

## EXECUTIVE SUMMARY

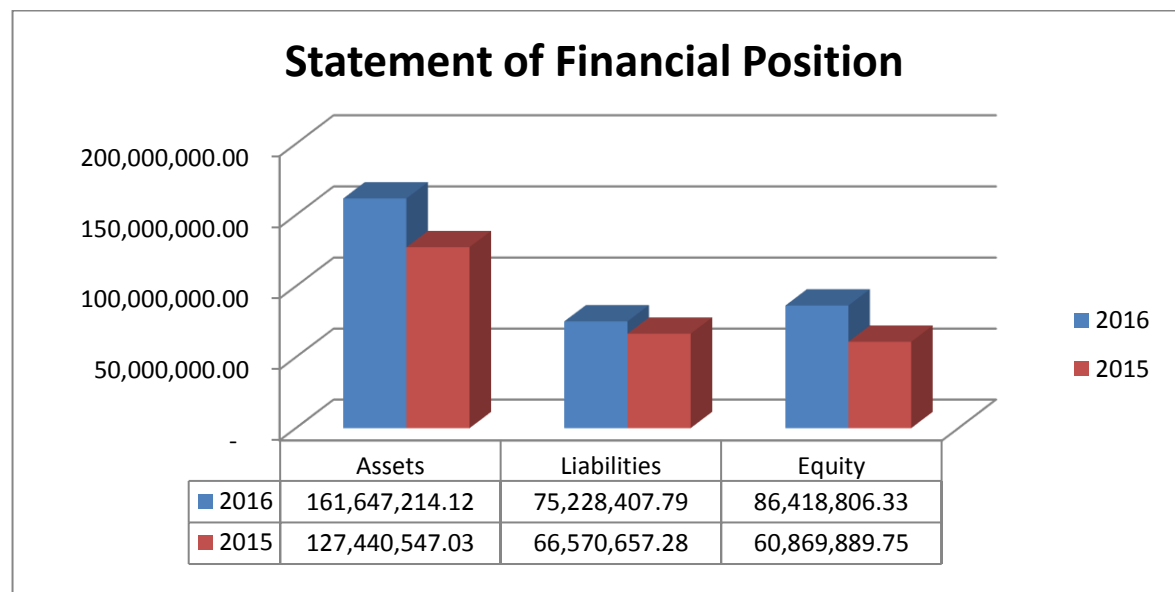
The Municipality of Poro was founded on June 16, 1780. It is a fourth class Municipality with 17 barangays. As of December 31, 2016, it had a personnel complement of 196 summarized as follows:

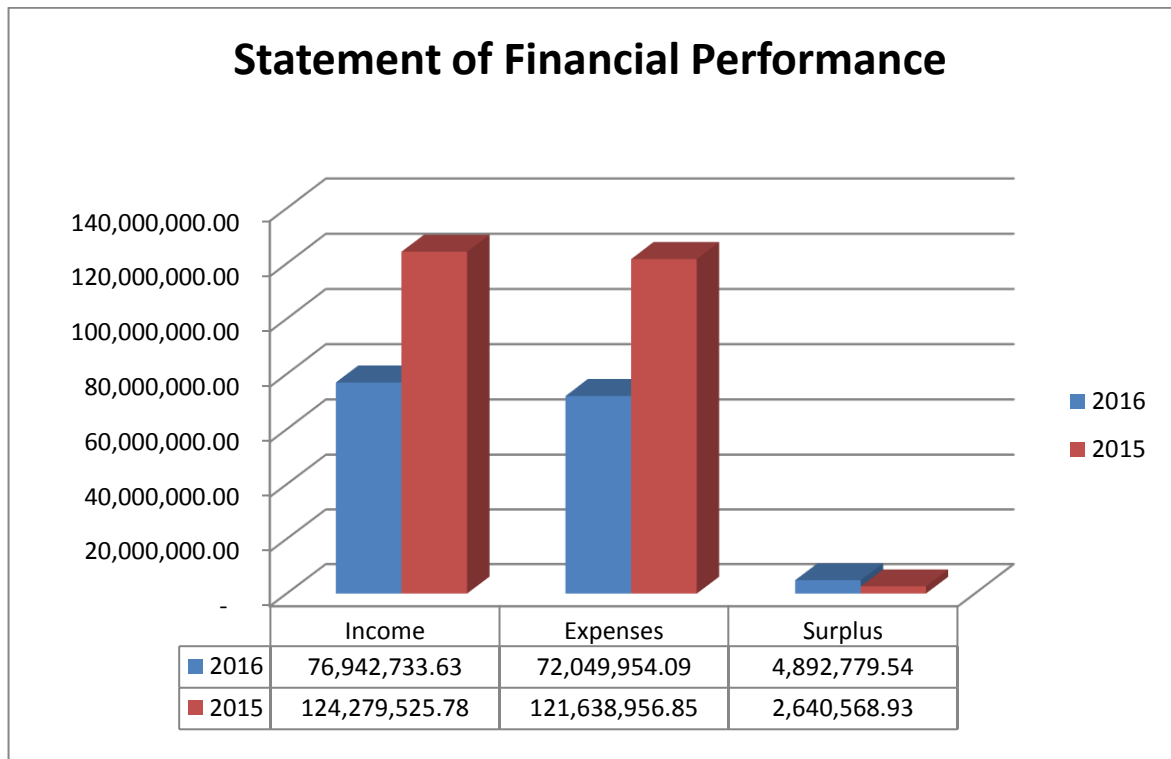
Nature of Appointment to Office	Quantity
Elective Officials	11
Permanent Positions	63
Casuals	37
Job Orders	85

Pursuant to RA 7160, known as the Local Government Code of 1991, the Municipality like other local government units enjoys total independence in managing, deciding and planning its own administrative, fiscal and development affairs in conformity with the national government's thrust for sustainable social and economic growth.

