

EXECUTIVE SUMMARY

The Municipality of Sagñay derives its mandate from P.D. No. 1937 otherwise known as the Philippine Constitution. It belongs to a 4th class municipality with nineteen barangays under its mantle.

The Municipality, like any other local units enjoys total autonomy in managing, deciding, and planning own administrative, fiscal and development affairs in conformity with the national government's thrust for sustainable social and economic growth.

A. Highlights of Financial Operation

For Calendar Year (CY) 2013, the appropriations of the Municipality of Sagñay for the General Fund and Special Education Funds totaled ₱67,098,243.13. Obligations charged against these appropriations amounted to ₱55,440,588.81.

Fund	Appropriation	Obligations
General Fund	₱66,943,243.13	₱55,285,588.81
Special Education Fund	155,000.00	155,000.00
Total	<u>₱67,098,243.13</u>	<u>₱55,440,588.81</u>

The operating income of ₱77,677,322.31 collected during the year was sourced from the following:

Particulars	General Fund	Special Education Fund	Total
Local Taxes	₱837,334.49	₱207,474.46	₱1,044,808.95
Internal Revenue Allotment	60,132,541.00		60,132,541.00
Permit and Licenses	316,757.18		316,757.18
Service Income	223,522.48		223,522.48
Business Income	1,319,010.45		1,319,010.45
Other Income	14,640,681.95	.30	14,640,682.25
Total Operating Income	<u>₱77,469,847.55</u>	<u>₱207,474.76</u>	<u>₱77,677,322.31</u>

The municipality's assets, liabilities, equity and income for CY 2013 were ₱117,438,726.69, ₱12,088,343.99, ₱105,350,382.70 and ₱77,469,847.55, respectively. The Financial Statement per Fund is shown as Annexes A – D.

B. Major Accomplishment

For 2013, the Municipality reported the following major accomplishments financed under its congressional fund:

Project/Program Activity Name	TOTAL COST
Construction of Sagñay Municipal Market	₱14,400,000.00
Repair Aniog-Kilomaon Barangay Road, Sagnay, Camarines Sur	1,447,500.00
Repair Tinorongan-Minadongjol Road, Sagnay, Camarines Sur	1,447,500.00
Rehabilitation of Tinorongan-Minadongjol Road	2,457,726.70

Of the above projects; none was inspected due to delayed submission of accounts/documents as discussed in Part II of this report. Evaluation/inspection of the projects will be conducted in 2014.

C. Positive Findings

Seal of Good Housekeeping

The Municipality of Sagñay is a recipient of the Seal of Good Housekeeping for successfully meeting the requirements of the full disclosure policy and proven to have no disclaimer or adverse audit findings by the Commission on Audit in CY 2012.

SCOPE OF AUDIT

A financial and compliance audit was conducted on the financial transactions for the Trust Fund only of the Municipality of Sagñay for the period January to December 31, 2013. The Auditor was not able to review/post audit transactions for the other funds, since all disbursement vouchers as well as payrolls for the entire year were only submitted on April 14, 2014. The amount not post audited due to the late submission of accounts amounted to more or less ₱82M representing 76% of the total disbursements of ₱108M.

INDEPENDENT AUDITOR'S REPORT ON THE FINANCIAL STATEMENTS

The auditor was not able to render an opinion on the fairness of the presentation of the financial statements as of December 31, 2013 due to the non-submission of the monthly Trial balances, reports of disbursements and disbursement vouchers and other required reports within the prescribed period as mandated by regulations. As a result, the Auditor was not given ample time to evaluate the transactions and operations of the municipality.

SUMMARY OF SIGNIFICANT OBSERVATIONS AND RECOMMENDATIONS

1. Trial balances, reports of disbursements together with the Disbursements Vouchers and other required reports for CY 2013 were submitted far too late, only on April 14, 2014, thus, legality, validity, and propriety of these transactions worth more or less ₱82M will not be ascertained.

We recommended that management require the Municipal Accountant to submit the accounts to the Office of Auditor within the reglementary period to afford complete evaluation of the transactions. Failure to do so will compel us to apply the sanction stated in Article 218 of the Revised Penal Code.

2. Procured medicines and medical and laboratory supplies were not adequately documented contrary to Section 4(6) of the Government Auditing Code of the Philippines thereby casting doubts on the validity and propriety of the transactions.

The BAC Chairman, the Municipal Accountant and other concerned officials are required to thoroughly review the completeness of supporting documents to be attached to the respective disbursement vouchers prior to payment. Compliance with the requirements of RA No. 9184 is hereby enjoined.

3. Reconciling items requiring adjustments as far back as March 1, 1999 still remained unadjusted in the Books of the LGU as of December 31, 2013, thus, affecting the correct balances of the Cash in Bank, Local Currency, Current account balance.

We recommended requiring the Municipal Accountant to prepare and record the necessary adjusting entries in the books of the LGU and furnish a copy to the Municipal Treasurer of the summary of adjusting entries made which affect the cashbook balances. In preparing Journal Entry Vouchers as adjusting entries pertinent documents should be attached.

The aforecited observations and recommendations were discussed with concerned officials of the municipality during the exit conference held for the purpose. Management views and reactions were considered in the report, where it is deemed appropriate.

STATUS OF IMPLEMENTATION BY THE AUDITEE OF PRIOR YEARS' AUDIT RECOMMENDATIONS

Of the 21 prior years' audit recommendations embodied in the 2012, 2011 and 2010 Annual Audit Reports, 12 were fully implemented, seven (7) were partially implemented and two (2) were not acted upon by the management.