	0.00	0.00	0.00
<b>Total</b>	<b><u>₱12,340,457.86</u></b>	<b><u>₱0.00</u></b>	<b><u>₱5,459,464.28</u></b>	<b><u>₱6,880,993.58</u></b>

### Status of Implementation of Prior Year's Audit Recommendations

Of the 26 audit recommendations embodied in the CY 2018 Annual Audit Report, eight were fully implemented, 12 were partially implemented and six remained unimplemented by the Municipality.