

EXECUTIVE SUMMARY

INTRODUCTION

The municipality of Lagonoy, province of Camarines Sur was established in 1763. In 1764, the first missionary Spaniards came and settled in a small-forested area near a river where a big tree from which string of vines hanged. The natives called these vines “Hagonoy” whose small flowers with violet petals were used to season the native “cosodo”. The missionaries called the spot “La Hagonoy”. In the course of time the “H” was dropped promoting the present name “Lagonoy”. It was also in 1764 when the place became the strategic center for missionary activities which led the way to its development and formal establishment to full status as a parish under the tutelage of the Apostles Philip and James in the ecclesiastical province of Nueva Caceres, parish of Tabaco, in the civil province of Albay. In 1776, Pedro Vergara became the first captain. After the rule of Juan Fresenada I, as the last captain in 1899, succeeding leaders were already elected officials.

Aside from the information cited above, there is no available record or particular law that show how the municipality was created.

To date, Lagonoy is a 2nd class municipality in the 4th District of Camarines Sur, known as the Partido area and blessed with beautiful natural resources and is under the able leadership of Hon. Delfin R. Pilapil Jr.

Highlights of Financial Operations

Comparative Sources of Funds

	<u>CY 2013</u>	<u>CY 2012</u>	<u>Increase/(Decrease)</u>
Local Taxes	₱ 1,529,330.07	₱ 1,203,989.73	₱ 325,340.34
Internal Revenue Allotment	98,241,591.00	85,184,432.00	13,057,159.00
Permits & Licenses	269,006.86	662,233.57	(393,226.71)
Service Income	462,359.00	424,999.00	37,360.00
Business Income	1,124,402.00	1,066,204.00	58,198.00
Other Income	168,932.49	172,800.43	(3,867.94)
TOTAL	₱101,795,621.42	₱ 88,714,658.73	₱ 13,080,962.69

Comparative Financial Condition

	<u>CY 2013</u>	<u>CY 2012</u>	<u>Increase/(Decrease)</u>
Assets	₱ 104,554,391.55	₱ 112,741,890.73	₱ 12,131,356.50
Liabilities	P19,313,320.92	15,076,666.03	(1,224,290.12)
Government Equity	P85,241,070.63	97,665,224.70	13,355,646.62

Major Accomplishment

The agency reported no major accomplishments for the year 2013.

Scope of Audit

Financial and compliance audit was conducted on the accounts and operations of the Municipality of Lagonoy, Camarines Sur for Calendar Year 2013.

Auditor's Opinion on the Financial Statements

The Auditor did not render an opinion on the financial statements because of the failure of the management of LGU Lagonoy to submit its accounts and financial statements on time to the Audit Team for validation. The Team was not able to perform other alternative procedures to determine the validity, existence and correctness of the reported balances in the LGUs financial statement as of December 31, 2013.

SUMMARY OF SIGNIFICANT FINDINGS AND RECOMMENDATIONS

- 1. Failure of the Municipal Accountant to submit Bank Reconciliation Statement as provided under COA Circular No. 96-011 dated October 2, 1996 hinders the audit team to ascertain the accuracy and correctness of the Cash In Bank Balance of the municipality as of December 31, 2013.**

Finally we recommend strict compliance with the requirement of COA Circular 96-011 on the preparation and submission the required Bank Reconciliation Statement.

- 2. Delayed submission of Accounts and Reports by concerned LGU officials of all LGU transactions for the period January 1, 2013 to December 31, 2013 in violation of Section 39 (1) (3) of PD 1445 and Section 23 (1) (3) of the Administrative Code of 1987, and other related COA Issuances resulted to non-validation and audit of LGU transaction for the same period and failure to validate compliance to the limitations embodied in the budget review made by the Sangguniang Panglungsod of the LGUs budget for the year.**
 - a. Disbursement Vouchers (DVs), Reports of Collections and Deposits, Monthly Reports of Accountability for Accountable Forms, Monthly Pre Closing Trial Balance, Status of Appropriations Allotment and Obligation – Section 347 of RA 7160, Sections 7.1.1 and 7.2.1 of COA Circular No. 2009-006 and Section 70 of the New Government Accounting System (NGAS).**

We recommend that collection reports and disbursement vouchers and supporting documents be submitted by the Accountant to the Office of the Audit Team within ten (10) days from receipt of said documents, to enable the Audit Team to review and audit said documents.

Finally, we recommend for the Accountant and the Budget Officer, with the supervision of the Municipal Mayor, to review compliance of the qualifications noted by the Sanguniang Panglungsod in the review of its annual budget.

b. Purchase Orders and Contracts - COA Circular No. 96-010, 2009-001 and 2009-002 specifically Section 6.6 & 6.9 dated August 10, 1996, February 12, 2009 and May 18, 2009

It is recommended that the concerned agency personnel should strictly follow the guidelines on the preparation and submission of POs and contracts, and to see to it that the POs and delivery documents are accomplished properly and submitted within the reglementary period as required by regulation for review and validation of contracts and deliveries.

It is further recommended that all purchases of supplies, materials and services should be strictly undertaken by Bids and Awards Committee (BAC) pursuant to the provisions of the Revised IRR of Republic Act 9184.

Finally, require the member of the BAC thru the BAC Chairman to explain the noted deficiencies and their total disregard to the provision of RA 9184 despite previous audit recommendation.

c. Status of infrastructure project and programs/activities - COA Circular No. 2013-004 dated January 30, 2013 for the reported balance in Construction in Progress, reduction in construction in progress and increase in other PPE account amounting to P2,923,582.00, P16,529,218.25 and P9,499,759.50, respectively

We recommended that the strict compliance to the provisions of COA Circular No. 2013-004 dated January 30, 2013.

Likewise, we recommended that the Municipal Planning and Development Officer, Municipal Engineer, Municipal Accountant, Municipal Budget Officer, with the supervision of the Municipal Mayor as Local Chief Executive to identify the amount of the reported reduction in construction in progress and increase in other PPE account amounting to P16,529,218.25 and P9,499,759.50, respectively

Finally, written justification is requested from the concerned officials why they should not be charged administratively for continued non compliance of the provisions of Section 39 (1) (3) of PD 1445 and Section 23 (1) (3) of the Administrative Code of 1987 on the submission of the abovementioned documents and reports.

STATUS OF IMPLEMENTATION OF PRIOR YEARS' AUDIT RECOMMENDATIONS

Out of the thirty (30), audit recommendations contained in the Annual Audit Reports, only one (1) was fully implemented, seven (7) were partially implemented sixteen (16) were not implemented and the remaining seven (12) could not be validated due to absence of reports/records