

EXECUTIVE SUMMARY

INTRODUCTION

The municipality of Talibon, Bohol was originally created in 1850. It has a land area of 22,400 hectares. It is politically divided into 25 barangays (17 mainland and 8 island) with approximately 61,373 population based on CY 2010 census.

Talibon got its name from the word "talibong" which means bolo or spear, the most common household implement in olden times.

The Local Government Unit (LGU) of Talibon derives its mandates from Republic Act No. 7160, known as the Local Government Code of 1991. The code empowers LGUs to exercise the powers expressly granted, those necessarily implied there from, as well as powers necessary, appropriate, or incidental for its efficient and effective governance, and those which are essential to the promotion of the general welfare.

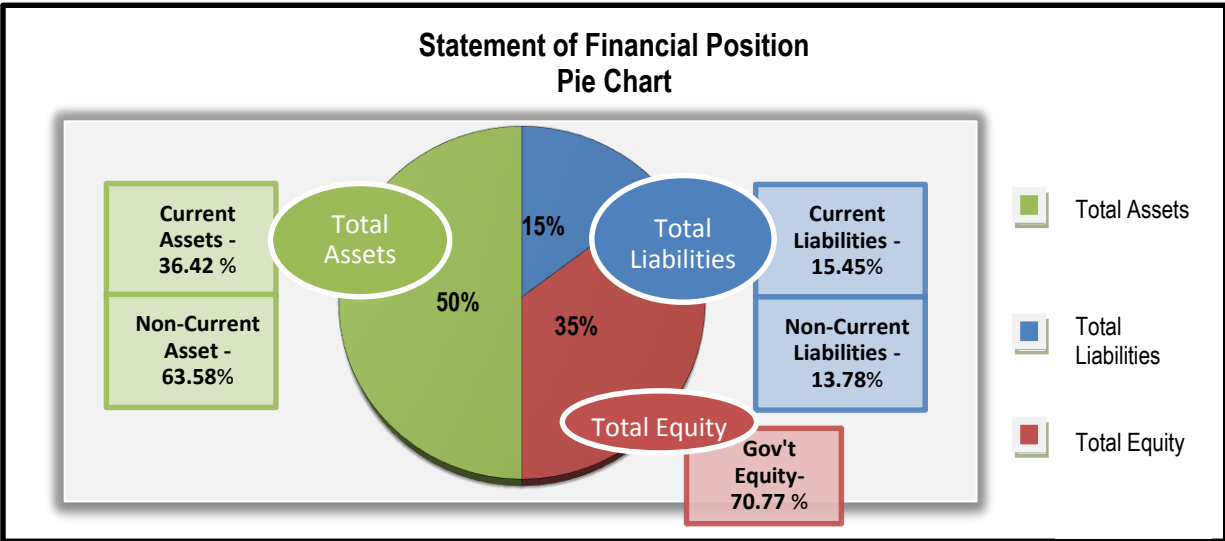
Within their respective territorial jurisdictions, local government units shall ensure and support, among other things, the preservation and enrichment of culture, promote health and safety, enhance the right of the people to a balanced ecology, encourage and support the development of appropriate and self-reliant scientific and technological capabilities, improve public morals, enhance economic prosperity and social justice, promote full employment among their residents, maintain peace and order, and preserve the comfort and convenience of their inhabitants.

FINANCIAL HIGHLIGHTS

The statement of financial position of the Municipality of Talibon, Bohol for CY 2016, as illustrated in Table 1.1 and pie chart below, showed that the significant components of the total assets amounting to a total of ₱416,656,873.51 encompasses the Property, Plant, and Equipment (PPE) and cash and cash equivalent accounts which are 63.57% and 34.51%, respectively. The total amount of asset comprises 36.42% current and 63.58% non-current.

