

EXECUTIVE SUMMARY

The Municipality of Oslob is a 4th class municipality located 117 kilometers southeast of Cebu City, and it has a total land area 18,327.10 hectares, which is subdivided into twenty-one (21) barangays.

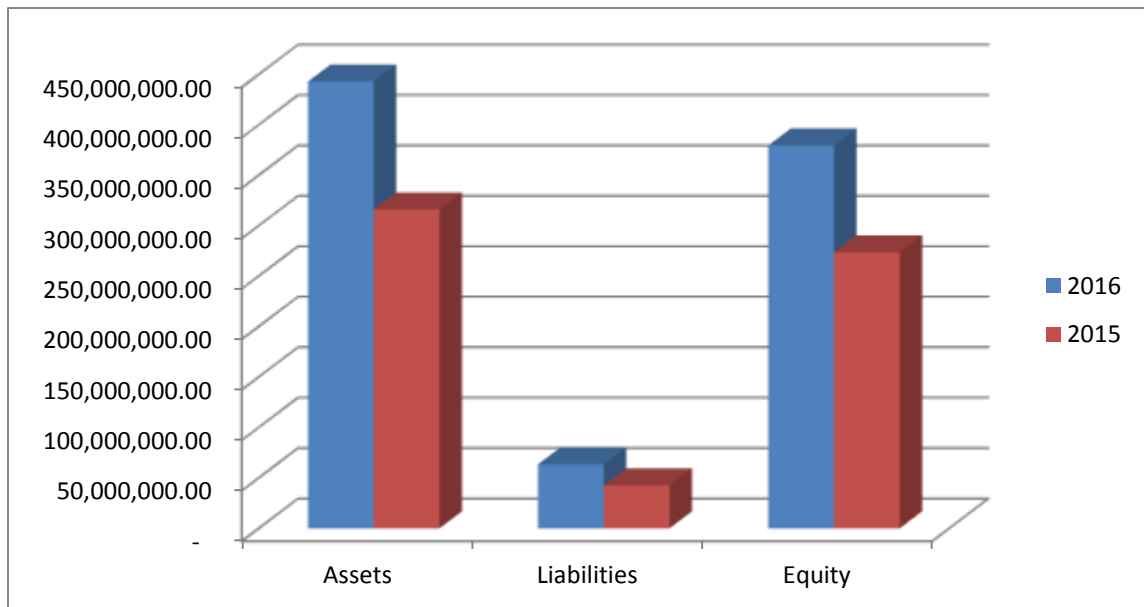
The Municipality, like other local government units, enjoys total independence in planning, directing, and managing its own administrative, fiscal and development affairs in conformity with the national government's thrust for sustainable social and economic growth pursuant to the Local Government Code of 1991 (R. A. 7160).

Its major accomplishments during the year 2016 were validated on a test basis by ocular inspections at project sites.

FINANCIAL HIGHLIGHTS

Comparative analysis of the Statement of Financial Position for the Municipality of Oslob between 2016 and 2015 showed an increase in Assets, Liabilities and Equity in 2016.

