

EXECUTIVE SUMMARY

I. Introduction

Municipality of Moises Padilla is nestled at the heart of Negros Island. The Municipality of Moises Padilla was created by virtue of Republic Act No. 631 dated June 6, 1951, which was signed by President Elpidio Quirino. From its old name Magallon, the Municipality was named in honor of a political martyr, as declared by then President Ramon Magsaysay.

Municipality of Moises Padilla is bounded by the Municipality of La Castellana in the north, Municipality of Isabela in the south and the City of Guihulngan, Negros Oriental in the east to northeast. The Municipality is about 82 kilometers from Bacolod City, translating to about two hours' drive.

Known for its vast livestock yard, labelled as the “Livestock Capital of Negros Occidental,” its economy flourishes on all kinds of farm and dairy animals. Other sources of livelihood include sugarcane, rice, corn, root crops and lumber.

It is home to Magayon Festival because the place was then called “du-og sang mga magayon” as well as the Hinuptanan Festival, where participants wear costumes representing the different livestock animals.

Famous landmarks of the municipality include the Old Municipal Building and the Japanese Barracks with their historical value as well as relaxation sites like Ang Tuburan sa Balanhigan and Kaitulari Eco-Tourism Zone (See photo).



Land area is about 144.10 square kilometers covering 15 barangays with population of 41,386 (CY 2015).

Municipal Mayor for CY 2019 is Hon. Ella Celestina D. Garcia-Yulo.

The Municipality was also one of the passers in CY 2019 Seal of Good Housekeeping of the Department of Interior and Local Government (DILG). It was also conferred in CY 2019 of the following: (1) Seal of Child-Friendly Local Governance from the Department of Social Welfare and Development (DSWD) and DILG; and (2) Seal of Good Environmental Governance – Silver from the Province of Negros Occidental. It was also recognized for its active support in the implementation of the Kalahi-CIDDS Program of DSWD and as one the Most Gender Responsive LGUs for CY 2016-2019.

II. Highlights of Financial Operations

a. Sources and Application of Funds

For Calendar Year 2019, the Municipality had collected total income (including subsidies) amounting to P137,996,998.98 showing decrease of P5,890,660.43 or 4.09% from last year's income of P P143,887,659.41.

Details, with amounts shown in Php, are as follows:

<u>Amounts (In PhP)</u>	<u>2019</u>	<u>2018</u>	<u>Inc. (Dec.)</u>	<u>%</u>
Operating Income	136,284,826.52	128,306,907.12	7,977,919.40	
Subsidies from	1,712,172.46	15,580,752.29	(13,868,579.83)	
	<u>137,996,998.98</u>	<u>143,887,659.41</u>	(5,890,660.43)	<u>(4.09%)</u>

Total operating expenses (including financial expenses and subsidies) amounting to P108,161 has decreased by P28,780,302.08 or 21.02% from last year's total expenditures (including financial expenses and subsidies) of P136,941,837.08. Details are follows:

<u>Amounts (In PhP)</u>	<u>2019</u>	<u>2018</u>	<u>Inc. (Dec.)</u>	<u>%</u>
Expenses	99,138,250.90	121,069,133.07	(21,930,882.17)	
Financial	1,269,711.19	3,315,506.06	(2,045,794.87)	
Subsidies to	7,753,572.91	12,557,197.95	(4,803,625.04)	
	<u>108,161,535.00</u>	<u>136,941,837.08</u>	(28,780,302.08)	<u>(21.02%)</u>

b. Appropriations

For the year, total appropriations (including continuing appropriations) amounting to P159,407,244.31 has increased by P8,499,388.68 or 5.63 % compared to the previous year's appropriation of P150,907.855.63.

c. Obligations

Total obligations for the year amounted to P133,530,712.69 showing decrease of P2,313,562.63 or 1.70% as compared to prior year's obligations of P135,844,275.32.

d. Financial ratios for CY 2019 are as follows:

