

## EXECUTIVE SUMMARY

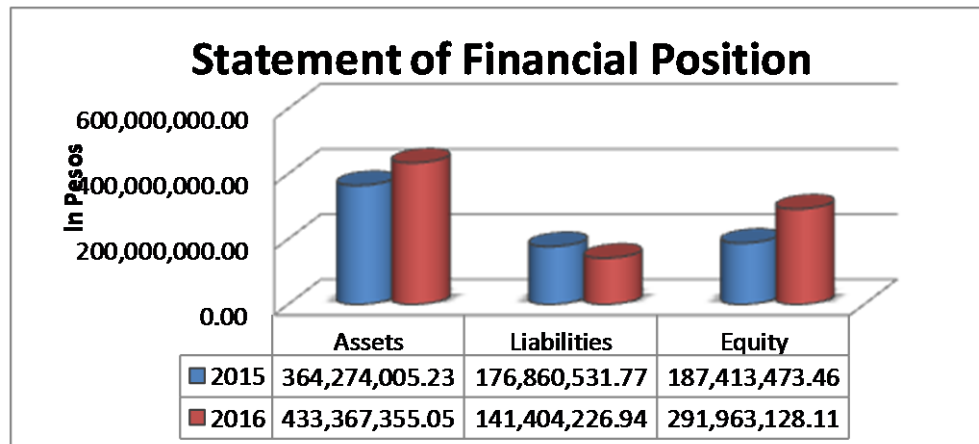
### INTRODUCTION

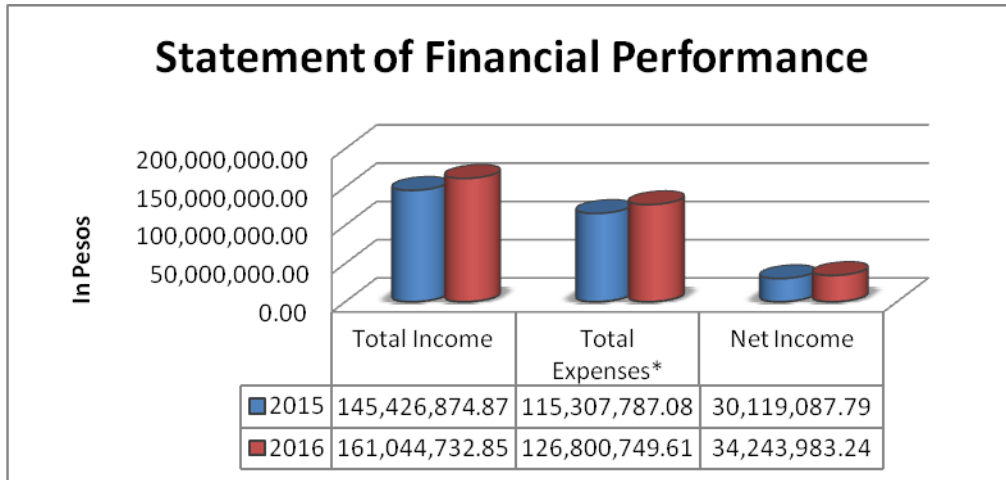
The municipality of Tubigon was formally organized into a town in 1819 by authority of Governor Wilkan, the Spanish Governor of Cebu under the leadership of the village headman, TenienteMatong, who successfully persuaded the governor to come and proclaim Tubigon a new town independent of the town of Calape. “*El Pueblo de Tubigon*” was the official seal inscribed.

Tubigon is a coastal municipality that stretched its coverage to the uplands linking directly to the interior towns of Bohol. It is located at the Northwestern part of the province bounded by the municipalities of Clarin on the east, Calape on the west, San Isidro and Catigbian on the south and Bohol Strait on the north. It is 54 kilometers far from Tagbilaran City, the provincial capital and is classified as a first class Municipality composed of 34 barangays.

### HIGHLIGHTS ON FINANCIAL OPERATIONS

Comparative analysis of the Statement of Financial Position as graphically illustrated showed an increase in Assets and GovernmentEquity and decrease in Liabilities. On the other hand, the Statement of Financial Performance exhibits an increase in both income and expenses and decrease in net income.





\*Inclusive of transfers/assistance/subsidy to or from other government agencies.

## SCOPE OF AUDIT

The audit covered the operations of the Municipality of Tubigon, Bohol for the period January 1, 2016 to December 31, 2016. The objectives of the audit were to ascertain the fairness of presentation and reliability of the financial position and its financial performance 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 transactions and adherence to pertinent laws, rules and regulations.

## AUDITOR'S OPINION ON THE FINANCIAL STATEMENTS

We rendered a qualified opinion on the fairness of presentation of the financial statements of the Municipality of Tubigon, Bohol as of December 31, 2016 due to the improper use of the Other Payables account in the Trust Fund resulted to the non-recognition of income totaling ₱2,258,243.09 and expenses of ₱1,530,832.75, thus rendering the misstatement of the financial statements and non-submission of Report on the Physical Count of Inventories and Report on the Physical Count of Property, Plant and Equipment (RPCPPE) amounting to ₱1,092,422.53 and ₱305,268,373.58, respectively and reconcile with the accounting records rendered the existence, correctness and propriety of the recorded fixed assets doubtful.

