

EXECUTIVE SUMMARY

INTRODUCTION

The Municipality of Enrique Villanueva was once a barrio of Canoan (now Larena) named “Talingting”. It is located in the eastern part of the province consisting of 14 barangays. On January 1, 1925, Talingting being the sixth municipality of Siquijor, a sub-province of Negros Oriental through the efforts of the late Governor Enrique Villanueva. In 1932, its name was officially changed to Enrique Villanueva to honor Governor Villanueva for his work in the creation of the Municipality.

As of 31 December 2016, the Municipality of Enrique Villanueva had a personnel complement of:

<i>Nature of Appointment to Office</i>	<i>Number</i>
<i>Elective Officials</i>	11
<i>Permanent Positions</i>	32
<i>Co-terminous</i>	<u>1</u>
	<u>44</u>

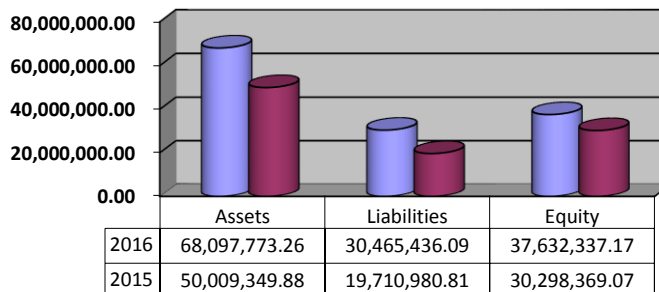
The Municipality derives its mandates from Republic Act No. 7160, known as the Local Government Code of 1991. The Code empowers Local Government Units to exercise efficient and effective governance essential to the promotion of the welfare and the provision of basic services and facilities to its constituents. It is committed to discharge its mandated functions and responsibilities with the highest degree of integrity, dedication and nationalism, and to deliver prompt, responsive and quality service to its constituents.

To improve the standard of living of all the constituents had been the main thrust of the Municipality. To attain this noble goal, this Municipality uses its resources to the maximum level by implementing the programs and projects for the benefit of its constituents.

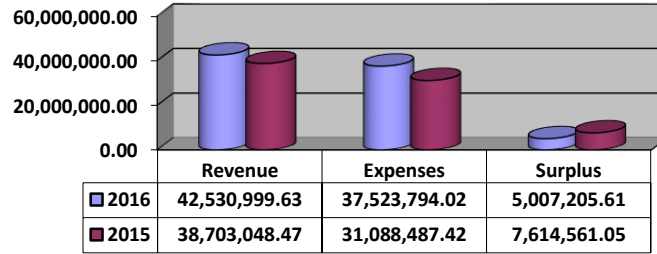
FINANCIAL HIGHLIGHTS

Assets, Liabilities and Equity as well as Revenue and Operating Expenses showed increases and decrease in Surplus for CY 2016 and are graphically illustrated, as follows:

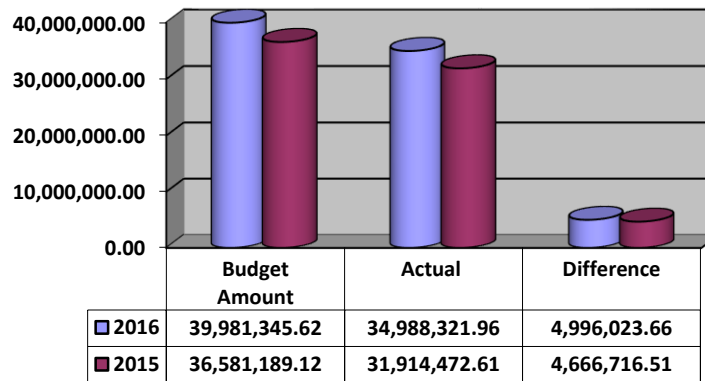
Statement of Financial Position



Statement of Financial Performance



The following graph illustrates the comparison of Budget Amount and Actual Obligations during the year under audit:



SCOPE OF AUDIT

The audit covered the operations of the Municipality of Enrique Villanueva, Siquijor. The objectives of the audit were to ascertain the fairness of presentation and reliability of the financial position and results of operations, 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 financial statements due to the following:

1. The existence and valuation of the Agricultural Produce Inventory amounting to ₱700,700.00 and the movable items in the PPE accounts costing ₱4,822,552.93 could not be relied on due to the non-conduct of physical inventory and the non-maintenance of property ledger cards and stock cards by the Municipal Accountant and the Municipal Treasurer.

2. The Special Education Tax Receivable was not set up during the year thus understating the receivables.
3. Cash advances for travel granted to officials and employees amounting to ₱606,177.19 remained outstanding from one (1) year to 10 years, thus related expenses were not recognized when incurred.

SIGNIFICANT OBSERVATIONS AND RECOMMENDATIONS

The following are the summary of significant observations and recommendations in the audit of the operations of the Municipality of Enrique Villanueva for CY 2016. These and other audit observations are fully discussed in Part II of this report.

1. *Project for Sagana at Ligtas na Tubig para sa Lahat (SALINTUBIG) under the Bottom Up Budgeting (BUB for CY 2015 amounting to ₱3,634,000.00 was not completed as of its targeted date of completion.*

We recommend that the Municipal Mayor in coordination with the Municipal Engineer see to it that projects are implemented within the target date of completion to ensure that constituents are provided with the infrastructure facilities at the earliest time.

2. *Unexpended balance of Local Disaster Risk Reduction and Management Fund (LDRRMF) in the total amount of ₱2,592,786.75 for CY 2016 was not transferred to the Trust Liabilities-DRRM Fund account in the Trust Fund books.*

We recommend that the Municipal Accountant, Municipal Treasurer and Municipal Budget Officer facilitate the transfer of the unexpended balance of the LDRRMF in the General Fund to a special Trust Fund account in the Trust Fund to ensure that the funds are utilized solely to support disaster risk reduction and management activities.

3. *Unexpended balance of Local Disaster Risk Reduction and Management Fund amounting to ₱1,446,319.12 was placed under a time deposit account thus, not all funds invested are idle funds, which may hinder the municipal government from meeting immediate cash requirements in times of disasters or calamities.*

We recommend that the Municipal Treasurer consider terminating the time deposit account of LDRRMF so that this can be readily utilized to support disaster risk management activities.

4. *Copies of perfected contracts and purchase orders were not submitted to the Office of the Auditor within five (5) working days after perfection, thereby preventing the timely review that would ensure that defects and/or deficiencies noted are communicated promptly to Management for corrective action.*

We recommend that Management strictly adhere to the provisions of COA Circular No. 2009-001 dated February 12, 2009 by requiring the prompt submission of copies of perfected contracts, purchase orders and supporting documents for timely auditorial review and technical evaluation.

SETTLEMENT OF ACCOUNTS

Suspensions and disallowances amounting ₱770,313.60 and ₱1,317,345.96 respectively, remained unsettled as of December 31, 2016.

STATUS OF IMPLEMENTATION OF PRIOR YEAR'S RECOMMENDATIONS

Of the 23 audit recommendations embodied in the 2015 Annual Audit Report, two (2) were fully implemented, 14 were partially implemented, and seven (7) were not implemented.