

EXECUTIVE SUMMARY

INTRODUCTION

The Municipality of Bucloc Province of Abra was created in 1920 during the American Era. It is classified as 6th class Municipality, composed of four (4) barangays, namely Ducligan, Labaan, Lamao and Lingey.

The Municipality derives its mandates from Republic Act No. 7160, known as the Local Government Code of 1991. The Code empowers Local Government Units to exercise efficient and effective governance essential to the promotion of the welfare and the provision of basic services and facilities to its constituents. It is committed to discharge its mandated functions and responsibilities with the highest degree of integrity, dedication and nationalism, and to deliver prompt, responsive and quality service to its constituents.

To improve the standard of living, all the constituents had been the main thrusts of the Municipality of Bucloc, Province of Abra. To attain this noble goal, this municipality uses its resources to the maximum level by implementing the programs and projects for the entire benefits of its constituents.

OPERATIONAL HIGHLIGHTS

For the year 2011 the municipality had reported various accomplishments. These were implemented in accordance with the projects/programs/activities under the 20% Development Fund of which were evaluated/inspected by the Technical Audit Specialist of COA.

Widening along Buwaya-Stone Masonry	₱ 444,500.00
Road Maintenance –Lamao. Linguey, Ducligan	300,000.00
Mangatmog –Buwaya Road maintenance	300,000.00
Total	₱ 1,044,500.00

FINANCIAL HIGHLIGHTS

The Municipality's Assets, Liabilities and Government Equity for the year 2011 were ₱19,667,911.64, ₱2,762,854.16 and ₱16,905,057.48 respectively. Total Assets increased by ₱5,557,517.31 and Total Liabilities decreased by ₱133,471.67. Consequently, Government Equity increased by ₱5,690,988.98.

For the year 2011, the total income and expenditure of the municipality amounted to ₱33,290,613.66 and ₱23,360,599.75, respectively.

SCOPE OF AUDIT

The audit covered the operations of the Municipality of Bucloc, Abra for 2011. The objectives of the audit were to ascertain the fairness and reliability of the Municipality's financial position and results of operations, to determine whether the programs, projects and activities for the year were attained in an efficient, economical and effective manner. We also conducted compliance audit to check the validity and propriety of the transaction.

AUDITOR'S OPINION ON THE FINANCIAL STATEMENTS

We rendered a qualified opinion on the fairness of presentation of the financial statements of the Municipality for the year 2011 due to reasons enumerated in the audit certificate.

SIGNIFICANT AUDIT FINDINGS AND RECOMMENDATIONS

1. The agency did not adhere to the rules and regulations in the granting, utilization and liquidation of cash advances prescribed under COA Circular No. 97-002. Unliquidated cash advances at year end amounted to ₱5,495,490.16.

We recommended that the Municipal officials and employees should adhere to the regulations on cash advances. Cash advances should be granted only for the purposes authorized under COA Circular 97-002. Elected Municipal Officials should be granted only cash advances for travelling expenses. Payment of operating expenses should be made to the suppliers/contractors and not through cash advances.

The Municipal Accountant and Treasurer should see to it that deductions are made from the payrolls of employees for the loan amortizations deducted by the Land Bank from the Internal Revenue Allotment of the municipality.

2. The accuracy and existence of Property, Plant and Equipment totaling ₱6.8 million could not be evaluated due to the failure of the agency to conduct physical inventory and non-maintenance of required records.

We recommended the following:

- a. The Municipal Mayor creates a committee to conduct physical inventory count of the Property, Plant and Equipment to determine actual existence and condition of the properties pursuant to Section 124 of the NGAS Manual Volume 1.
- b. An updated and descriptive property card should be maintained by the Property Office.

- c. Likewise, the Accounting Office should maintain Property Equipment Ledger Cards as required under the NGAS to provide informative data on Property, Plant and Equipment.
 - d. After the conduct of physical inventory the Accounting office should compute for the depreciation using the estimated useful life under COA Circular 2003-007.
 - e. The computed depreciation for prior years should be recorded as prior year adjustments.
3. Various Receivables and Payables amounting to P534,441.52 million and P816,057.56, respectively, remained in the Trial Balances despite their doubtful existence.

We recommended that the Municipal Accountant submit a request for authority to write-off the receivables together with the necessary supporting document to the Regional Director, Commission on Audit for evaluation and possible dropping from the books of accounts. For the dormant payables, we recommend that the Municipal Accountant should try to trace the nature of these liabilities and locate source documents. If said payables are not supported with documents to establish the claims, adjusting entries should be prepared to present fairly the financial statements.

4. Paid Disbursement vouchers totaling P10.50 Million were not supported with complete documents, thus casting doubt on the legality of the transactions.

We recommended that the Municipal Accountant and Municipal Treasurer should submit duly accomplished supporting documents as required by laws, rules and regulations on the P10,546,388.96 disbursements. Succeeding transactions should be supported with complete documentation in order to establish the validity of claims. Processing of claims that are not properly documented should be discontinued. The Municipal Mayor should hire an accountant to improve the financial reporting and operations of the agency.

STATUS OF IMPLEMENTATION OF PRIOR YEAR'S RECOMMENDATIONS

Monitoring and evaluation made by the audit team on the status of implementation by management of audit recommendations in the 2010 AAR disclosed that all the eleven (11) recommendations given were not implemented.