

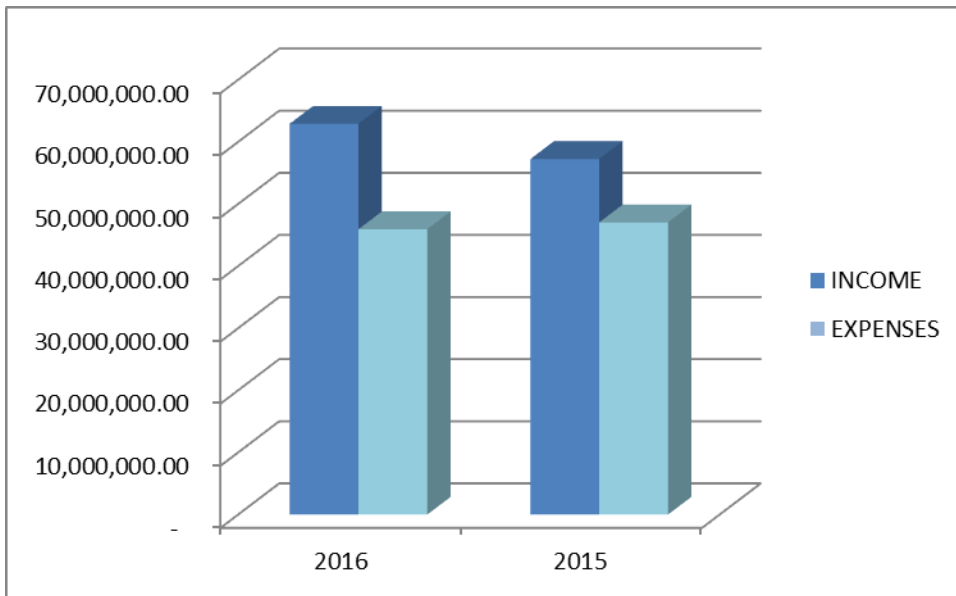
EXECUTIVE SUMMARY

The Municipality of Ronda, Cebu was founded in 1913 through a law passed by the Philippine Assembly. It is classified as a fifth-class municipality based on the latest classification of municipalities issued by the Department of Finance.

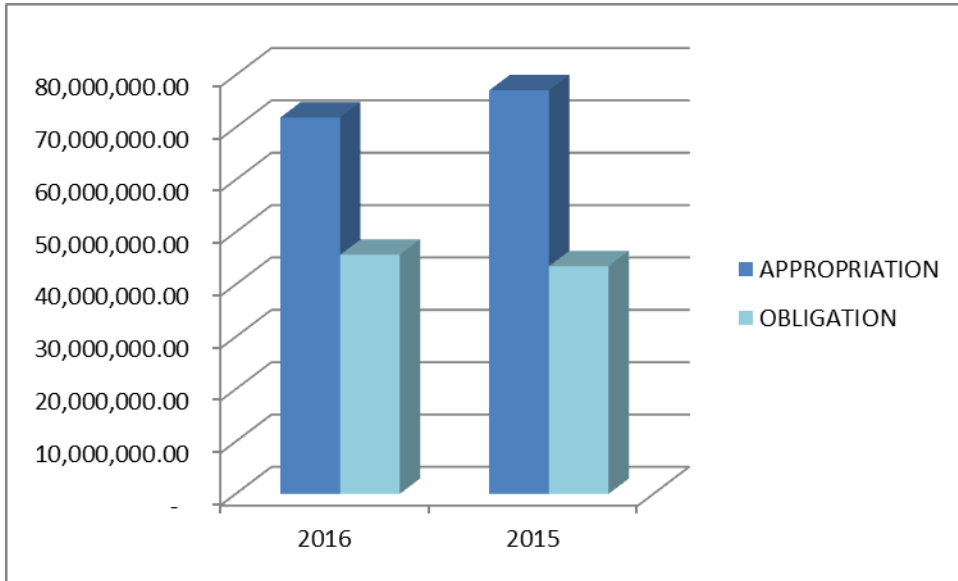
Pursuant to Republic Act No. 7160, known as the Local Government Code of 1991, the Municipality, like other local government units, enjoys independence in managing, deciding and planning its own administrative, fiscal and development affairs in conformity with national government thrust for sustainable, social and economic growth.