Financial Position

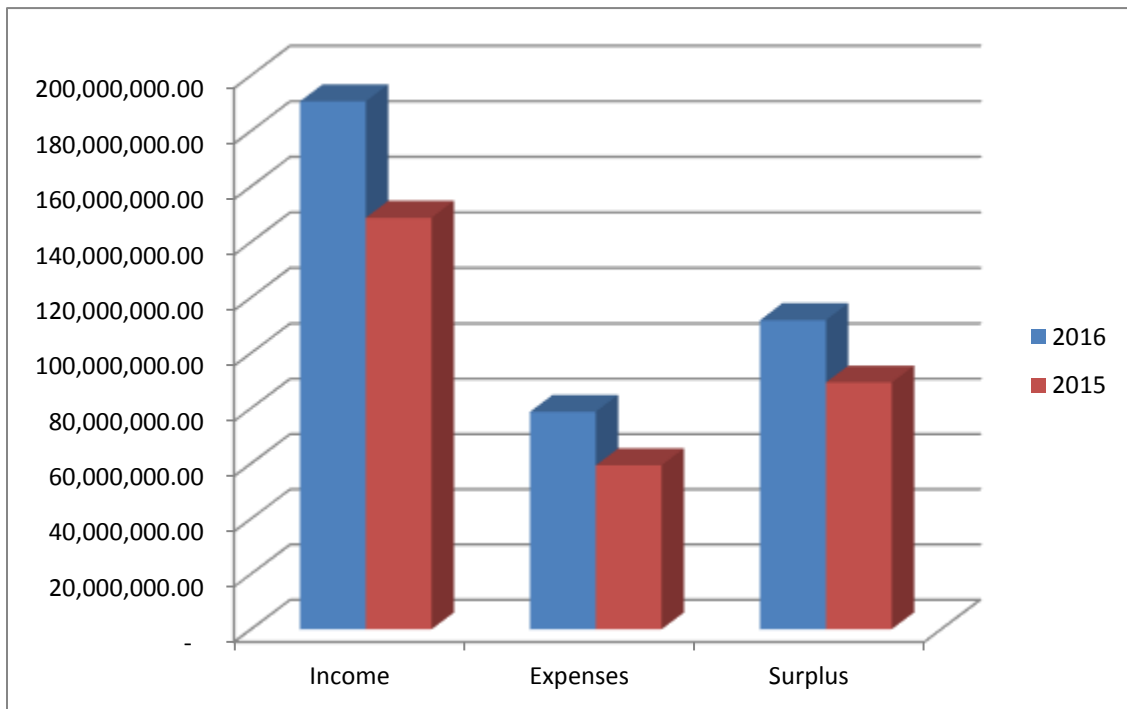


As of December 31, 2016, the Municipality's Assets, Liabilities and Equity are P442,834,038.94, P63,370,877.20 and P379,463,161.74, respectively, which correspondingly increased by 40.21%, 49.13% and 38.83% when compared with 2015, as shown on next page:

	2016	2015	Increase (Decrease)	% Increase (Decrease)
Assets	442,834,038.94	315,830,841.66	127,003,197.28	40.21%
Liabilities	63,370,877.20	42,492,924.62	20,877,952.58	49.13%
Equity	379,463,161.74	273,337,917.04	106,125,244.70	38.83%

In 2016, the Municipality realized a total income of P190,701,945.70 from various sources compared with the 2015 income of P148,761,983.61, reflecting an increase in revenues of P41,939,962.09 or an increase of 21.99%. On the other hand, total expenses incurred in 2016 increased compared to expenses incurred during 2015, as shown in the details below:

Financial Performance



	2016	2015	Increase (Decrease)	% Increase (Decrease)
Income	190,701,945.70	148,761,983.61	41,939,962.09	21.99%
Expenses	78,790,982.53	59,383,139.63	19,407,842.90	32.68%
Surplus	111,910,963.17	89,378,843.98	22,532,119.19	25.21%

SCOPE OF AUDIT

We conducted a comprehensive audit on the operations of the Municipality of Oslob for the year ended December 31, 2016, with the objective of ascertaining whether Management's plans and programs were attained in an efficient, economical and effective manner. It was also made to assess Management's compliance with applicable laws, rules and regulations in dispensing its functions. To attain those objectives, financial transactions were reviewed to determine propriety and validity and the accounting records and financial reports were verified as well to determine the reliability of its financial statements. An ocular inspection was conducted to validate reported accomplishments.

AUDITOR'S OPINION ON THE FINANCIAL STATEMENTS

The auditor rendered a qualified opinion on the financial statements since the major repairs of motor vehicles and procurement of supplies, materials and medicines amounting to P1,432,516.10 were directly charged to expense contrary to Section 112 of P.D. 1445 or also known as the State Auditing Code of the Philippines, thus understating Property, Plant and Equipment and Inventory accounts as of year-end.

AUDIT OBSERVATIONS and RECOMMENDATIONS

FINANCIAL AND COMPLIANCE AUDIT

The following are the significant audit observations and their corresponding recommendations for CY 2016:

1. The Municipality of Oslob paid meals and allowances amounting to P319,142.82 which were incurred in connection with the conduct of election,

in violation to Item 2.2.8 of COA Circular No. 2013-004 dated January 30, 2013, thus resulting in the irregular disbursement of government funds.

We recommend that Management and other personnel concerned refund the amount of P319,142.82 expended during the conduct of election despite the prohibition mentioned under COA Circular No. 2013-004, otherwise, the officials who approved the payment thereof should be held liable therefor.

2. Disbursements charged against the Special Education Fund (SEF) for various expenses totaling P50,337.06 were not in accordance with Section 272 of Republic Act 7160 and Joint Circular No. 1 series of 1998 of DECS, DBM and DILG, thus the purpose for which the fund was created have not been served.

We recommend that the Local School Board limit the utilization of the Special Education Fund to the programs and projects specified under RA 7160 and DECS, DBM and DILG Joint Circular No.01 in order to maximize its implementation.

COMPLIANCE WITH TAX LAWS

The Municipality of Oslob withheld taxes from salaries of its officials and employees as well as tax dues from suppliers/creditors in compliance with the provisions in the National Tax Revenue Code.

Unsettled Disallowances/ Charges/Suspensions

As of December 31, 2016, audit disallowances totaling P1,258,000.00 remained unsettled.

STATUS OF IMPLEMENTATION OF PRIOR YEARS' AUDIT RECOMMENDATIONS

Of the thirty-four (34) audit recommendations contained in the previous years' Annual Audit Report, only eighteen (18) were fully implemented, nine (9) were partially- implemented while the remaining seven (7) have not been implemented by Management as of year-end.