

EXECUTIVE SUMMARY

INTRODUCTION

The Municipality of Presentacion was created thru Republic Act No. 5742 and attained its legal status after the 1963 elections. The original name of Presentacion was “Parubcan” but through the effort of the late Teodorico Presentacion in bringing about the creation of the municipality, the town was named after him. It is a fifth class Municipality with eighteen (18) barangays.

Pursuant to Republic Act No. 7160, otherwise known as the Local Government Code of 1991, like other local government units, LGU Presentacion enjoys total independence in managing, deciding and planning its own administrative, fiscal and social growth and economic development, in conformity with the thrust of the national government towards the economic growth.

Improvement of the quality of education, health and nutrition, construction and opening of various barangay road to market projects, agriculture and social services have been the major thrust of the current administration.

Replacing, Hon. Joey Deleña as the Local Chief Executive, Hon. Jimmy V. Deleña assumed as the newly elected Municipal Mayor on July 1, 2013. With him are the following set of officers Vice Mayor Hon. Arturo Amoroso, and Sanguniang Bayan Members Hon. Ariane April Verdejo, Hon. William Relleto Jr., Hon. William Postrado, Hon. Rolly Deleña, Hon. Grandel Pesimo, Hon. Vilma Armea, Hon. Felimon Francia and Hon. Felimon Goyena.

Highlights of Financial Operation

The comparative financial condition, appropriation and expenses, and sources of fund of the Municipality for Calendar Year 2013, with comparative figures in calendar year 2012 are as follows:

Comparative Sources of Fund

Income	CY 2013	CY 2012	Increase/(Decrease
Local Taxes	₱ 328,903.80	₱ 324,047.52	₱ 4,856.28
Permit and Licenses -	186,459.80	209,863.82	(23,404.02)
Service Income	25,440.00	41,980.00	(16,540.00)
Other Income	3,846.88	0.00	3,846.88
Int. Revenue Allotment	48,854,440.80	44,601,619.00	4,252,821.80
TOTAL	₱ 49,399,091.28	₱ 45,177,510.34	₱ 4,221,580.94

Comparative Financial Condition

Accounts	CY 2013	CY 2012	Increase/(Decrease)
Assets	₱ 75,119,920.95	₱ 55,632,416.98	₱ 19,487,503.97
Liabilities and Deferred Credits	₱ 30,615,916.78	₱ 20,744,549.07	₱ 9,871,367.71
Government Equity	₱ 44,504,004.17	₱ 34,887,867.91	₱ 9,616,136.26

Major Accomplishments

The Agency reported no major accomplishments for the year 2013.

Scope of Audit

The audit was only limited to the review of the submitted financial statements. Disbursement Vouchers and Reports were not yet submitted for audit and validation as of this writing.

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 Presentacion 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 Statements as provided under COA Circular No. 96-011 dated October 2, 1996 hindered the audit team to ascertain the accuracy and correctness of the Cash In Bank Balance of the municipality reported at ₱179,726.39 as of December 31, 2013.**

We recommended strict compliance with the requirement of COA Circular No. 96-011 on the preparation and submission of the required Bank Reconciliation Statements and the submission of the explanation on the reason for the recorded negative balance of the Cash In Bank account.

- 2. Delayed submission of Financial Statements and non-submission of Disbursement Vouchers (DVs) and Journal Entry Vouchers (JEVs) for reported expenditures amounting to P38,555,177.19, Reports of Collections and Deposits for Income accounts reported at P49,399,091.28 by concerned LGU officials of all LGU Presentacion 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 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), resulted to non validation and audit of LGU transactions for the same period.

We recommended 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 conduct review and audit of said documents/reports.

- 3. Non submission of Purchase Orders and Contracts contrary to Sections 3.1.1 and 3.2.1 of COA Circular No. 2009-001 and Sections 6.6 & 6.9 of COA Circular No. 2009-002 resulted to non validation and review of the said transactions for the period.**

It is recommended that Management require the concerned agency personnel to 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.

- 4. Non submission of Status of infrastructure project and programs/activities as provided for under COA Circular No. 2013-004 resulted to non validation of various projects and activities of the LGU Presentacion for CY 2013.**

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

Finally, the Municipal Mayor, being the Head of the Agency, is reminded to be mindful of his duty of ensuring that government funds are taken care with the diligence of a good father of the family and ensure that all executive officials and employees of the municipality faithfully discharge their duties and functions as provided by law.