## FINANCIAL OPERATIONS

Comparative analysis of the Statement of Financial Position showed an increase in Assets, Liabilities and Equity. On the other hand, the Statement of Financial Performance showed an increase in both income and expenses and decrease in surplus.





The Municipality's appropriation for CY 2016 was ₱111,737,182.72 which was higher by ₱36,989,957.52 or 49% compared to last year's ₱75,197,225.20. On the other hand, total expenditures during the year amounted to ₱72,049,954.09, a decrease of ₱49,589,002.76 or 40.77% as compared with that of the previous year totaling ₱121,638,956.85 as shown below:

	2016	2015
General Fund	64,404,458.00	60,706,224.89
Special Education Fund	475,100.58	486,575.66
Trust Fund	7,170,395.51	60,446,156.30
<b>Total</b>	<b>72,049,954.09</b>	<b>121,638,956.85</b>

### SCOPE OF AUDIT

An audit was conducted on the accounts and operations of the Municipality of Poro for the calendar year ended December 31, 2016. The audit was made to ascertain the regularity of disbursements, the reliability of financial reports and the adequacy of accounting records and to determine whether plans, programs and activities for the year were attained in an efficient, economical and effective manner.

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

The auditor rendered a qualified opinion on the financial statements as the physical inventory of the Property, Plant and Equipment (PPE) during the year was not completed (as discussed in Part III). Based on available records, other alternative audit procedures were applied to ascertain the existence of the PPE in the total amount of 107,851,887.49 as of December 31, 2016, but for lack of material time, the Audit Team was unable to validate the existence of the PPE. Also, the agency failed to maintain the subsidiary ledgers/ cards per item of the PPE.

## **SIGNIFICANT FINDINGS AND RECOMMENDATIONS**

The following are the significant findings and the corresponding recommendations:

1. 20% Development Fund of the Municipality were utilized to pay various expenses / items which are not covered by the fund contrary to DILG-DBM Joint Memorandum Circular No. 2011-1.

We recommend that the Municipal Mayor ensure that the 20% Development Fund be utilized to fund priority programs or projects which are capital in nature in accordance with the provisions of DILG-DBM Joint Memorandum Circular No. 2011-1.

2. Various livelihood projects funded out of the funds received from the Department of Labor and Employment (DOLE) had stopped operation thus, the intended purpose for which it was granted was not attained.

We recommend that the Municipal Mayor require the officials of the associations responsible for projects to submit an accounting of its operation and return the unutilized balance of the fund as well as all the equipment purchased out of the fund.

3. Expenditures for the cellular load for the members of the Bids and Awards Committee (BAC) reached to a total P427,471.94 for CY 2016 contrary to COA Circular 2012-003.

We recommend that Management institute policies on the grant of cellular allowance that is considered economical and will suit the needs of the municipality and be guided by the provisions of COA Circular No. 2012-003.

We also recommend that Management justify the giving of additional cellular allowances to the members of the BAC, Secretariat and TWG based on their different functions as mandated by R.A. 9184.

4. The BAC created only one Technical Working Group (TWG) for all the procurements of the Municipality despite the incompatibilities of their expertise with the different types of items procured.

We recommend that the BAC designate members of the TWG who have technical expertise that will suit to the nature of each procurement of the Municipality.

5. Monthly Reports on Sources and Utilization of the Local Disaster Risk Reduction and Management Fund (LDRRMF) amounting to ₱840,972.40 were not submitted contrary to Rule 6 of RA 10121 and COA Circular No. 2012-002, thereby verification thereof was not attained.

We recommend that the LDRRMO submit the required monthly Report on Sources and Utilization of Disaster Risk Reduction and Management Fund to the COA Auditor within the prescribed period pursuant to COA Circular 2012-002.

6. The Municipality procured radio communications equipment totaling ₱108,000.00 without prior Permit to Purchase and the dealer's Permit to Sell, issued by the National Telecommunications Commission (NTC), thereby casting doubts as to the propriety and validity of the transactions.

We recommend that the persons responsible for the procurement immediately comply the requirements of the Notice of Suspension to avoid the disallowance of the questioned transactions.

7. Honoraria of the members of the Bids and Awards Committee (BAC) in the amount of ₱179,817.00 was sourced from the loan proceeds from Land Bank of the Philippines contrary to Section 6 of Department of Budget and Management (DBM) Budget Circular No. 2007-3.

We recommend that Management observe strictly the provisions of DBM BC No. 2007-3 in the grant of honoraria for the members of the BAC and TWG to avoid disallowance. Further, require the concerned members of the BAC and TWG to refund the amount of honoraria received which was disallowed in audit.

### **Unsettled Disallowances/Charges/Suspension**

Suspensions and disallowances amounting to ₱35,520.00 and ₱800,695.00 respectively, remained unsettled as of December 31, 2016.

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

During the year, out of the thirty three (33) recommendations, seven (7) were fully implemented, seven (7) were partially implemented and the remaining nineteen (19) were not implemented.