



## **INDEPENDENT AUDITOR'S REPORT**

**Honorable LISETTE MEDINA ARBOLEDA**

Municipal Mayor  
Municipality of Looc  
Looc, Romblon

### **Qualified Opinion**

We have audited the accompanying financial statements of the Municipality of Looc, Province of Romblon, which comprise the statement of financial position as at December 31, 2021, and the statement of financial performance, statement of changes in net assets/equity, statement of cash flows, and statement of comparison of budget and actual amounts for the year then ended, and notes to financial statements, including a summary of significant accounting policies.

In our opinion, except for the effects of the matters described in the *Basis for Qualified Opinion* section of our report, the accompanying financial statements present fairly, in all material respects, the financial position of the Municipality of Looc as at December 31, 2021, and its financial performance, its cash flows and its comparison of budget and actual amounts for the year then ended in accordance with International Public Sector Accounting Standards (IPSAS).

### **Basis for Qualified Opinion**

1. The accounts Agricultural Produce for Distribution, Drugs and Medicines Inventory, and Agricultural and Marine Supplies Inventory were carried at P965,965.00; P4,993,177.70; and P1,758,900.00, respectively, as at December 31, 2021. However, the said accounts were overstated by the same amounts for being inexistent since these items had already been issued or distributed to its intended users or recipients many years ago thus, constituted a departure from Paragraph 44 of IPSAS 12 – *Inventories*.
2. The accounts Hospitals and Health Centers and Markets were carried at cost of P5,500,048.23 and P5,003,521.36, respectively, as at December 31, 2021. However, the said accounts were overstated by P283,908.45 and P4,604,561.36, respectively, for being inexistent since the affected properties had already been demolished after it caught fire several years ago thus, constituted a departure from Paragraph 82 of IPSAS 17 – *Property, Plant, and Equipment*.

We conducted our audit in accordance with International Standards of Supreme Audit Institutions (ISSAIs). Our responsibilities under those standards are described in the *Auditor's Responsibilities for the Audit of the Financial Statements* section of our report. We are independent of the agency in accordance with the ethical requirements that are relevant to our audit of the financial statements, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

### **Key Audit Matters**

Except for the matter described in the *Basis for Qualified Opinion* section, we have determined that there are no other key audit matters to communicate in our report.

### **Responsibilities of Management and Those Charged with Governance for the Financial Statements**

Management is responsible for the preparation and fair presentation of the financial statements in accordance with IPSAS, and for such internal control as management determines is necessary to enable the preparation of the financial statements that are free from material misstatement, whether due to fraud or error.

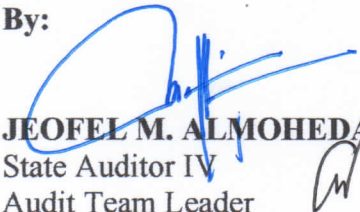
Those charged with governance are responsible for overseeing the municipality's financial reporting process.

### **Auditor's Responsibilities for the Audit of the Financial Statements**

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not guarantee that an audit conducted in accordance with ISSAIs will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

### **COMMISSION ON AUDIT**

**By:**

  
**JE OFEL M. ALMOHEDA**  
State Auditor IV  
Audit Team Leader

June 27, 2022