<u>Ratio</u>	<u>Particulars</u>	<u>2019</u>	<u>2018</u>	<u>Increase (Decrease)</u>
Cash Ratio	<u>Cash</u> Current Liabilities	1.35	0.95	0.35
Current Ratio	<u>Current Assets</u> Current Liabilities	1.41	1.18	0.55
Quick (Acid Test) Ratio	<u>Quick Assets</u> Current Liabilities	1.41	1.17	0.55
Debt Ratio	<u>Total Liabilities</u> Total Assets	0.09	0.34	(0.05)
Debt-to-Equity Ratio	<u>Total Liabilities</u> Gov't. Equity	0.42	0.52	(0.06)
LT Debt-to- Equity Ratio	<u>Long-Term Liabilities</u> Gov't. Equity	0.21	0.18	(0.01)
Net working capital (In PhP)	CA LESS: CL	26,106,410.79	15,794,990.27	11,940,903.19

III. Scope of the Audit

Financial and compliance audits on the accounts and operations of the Municipality of Moises Padilla were conducted for the year ended December 31, 2019. The audits were conducted to ascertain the propriety of financial transactions and compliance of the local government unit (LGU) to prescribed rules and regulations. It was also made to ascertain the accuracy of financial records and reports, as well as the fairness of the presentation of the financial statements. A verification of the implementation of prior years' audit recommendations was also undertaken.

A value for money audit was likewise conducted to determine whether the agency's programs/projects/activities and/or the management of its resources had been carried out economically, efficiently and effectively.

The following audit thrusts were included in this year's report:

1. Complete submission of financial reports
2. Cash Advances
3. Property, Plant and Equipment accounts
4. Fund Transfers from NGAs – Due to NGAs
5. 20% Development Fund
6. Compliance with Program and Projects related to Gender and Development
7. Loans Payable
8. LDRRMF
9. Solid Waste Management Fund/Environmental Compliance
10. Suspensions, Disallowances and Charges
11. Remittances of taxes withheld
12. Remittances for GSIS, HDMF and Philhealth Contributions

IV. Auditor's Opinion of the Financial Statements

The auditor rendered a qualified opinion on the presentation in material respects of financial statements of the Municipality of Moises Padilla as of December 31, 2019 due to the failure to conduct the annual physical count of Property, Plant and Equipment (PPE) and inventories; thus, physical existence of inventory items and PPE and the reliability of the balances of said accounts could not be ascertained. While, cash advances in the amount of P11,380,495.57 remained unliquidated as at year-end, affecting the fair presentation of related amounts in the financial statements.

V. Significant Findings and Recommendations

1. Year-end financial reports and supporting schedules for Calendar Year 2019 were not completely submitted within the prescribed period contrary to the provisions of Section 4 of COA Circular No. 2010-001 dated March 2, 2010.

We recommended that the Municipal Accountant, in coordination with the Municipal Budget Officer, prepare the Financial Reports and submit the same to the Office of the Auditor on or before February 14 of the ensuing year pursuant to Section 4 of COA Circular No. 2010-001 dated March 2, 2010.

2. Cash advances amounting to ₱11,380,495.57 were not fully liquidated at the end of the year contrary to Section 5 of Commission on Audit (COA) Circular No. 97-002 dated February 10, 1997.

We recommended that the Municipal Mayor thru the Municipal Accountant strictly require officials and employees who have unliquidated cash advances to settle the amount advanced within the prescribed periods pursuant to Section 5.1 of COA Circular No. 97-002. Otherwise, recommend for the withholding of their salaries pursuant to existing regulations until such time that the cash advances are fully settled.

3. Accuracy of Property, Plant and Equipment (PPE) Accounts including Construction in Progress (CIP), totaling P262,971,783.00, could not be ascertained due to complete physical inventory taking was not undertaken during the year and no PPE ledger cards and property cards were maintained by the Offices of the Municipal Accountant and Municipal Treasurer, respectively.

We recommended that the Inventory Committee completes its physical inventory taking, render a report thereon and update and reconcile the related subsidiary records to have assurance that the PPE accounts totaling P262,971,783.00 are presented fairly in the Statement of Financial Position as of December 31, 2019.