HIGHLIGHTS ON FINANCIAL OPERATIONS

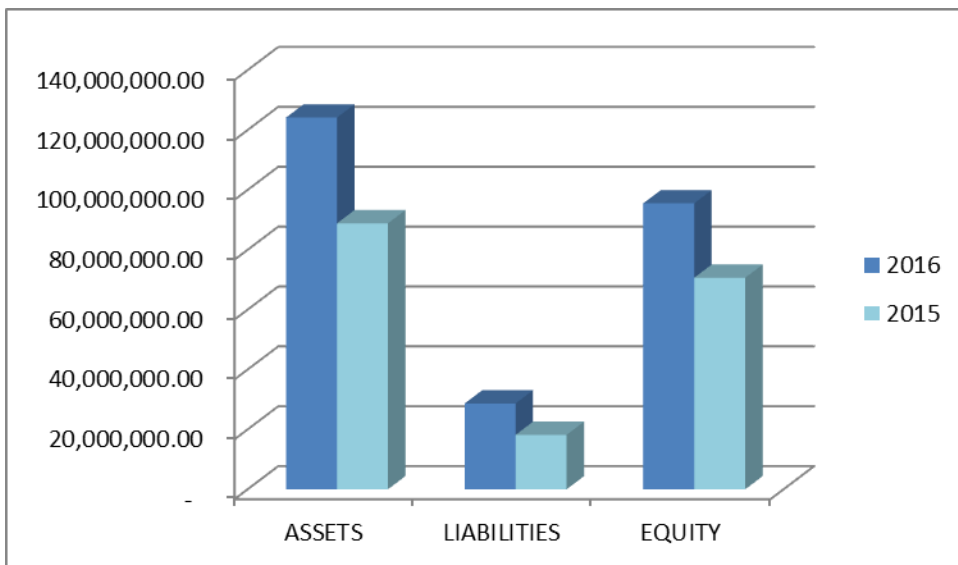
During the year, the agency realized a total income of P62,922,126.85, from its local share of the Internal Revenue Allotment, collection of real property and business taxes, other taxes and licenses which showed an increase of 9.92% as compared to last year's income of P57,243,068.13. The agency also incurred expenses totaling P45,938,324.53 which was 2.35% lower than the previous year's expenses of P47,045,204.76. A graphical format is shown below:



The agency appropriated the total amount of ₱71,925,349.62 which was 6.70% lower than that of CY 2015 of ₱77,087,952.17. On the other hand, obligations during the year amounted to ₱45,681,947.28 an increase of ₱2,178,948.55 or 5.01% compared to previous year's expenditure of ₱43,502,998.73. A comparison of the Appropriations and Obligations for CY 2016 and 2015 is shown below:



The assets, liabilities and equity of the Municipality for CY 2016 amounted to P124,137,123.88, P28,654,982.65 and P95,482,141.23 respectively, which were 39.75%, 57.68% and 35.14% higher compared to CY 2015 of ₱88,827,258.52, ₱18,172,963.03 and ₱70,654,295.49, respectively. A graph for the comparative Asset, Liability and Equity is shown below:



SCOPE OF THE AUDIT

An audit was conducted on the accounts and operations of the Municipality of Ronda 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 Property, Plant and Equipment totaling P61,914,343.40 or 49.88% of the total assets were still not supported with an inventory report thus making its valuation and existence doubtful.

SUMMARY OF SIGNIFICANT OBSERVATIONS AND RECOMMENDATIONS

The following are the significant findings and the corresponding recommendations:

1. Financial assistance totaling P500,000.00 granted to the barangays were not supported with complete documentation contrary to COA Circular No. 2012-001.

We recommend that:

- a. A Memorandum of Agreement requiring liquidation report be executed between the LGU and implementing agency prior to fund release.
 - b. The Municipal Accountant should certify that funds previously released to the requesting agency had been liquidated, verified and accounted for in the books.
2. Driver's Trip Tickets were not properly filled up while the Monthly Report of Fuel Consumption of Motor Vehicles and Monthly Report of Official Travels were not submitted contrary to the provisions of COA Circular 77-61 dated September 26, 1977, thus, the reasonableness and necessity of fuel consumption during the year amounting to P896,374.57 could not be ascertained.

We recommend that management should require the drivers to:

- a. Submit pre-numbered and properly filled up Driver's Trip Tickets.
 - b. Submit a Monthly Report of Fuel Consumption of Motor Vehicles and Monthly Report of Official Travels to the Auditor.
3. Financial assistance to barangays totaling P500,000.00 were recorded as Due to LGUs and Subsidy to Other LGUs instead of Due from LGUs in violation of

Section 112 of PD 1445 and COA Circular No. 2015-009 dated December 1, 2015.

We recommend that the Municipal Accountant prepare the appropriate adjusting entries and that appropriate classification be observed.

4. Assets acquired by the municipality amounting to P8,025,941.08 were debited as Expense and Due to LGUs accounts instead of the appropriate asset accounts in violation of COA Circular No. 2015-009 dated December 1, 2015 and Section 112 of PD 1445, thus, understating the asset accounts, overstating the expense accounts and understating the liability account.

We recommend that the Municipal Accountant prepare the adjusting entries necessary to record the assets acquired by the municipality properly.

5. The municipality purchased Rice in the amount of P1,550,000.00 and T-shirts for P13,500 without the distribution lists and acknowledgement by the recipients supporting the disbursements rendering the transaction doubtful.

We recommend that management submit the distribution lists for rice and T-shirts.

6. Disbursements of the municipality amounting to P761,145.74 lacked official receipts in violation of Section 4 of PD 1445, thus making the transactions doubtful.

We recommend that official receipts be presented to validate the receipt of payment by the payees and the actual occurrence of the transactions.

SUMMARY OF UNSETTLED SUSPENSIONS, DISALLOWANCES AND CHARGES

As of December 31, 2016, the Municipality's Unsettled Suspensions, Disallowances and Charges are shown below:

Notice of Suspension	0.00
Notice of Disallowance	1,745, 114.00
Notice of Charge	0.00
Total	1,745, 114.00

**STATUS OF IMPLEMENTATION OF PRIOR YEARS' AUDIT
RECOMMENDATION**

Of the twenty eight (28) recommendations contained in our Prior Years' Annual Audit Report, two (2) were fully implemented, twelve (12) were partially implemented, and fourteen (14) were not implemented.