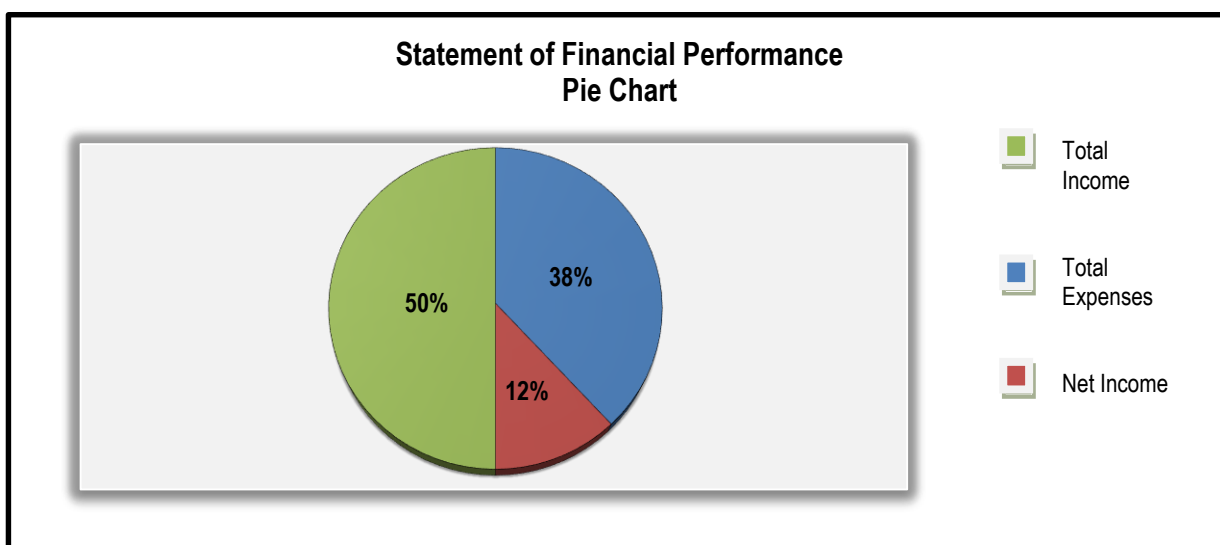
Meanwhile, the largest part of the total liabilities amounting to ₱121,737,588.08 pertains to Financial Liabilities classified as non-current account which covers 13.72% of the total liabilities and equity. The total amount of liabilities consists of 52.83% current and 47.17% non-current.

Statement of Financial Position					
Table 1.1					
December 31, 2016 - Vertical Analysis (in pesos)					
Cash and Cash Equivalents	₱ 143,767,576.06	34.51%	Financial Liabilities - Current	₱ 5,997,540.10	1.44%
Receivables	6,373,935.21	1.53%	Inter-Agency Payables	46,647,113.34	11.20%
Inventories	902,587.51	0.22%	Intra-Agency Payables	68,192.92	0.02%
Prepayments & Deferred Charges	656,421.23	0.16%	Trust Liabilities	10,953,392.13	2.63%
PPE	264,904,153.50	63.57%	Deferred Credits/Unearned Income	649,587.47	0.16%
Biological Assets	52,200.00	0.01%	Other Payables	253,691.50	0.06%
			Financial Liabilities - Non-Current	57,168,070.62	13.72%
			Government Equity	₱ 294,919,285.43	70.77%
TOTAL ASSETS	₱ 416,656,873.51	100.00%	TOTAL LIABILITIES & EQUITY	₱ 416,656,873.51	100.00%



On the other hand, the overall financial performance of the municipality, as illustrated in Table 1.2, posted a net increase/surplus of 31.38% from its total operating income during the year. This was primarily due to the income generated by the agency, which sourced mainly from its internal revenue allotment from the national government which comprises 67.23% of the total operating income. Further contribution to the abovementioned increase, relates to net increase of Transfers, Assistance and Subsidies amounting to ₱29,191,596.46 or 15.69% of the total operating income.

