

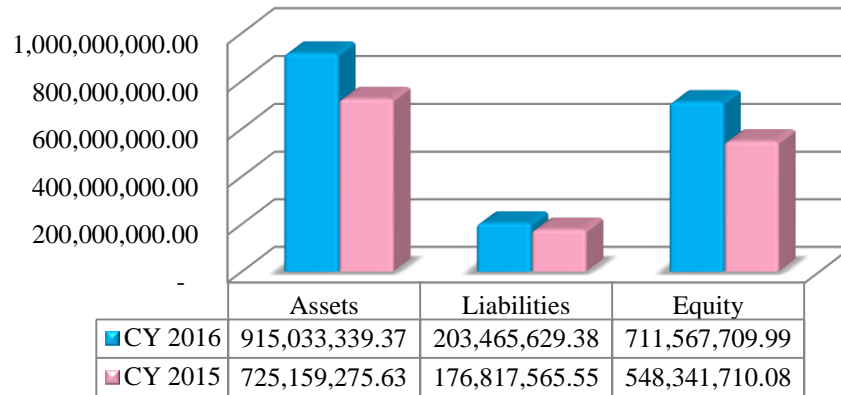
## EXECUTIVE SUMMARY

The Municipality of Balamban is a first class municipality situated 70 kilometers northwest of Cebu. It has a total land area of 33,700 hectares. It is composed of 28 barangays and has a population of 66,261 based on the Year 2007 National Census. It is known as the Ship-Building Capital of Asia.

### FINANCIAL HIGHLIGHTS

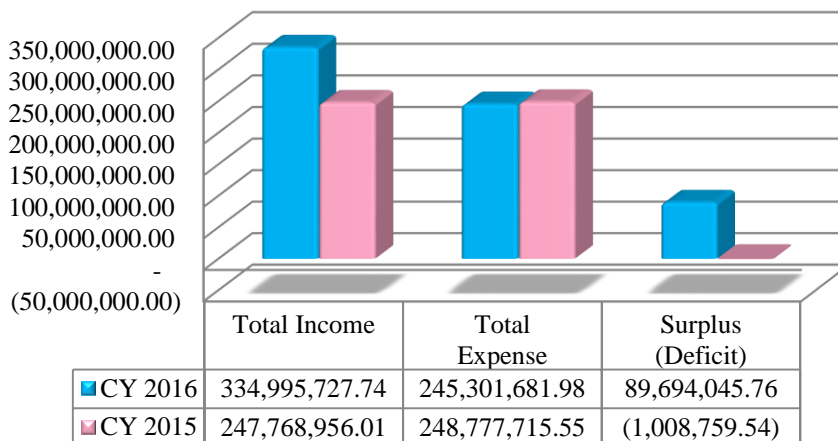
#### A. Financial Position

Comparative analysis of the Financial Position as graphically illustrated showed an increase on Assets, Liabilities and Equity.



#### B. Financial Performance

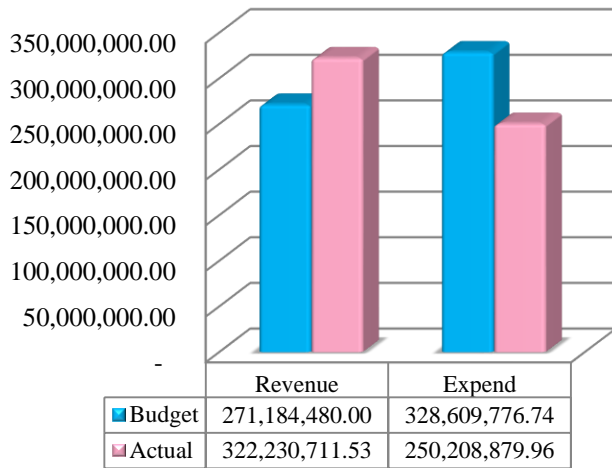
A comparative analysis of the Financial Performance exhibits an increase in income and a decrease in expense.



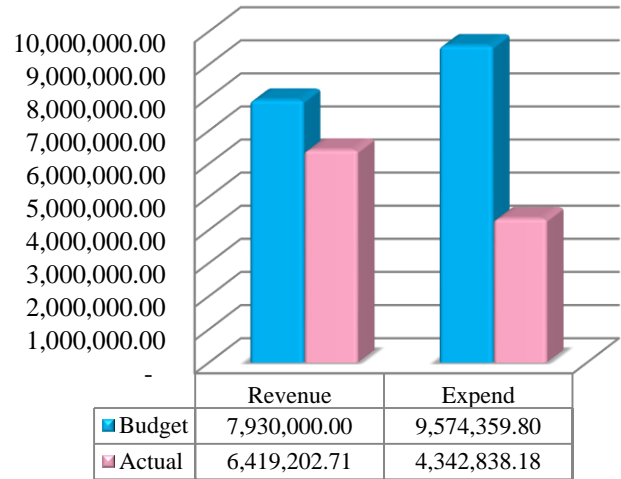
**C. Comparison of Budget and Actual Amounts**

The following graph illustrates the excess between the budgeted amounts against the actual revenues and expenditures for General fund and Special Education Fund (SEF) during the year:

**General Fund**

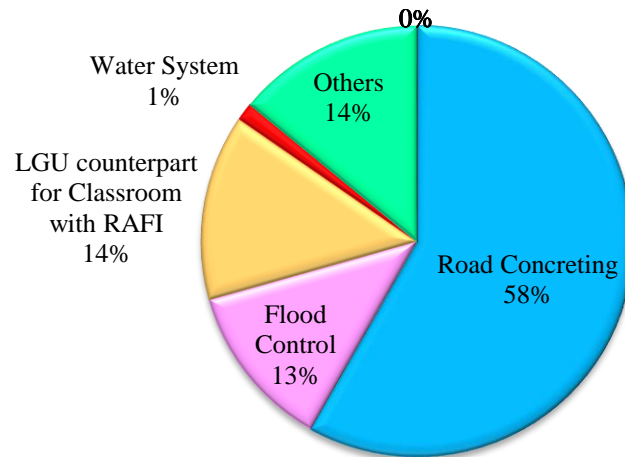


**Special Education Fund**



**D. Accomplishments**

For CY 2016, the municipality had undertaken various programs and projects which are shown below:



These projects were verified through project inspection on selective basis on February 10, 2017 as shown with details in **Annex 2**.