We further recommended that for all existing properties, as well as for subsequent procurements, the Municipal Treasurer, in her capacity as Property Custodian, to prepare and maintain Property Cards while the Municipal Accountant shall prepare the PPE Ledger Card as basis for inventory taking

Henceforth, periodic inventory taking and reconciliation of related subsidiary records should be regularly undertaken and regarded with utmost importance.

4. Funds transfers received from various National Government Agencies (NGAs) amounting to ₱29,619,080.10 as of December 31, 2019, were not returned to the Source Agency contrary to Section 6.7 of COA Circular No. 94-013 dated December 13, 2014.

We recommended that the Municipal Accountant coordinate with the Municipal Engineer in determining the status of implementation of projects with corresponding balances. The Municipal Accountant shall prepare the necessary fund utilization reports as basis to return fund balances of all completed projects to the NGAs concerned pursuant to the prescribed regulations.

5. Various projects in the 20% Development Fund amounting to P 29,662,455.76 were not implemented during the year; hence, defeated the purpose to which the funds were provided for.

We recommended that the Municipal Mayor thru the Planning and Development Coordinator and Budget Officer properly monitor implementation of program/projects/activities included in the 20% Development Fund to assure full utilization of appropriations so that constituents who are beneficiaries of the projects enjoy the benefits therefrom.

6. Continuing appropriations for the 20% Development Fund amounting to P15,255,514.83 for Calendar Year 2018 remains unutilized.

We recommended that the Municipal Mayor instruct the Municipal Budget Officer to revert the unutilized 20% Development Fund to the unappropriated surplus of the General Fund to conform to existing regulations and works with the Municipal Planning and Development Officer and Municipal Engineer on the timely utilization of appropriations and implementation of projects to attain the purpose to which the funds are allocated.

7. Allocation of 5% Local Disaster Risk Reduction and Management Fund (LDRRMF) for CY 2019 amounting to ₱6,739,977.45 was not properly utilized during the year contrary to Joint Memorandum Circular (JMC) No. 2013-1 dated March 25, 2013; thereby, depriving the constituents of the benefits that could have derived had the funds been efficiently used.

We recommended that the Municipality through its LDRRM Council to review its LDRRM Plan, consolidate all unexpended funds from previous years and formulate viable projects and activities to be implemented in the ensuing year. Relatively, the LDRRM Officer ensures the timely utilization of the fund in order to improve the LGU's ability to prepare for and respond to threats of calamities and disasters.

8. Funds allocated for CY 2019 Gender and Development Plan of P6,943,282.45 is less than 5% of the total budget contrary to Section 31 of the General Provisions of Republic Act (RA) No. 11260 or General Appropriations Act (GAA) for Fiscal Year (FY) 2019.

We recommended that the Municipal Budget Officer allocate the minimum budgetary requirement for Gender and Development of 5% of the total budget for the succeeding year in compliance to Section 31 of the General Provisions of GAA FY 2019 as well as pertinent rules and regulations.

9. GAD Accomplishment Report for CY 2019 was not submitted/furnished to the Office of the Auditor contrary to DBM-NEDA-NCRFW Joint Circular No. 2012-01 dated April 5, 2004 and Item V of COA Circular No. 2014-001 dated March 18, 2014; thus, there is no assurance that the objective of the program was attained.

We recommended that the LGU through the GAD Focal Person submit the Annual GAD Accomplishment Report within five (5) days from end of January of the preceding year together with the required supporting documents to strictly comply with the existing regulations.

Summary of Suspension/Disallowance and Charges

For CY 2019, no Notices of Suspension/s, Disallowance/s and Charge/s were issued; thus, balances remained at P912,700.00 for Suspensions and P300,000.00 for Disallowances with zero changes or a total of ₱1,212,700.00.

Status of Implementation of Prior Year's Audit Recommendations

Of the 17 recommendations embodied in the previous year's report, four (4) or 23.53% had been fully implemented and 13, partially implemented. Some partially implemented findings were reiterated in this year's report.