Statement of Financial Performance		
Table 1.2		
For the Year Ended December 31, 2016 - Vertical Analysis (in pesos)		
Tax Revenue	₱ 13,006,190.58	6.99%
Share from Internal Revenue Collection	125,043,138.00	67.23%
Other Share from National Taxes	852,865.40	0.46%
Service and Business Income	43,597,195.60	23.44%
Shares, Grants and Donations	1,280.00	0.01%
Other Income	3,487,194.14	1.87%
OPERATING INCOME	₱ 185,987,863.72	100.00%
Personal Services	(58,609,842.90)	-31.51%
Maintenance & Other Operating Exp	(90,511,858.16)	-48.66%
Non-cash Expenses	(3,787,168.11)	-2.04%
Financial Expenses	(3,918,703.27)	-2.11%
OPERATING EXPENSES	₱ (156,827,572.44)	-84.32%
Surplus (Deficit) from Current Operation	₱ 29,160,291.28	15.68%
Add: Transfer, Assistance and Subsidy From	60,132,857.21	32.33%
Less: Transfer, Assistance and Subsidy To	(30,935,260.75)	-16.63%



Surplus (Deficit) for the period	₱ 58,357,887.74	31.38%
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SCOPE OF AUDIT

An audit was conducted on the accounts and operations of the Municipality of Talibon, Bohol for calendar year ended December 31, 2016. The audit consisted of review of operating procedures; interview with concerned government officials and employees; verification, reconciliation and analysis of accounts; post audit; validation of projects; and such other procedures considered necessary. It was aimed at ascertaining the propriety of disbursements and reliability of financial report and determining whether the agency's operations had been conducted in accordance with laws, rules and regulations.

AUDITOR'S OPINION ON THE FINANCIAL STATEMENTS

The Auditor rendered a qualified opinion on the financial statements since the physical count of Property, Plant and Equipment totaling P1,419,250.17 for the Special Education Fund (SEF) as of December 31, 2016 was not conducted by the LGU and the corresponding report not submitted contrary to Section 124 of the New Government Accounting System (NGAS) Manual, Volume I. Further, the LGU incurred interest expense amounting to ₱3,751,244.42 as compared to its interest income of ₱1,024,017.79, or a net difference of ₱2,727,226.63, thereby affecting the municipality's surplus for the period.

SUMMARY OF SIGNIFICANT FINDINGS AND RECOMMENDATIONS

The following are the significant findings and corresponding recommendations:

- 1. Payments made to municipal personnel hired under a job order/casual status in the aggregate amount of ₱1,146,841.19 were undocumented with duly verified/accepted accomplishment reports contrary to Section 4(6) of Presidential Decree No. 1445 & Sec 1.2.1 and 4.1.3 of COA Circular No. 2012-001 dated June 14, 2012, thus, the necessity of their services and the validity of the disbursements could not be properly ascertained.**

We recommend the Municipal Accountant to subsequently include duly verified/accepted accomplishment reports in the checklist of supporting documents for the payrolls of job orders/casual workers in consonance with Section 4(6) of Presidential Decree No. 1445 & COA Circular No. 2012 dated June 14, 2012.

- 2. Monthly net take home pay of some municipal employees were lower than the required ₱3,500.00 net pay contrary to the provisions of Section 52 of the General Appropriations Act (GAA) for Fiscal Year 2016 thus, affecting the self-respect and dignity of the concerned government employees.**

We recommend that Section 52 of the General Appropriations Act (GAA) for Fiscal Year 2016 be faithfully adhered to. Management must make sure that its employees

will receive the minimum monthly net take home pay of ₱3,500.00 for them to maintain self-respect and dignity as government employees.

We further recommend the management to explain why they persistently allow the municipality to become a collecting agent for private lending institutions for loan payments deducted from the payrolls on the salaries of its employees even if it is explicitly stated that it is not allowed by law as provided in the above provisions. Payment of these loans should be made individually by the employees concerned to these lending institutions.

3. A progressive disintegration of the surface (raveling or scaling) and potholes were observed on the road pavement and the presence of vegetation in the roadside instead of the required one (1) meter shouldering.

We recommend that a full depth reconstruction of the portion of the road pavement that manifested scaling/raveling shall be made or deduct from the contract price the amount of ₱440,953.94.

SUMMARY OF NS, ND & NC ISSUED DURING THE YEAR

There was no Notice of Suspension (NS), Notice of Disallowance (ND) or Notice of Charge (NC) issued during the year.

STATUS OF IMPLEMENTATION OF PRIOR YEARS' AUDIT RECOMMENDATIONS

Of the five (3) audit recommendations contained in the 2015 Annual Audit Report, all three (3) were fully implemented by Management during the year. One (1) audit recommendation contained in the 2014 Annual Audit Report was partially implemented.