

EXECUTIVE SUMMARY

Introduction

Pursuant to R.A 7160 otherwise known as the Local Government Code, the Municipality of Ivisan, was given more power, authority, responsibilities and resources to enable it to attain full development as a self-reliant community and as effective partner in the attainment of the national goals.

A. SOURCES AND APPLICATION OF FUNDS

Income

During the year under audit, the Municipality of Ivisan realized a total income of P54,309,796.56 which showed an increase of P4,357,693.73 or 8.72% as compared to last year's P49,952,102.83, as shown below:

	CY 2013	CY 2012	Increase (Dec)	%
General Fund	53,750,291.54	49,126,351.06	4,623,940.48	9.41%
Special Educ. Fund	559,505.02	825,751.77	(266,246.75)	-32.24%
Total	54,309,796.56	49,952,102.83	4,357,693.73	8.72%

Expenditures

On the other hand, total expenditures during the year amounted P50,310,513.89, registering an increase of P5,578,020.14 or 12.47% compared to prior year's expenses of P44,732,493.75. The total expenditures are broken down as follows:

General Fund	CY 2013	CY 2012	Increase (Dec)	%
Personal Services	28,597,463.24	25,619,330.93	2,978,132.31	11.62%
MOOE	20,745,229.43	18,320,920.64	2,424,308.79	13.23%
Financial Expenses	126,999.25	174,027.76	(47,028.51)	-27.02%
Total	49,469,691.92	44,114,279.33	5,355,412.59	12.14%
Special Educ. Fund				
Personal Services	129,000.00	75,500.00	53,500.00	70.86%
MOOE	711,821.97	542,714.42	169,107.55	31.16%
Financial Expenses	0.00	0.00	0.00	0.00%
Total	840,821.97	618,214.42	222,607.55	36.01%
Grand Total	50,310,513.89	44,732,493.75	5,578,020.14	12.47%

Appropriations

	<u>CY 2013</u>	<u>CY 2012</u>	<u>Increase(Dec.)</u>	<u>%</u>
General Fund	60,149,462.41	54,608,352.00	5,541,110.41	10.15
Special Educ. Fund	<u>1,812,948.31</u>	<u>500,000.00</u>	<u>1,312,948.31</u>	<u>262.59</u>
Total	<u><u>61,962,410.72</u></u>	<u><u>55,108,352.00</u></u>	<u><u>6,854,058.72</u></u>	<u><u>12.44</u></u>

Obligations

	<u>CY 2013</u>	<u>CY 2012</u>	<u>Increase (Dec.)</u>	<u>%</u>
General Fund	49,087,059.93	43,603,230.40	5,483,829.53	12.58
Special Educ. Fund	<u>755,785.87</u>	<u>413,172.01</u>	<u>342,613.86</u>	<u>82.92</u>
Total	<u><u>49,842,845.80</u></u>	<u><u>44,016,402.41</u></u>	<u><u>5,826,443.39</u></u>	<u><u>13.24</u></u>

B. SCOPE OF AUDIT

The audit covered the accounts and operations of the Municipality of Ivisan for the year ended December 31, 2013. The audit consisted of review of operating procedures, inspection of the agency's programs and projects, reconciliation and analysis of accounts and such other procedures considered necessary under the circumstances. The audit aims to ascertain the fairness and reliability of the agency's financial position and results of operation.

C. STATE AUDITOR'S OPINION ON THE FINANCIAL STATEMENTS

The auditor rendered a qualified opinion on the Consolidated Financial Statements due to the failure of the OIC-Municipal Accountant to submit to the Auditor's Office the October to December 2013 Disbursement Vouchers and their corresponding supporting documents totaling P12,386,840.69.

D. SIGNIFICANT FINDINGS AND RECOMMENDATIONS

1. The OIC-Municipal Accountant was delayed in the submission of Reports & Accounts covering the period July to December 2013, contrary to Sections 107 and 100 of PD 1445, and Sections 6.03 and 6.05 of COA Circular No. 95-006 dated May 18, 1995, resulting in delayed auditorial review.

We have recommended the immediate submission of the July to December 2013 Reports & Accounts as noted in Annex E.