## SIGNIFICANT FINDINGS AND RECOMMENDATIONS

The following are the summary of significant observations and recommendations in the audit and/or evaluation of the operations of the Municipality of Tubigon, Bohol for the year 2016 and discussed with LGU officials and concerned employees in an exit conference on February 23, 2017. These audit observations are fully discussed in Part II of this report.

1. The municipality embarked on time deposits totaling ₱4,997,587.05, majority of which to a private bank, thus, improving the liquidity of the bank while holding back

implementation of projects and curtailing the benefits that the constituents may derive there from, thus, not a semblance of good governance.

We recommend that management terminate time deposit placements and implement the intended projects for which the funds were appropriated or created.

Meanwhile, in instances when funds are determined to be idle or excess funds, it should be invested in government finance institutions and not in private banks.

2. Cash advances totaling ₱11,550,602.85 remain unliquidated despite completion of the purpose for which those were granted resulting in the accumulation of unliquidated cash advances contrary to COA Circular No. 97-002 thus, exposing funds to the risk of loss and/or misappropriation.

We recommend that management send demand letters for the immediate liquidation of the cash advances. In case of failure by the concerned officials and employees to liquidate, withhold their salaries in accordance with Section 9.3.2 of COA Circular 97-002. Henceforth, require the liquidation of cash advances promptly as soon as the purpose for which these were granted had been served or within the reglementary period and the accountant to abide by COA Circular No. 97-002 as to the manner of granting, utilization and liquidation of cash advances.

3. Projects/programs amounting to at least ₱6,258,014.00 for CY 2015-2016 were not implemented during the year thus, delivery of benefits these could give to target beneficiaries were not delivered.

We recommend management to plan and implement projects within the timeline of implementation to ensure delivery of benefits to the target beneficiaries at scheduled period.

4. Training and travelling activities amounting to ₱110,413.48 were conducted outside the territorial jurisdiction despite the issuance of DILG Memorandum Circular No. 2011-59 dated April 25, 2011 and COA Circular No. 85-55A.

We recommend that management stop the practice of undertaking trainings, seminars, workshops, study tours and other similar activities outside of their territorial jurisdictions/geographical area funded out of public funds to avoid unnecessary expenditures of the government. Further, please require the settlement of the ND for the above transaction.

5. Advance delivery of materials costing ₱759,250.00 was noted circumventing R.A. 9184, categorized as irregular transaction.

It is recommended that management submit explanation why deliveries of construction materials were made prior the conduct of public bidding and receipt of the Purchase Order by the supplier.

6. Delay in the procurement of personal protective equipment amounting to ₱16,000.00, defeated the purpose of its purchase.

It is recommended that management submit an explanation on the delayed procurement of personal protective equipment.

7. The management failed to fill-up five (5) vacant positions that were allotted ₱1,473,840.00 for salaries thus denying job opportunities for qualified applicants in view of the government's development agenda to provide employment to the citizenry and of the services these officials could cater to the constituents.

We recommend that management prioritize and consider filling –up the vacant positions to enhance its services to attain full implementation of programs, plans and activities of the local government unit for the optimal benefit of the constituents.

Further, personnel movement has to be effected in order to acknowledge the exemplary performance of employees by way of promotion to higher rank thereby allowing the entry of new applicants for lower level positions.

8. Check issued for the payment of anapog delivered by the Local Government Unit (LGU) of Tubigon, Bohol for projects funded by the Bohol Earthquake Assistance (BEA) Fund amounting to ₱55,500.00 was made payable to FCB instead of LGU, Tubigon violating Section 93 of Presidential Decree 1445.

We recommend that management require the Municipal Treasurer and Municipal Accountant to submit an explanation on allowing the check be payable to FCB-TRUST FUND and to stop this practice to avoid risk of having it credited to other accounts.

#### **STATUS OF AUDIT SUSPENSIONS, DISALLOWANCES AND CHARGES**

For the calendar year 2016, there were Notice of Disallowances issued to the Municipality of Tubigon and settlements made during the year.

<b>Particulars</b>	<b>Notice of Suspension</b>	<b>Notice of Disallowance</b>	<b>Notice of Charge</b>
Balances, December 31, 2015	₱ 670,550.00	₱3,475,524.00	₱ 0.00
Issuances CY 2016	0.00	250,554.82	₱ 0.00
Less: Settlements	24,000.00	0.00	₱ 0.00
Balances, December 31, 2016	₱646,550.00	₱3,726,078.82	₱ 0.00

## **STATUS OF IMPLEMENTATION OF PRIOR YEARS' RECOMMENDATIONS**

Of the eleven (11) audit recommendations contained in the 2015 Annual Audit Report, seven (7) were implemented and four (4) were not implemented.