## **SCOPE OF AUDIT**

An audit was conducted on the accounts and operations of the Municipality of Balamban, Cebu for CY 2016. The audit consisted of the review of the operating procedures, interview with concerned government officials and employees, verification, reconciliation and analysis of selected transactions and accounts and such other procedures considered necessary. The audit was made to ascertain the propriety of disbursements and reliability of financial reports and determine whether the agency's operations have been conducted in accordance with laws, rules and regulations.

The audit was also aimed at reviewing managerial efficiency with the end in view of eliminating wastage and promoting efficient use of public funds and resources and to ascertain the agency's effectiveness by determining whether desired results have been achieved and the programs have accomplished their purposes and objectives.

## **AUDITOR'S REPORT ON THE FINANCIAL STATEMENTS**

The auditor rendered a qualified opinion on the fairness of presentation of the financial statements of the Municipality of Balamban as of December 31, 2016 due to the non-submission of the completed Report on the Physical Count of Property, Plant and Equipment (RPCPPE) totaling to ₱496,163,110.23, thereby resulting to the audit team's inability to ascertain the existence, completeness, and valuation of the account as of December 31, 2016.

## **SUMMARY OF SIGNIFICANT FINDINGS AND RECOMMENDATIONS**

1. Cost on the installation of street lights (Phase 1) at Sam-ang, Cambuhawe Relocation site totaling ₱93,301.00 and cost of the installation of RC pipes at the cross drainage from Sitio Centro to Lomboy, Abucayan and Sitio Bugasok, Duangan (Phase 2) totaling ₱32,400.00 were recorded as Repair and Maintenance –Infrastructure Asset account instead of Construction in Progress-Infrastructure Asset and CIP-Land Improvement accounts, respectively, contrary to COA Circular No. 2015-009 dated December 1, 2015, resulting in the misstatements of affected accounts.

We recommend that the Municipal Accountant comply with the provisions of COA Circular No. 2015-009.

2. The Municipality utilized only ₱3,426,294.76 or 43% of the total budget for the Special Education Fund (SEF) for CY 2016, thus the optimum benefits from the use of the financial resources was not obtained and the needs of the targeted beneficiaries not realized during the budget year.

We recommend that the Local School Board hasten the implementation of the priority programs and projects to achieve the purpose of the fund.

Moreover, the members of the Local School Board are enjoined to get a copy of the Joint Circular No. 1, s. 2017 issued by DepEd, DBM and DILG and keep abreast with the revised guidelines on the use of the SEF for CY 2017.

3. Membership to the Municipal School Board did not conform with the required composition as stated under Section 98 (b) and (c) of R.A. 7160.

We recommend that the current Local School Board revisit the provisions of the Section 98(b) and (c) of RA 9184 and reorganize the composition of the Municipal School Board.

4. Wages of laborers/Job Orders maintaining the cleanliness of plaza, bay walk, terminal, roof top of the municipal hall and surroundings, swimming pool at Cambuhawe Spring and drainage/canals totaling ₱885,020.72 was debited to the Repair and Maintenance –Infra Assets account and was charged to the 20% development fund. These activities do not partake the nature of investment and capital expenditure.

We recommend that management:

- a. Review the utilization of the 20% development fund and realign those that are not development related items to the general fund proper;
  - b. Adhere to the provisions of DILG-DBM Joint Memorandum Circular No. 2011-01 on the appropriation and utilization of the 20% development fund.
5. The three created positions under the Local Disaster Risk Reduction Management Office (LDRRMO) required under the National Disaster Risk Reduction and Management Council (NDRRMC) – Department of Interior and Local Government (DILG) – Department of Budget and Management (DBM) – Civil Service Commission (CSC) Joint Memorandum Circular (JMC) No. 2014-1 dated April 4, 2014, remained not filled-up.

We recommend that the positions required under the NDRRMC-DILG-DBM-CSC Joint Memorandum Circular (JMC) 2014-1 dated April 4, 2014 be filled up immediately by the Municipality to properly institutionalize the organization of the Local Disaster Risk Reduction and Management Office.

6. Common-use supplies totaling ₱1,233,288.50 were not procured from the Procurement Service of the Department of Budget and Management (PS-DBM) in violation of Section 4 of Administrative Order No.17.

We recommend that management procure common-use supplies directly from the Procurement Service of the Department of Budget and Management (PS-DBM).

### **SUMMARY OF SUSPENSIONS, DISALLOWANCES AND CHARGES**

During the CY 2016, the management was able to settle the amount of ₱6,416,792.14 on the suspensions issued during the year and ₱203,800.00 for the disallowances issued in prior years. The balance of disallowances as of December 31, 2016 was ₱5,114,561.50.

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

Of the twenty-two (22) audit recommendations embodied in the Annual Audit Report of CY 2015 and prior years, seventeen (17) were fully implemented and five (5) were partially implemented.