Henceforth, strictly comply with the following:

- a. Section 100 of Presidential Decree 1445 requiring all accountable officers to render monthly reports of their transactions pursuant to regulations of the Commission to be submitted not later than the fifth day of the ensuing month to the auditor concerned who shall conduct the necessary examination and audit within thirty days from receipt thereof.
 - b. COA Circular No. 95-006 dated May 18, 1995, requiring accountable officer to turn-over documents within the prescribed period.
2. Failure of the Municipal Accountant to record purchases of supplies and materials for the period January 01 to September 30, 2013 as debits to the inventory accounts, instead of as direct charges to expense accounts, as required in Section 51 of the Manual on the New Government Accounting System (NGAS) for Local Government Units (LGUs), Volume 1, and failure of General Service Officer (GSO) to submit to the Accountant the Summary of Supplies and Material Issued Slip (SSMI) together with the original copy of Requisitioned Issued Slip (RIS), also required in Section 121 of the same Manual, rendered the Inventory and Supplies Expense account balances unreliable.

We have recommended the following:

- a. Direct the Municipal Accountant to review and analyze the journal entries for all the Supplies Inventory and Supplies Expense Accounts and prepare the corresponding adjusting entries, if warranted;
 - b. Require the General Service Officer to prepare the Summary of Supplies and Materials Issued (SSMI), to be used by the Accounting Office as basis in preparing JEV to record supplies and materials issued; and
 - c. Cause the timely submission of the Summary of Supplies and Materials Issued to the Municipal Accountant within five days from month-end, to facilitate the proper recording of transaction and validation of inventory balances and expense accounts.
3. The unexpended balance of Financial Assistance to Priority Development Assistance Fund (PDAF), aid and other financial assistance from different National Government Agencies (NGAs) totaling P2,738,646.66 remained in the books as of September 30, 2013, due to failure of management to assess any further need for these funds. These should be reverted to the Unappropriated Surplus of the General Fund, pursuant to the Supreme Court Decision dated September 10, 2013 and Section 122 of Government Accounting and Auditing Manual (GAAM), Volume I.

We have recommended to require the Municipal Accountant to review and analyze the Due to Other NGAs account for General and Trust Funds and cause the reversion/return of the unutilized PDAF and unutilized/balance of Trust Funds to the National Treasury or concerned NGAs pursuant to the aforementioned Supreme Court decision and Section 122 of the Government Accounting and Auditing Manual, Volume I.

4. Gender and Development (GAD) Plan designed to mainstream gender perspective in the LGUs Programs/Projects/Activities (PPAs) was implemented as a separate Fund with a total budget cost of P2,600,000.00 of which P2,080,816.65 or 80.03% was implemented on GAD-focused PPAs as of December 31, 2013. However, most of these implemented PPAs were found non-responsive to any gender issue or gender gap as required under Section 4 of Republic Act (RA) No. 7192, Executive Order (EO) No. 273 dated September 08, 1995 and Joint Circular No. 2012-01 of Philippine Commission on Women (PCW), National Economic and Development Authority (NEDA) Department of Budget and Management (DBM).

We have recommended the following:

- a. Use and release GAD fund solely for GAD-focused PPAs that involve equal opportunities for men and women;
 - b. Conduct period evaluation of the extent to which GAD focused PPAs involve women in the process and validate the impact of the PPAs on women;
 - c. Determine the efficiency and effectiveness of interventions in addressing gender issues on women's empowerment, gender equality and development; and
 - d. Comply strictly the afore-quoted provisions of the Magna Carta of Women (MCW), Joint Circular 2012-01 of PCW-NEDA-DBM, Section 4 of RA 7192 and Executive Order 273 for the realization of the objectives of the country's commitments, plans, and policies on women's empowerment, gender equality and development.
5. Had the 20% Development Fund of P9,569,973.60 intended for the implementation of various developmental projects been fully utilized during the budget year as mandated under Joint Circular No. 2011-1 of the Department of Interior and Local Government (DILG) and Department of Budget and Management, and provisions of Section 287 of the Local Government Code of 1991, the constituents could have enjoyed the benefits of these projects.

We have recommended that management ensure prompt and full implementation of the 20% developmental projects programmed for implementation during the current year in order to achieve the intended purposes for which the fund was appropriated.

**E. STATUS OF IMPLEMENTATION BY THE AUDITEE OF PRIOR YEAR'S
AUDIT RECOMMENDATIONS**

Two (2) of the four (4) audit recommendations embodied in the prior years' Annual Audit Reports were fully implemented, while the remaining two (2) were partially implemented.