- 5. Accounting and Reporting Guidelines for the Local Disaster Risk Reduction and Management Fund (LDRRMF) of Local Government Units (LGUs), National Disaster Risk Reduction and Management Fund (NDRRMF) was not strictly followed in consonance with the provisions on the Compliance with Item 5 of COA Circular No. 2012- 002 dated September 12, 2012 thus status of fund utilization was not validated.**

We recommended submission of the Monthly Report on Sources and Utilization of DRRMF and strict adherence to all the provisions of the abovementioned COA Circular.

- 6. Failure of the newly appointed Municipal Treasurer to perform her mandated duties set forth under Article Two, Section 470 (d) of RA 7160, resulted to violations of pertinent provisions in the handling of government funds and contributed to the increasing balance of Cash In Vault, Cash Disbursing Officer and Due from Officers and Employees Accounts, putting the government funds to possible abuse and/or misuse to the detriment of the public service.**

To safeguard cash against risk of theft, robbery or misappropriation, the team recommended to:

- 1. Require the Municipal Treasurer to immediately deposit balances of Cash In Vault account under their respective accountability.*
- 2. Require the subsequent collections be deposited intact and daily or the next banking day, pursuant to Section 32 of the NGAS, and, and*
- 3. Require that updated and complete records of cash accountabilities (e.g. cashbooks, MRAAF etc) be maintained to facilitate a timely audit and examination of accounts.*

For the unliquidated cash advance and Petty Cash Fund, we recommended to:

- 1. Require the accountable officers to liquidate immediately their outstanding cash advances by:*
 - a. Demanding the immediate submission of liquidation reports. Settlement should be made by the accountable personnel either thru salary/payroll deduction or outright payment at the Treasurer's office. Otherwise, withhold any money due the accountable officer to settle their obligations as authorized under section 37 of PD 1445 and COA Circular 97-002 dated February 10, 1997*
 - b. Require the Municipal Accountant to prepare final demand letters to be issued to concerned accountable officers for the immediate settlement of unliquidated cash advances for more than 90 days*
 - c. Applying/offsetting the unliquidated cash advances from any outstanding claims of or payables to concerned officers whether currently or previously employed by the LGU*
- 2. Stop the grant of additional cash advances to all officers with unliquidated cash advance until such time that these were fully settled as required under Sec. 89 of PD 1445 and paragraph 4.1.2 of COA Circular No. 97-002*
- 3. Install preventive and monitoring controls to ensure timely submission of liquidation documents and full accounting of balances of cash advances*

by monitoring strictly the period of liquidating cash advances for travel by:

a. Monitoring strictly the period of liquidating cash advances for travel, which shall be within 60 days after return to the Philippines, in the case of foreign travel or within 30 days after return to permanent official station in case of local travel as provided for in EO 298 and COA Circular No. 96-004;

b. Send final demand letters to persons previously employed with the municipal government who still have unliquidated cash advances. The demand should be followed up continuously until full settlement of the obligations is made. Otherwise, officials responsible for issuing clearance from money and property accountability to individuals should be held liable for the unsettled cash advances;

4. Undertake, as a last resort, appropriate legal actions for the recovery and/or settlement of unliquidated cash advances.

7. LGU Presentacion failed to submit liquidation papers on the utilization of the Disbursement Acceleration Program (DAP) and the Priority Development Assistance Fund (PDAF) amounting to ₱1,000,000.00 and ₱5,000,000.00 respectively or a total of ₱6,000,000.00 for the year 2013 and P1,500,000.00 for CY 2011 and 2012, for a total of P7,500,000.00 thus utilization was not validated by the audit team.

In this regard, it is recommended that immediate submission of the liquidation report complete with the necessary supporting documents be submitted to the Audit Team for validation and audit. Finally, immediate refund for any unobligated/undisbursed amount is required.

Status of Implementation of Prior Years' Audit Recommendations

Of the twenty three (23) audit recommendations as contained in prior years' Annual Audit Reports, two (2) were fully implemented, eighteen (18) were not implemented and the remaining three (3) cannot be validated due to non submission of pertinent documents and report.