

EXECUTIVE SUMMARY

Introduction

The Municipality of Almeria is composed of thirteen (13) barangays, of which six (6) are coastal barangays, while the remaining seven (7) are mountain barangays and classified as fifth (5) class Municipality.

The agency is primarily mandated by law to provide social welfare, health benefits, agricultural and economic development to the community and its constituents. The municipality is led by Mayor Richard D. Jaguros and assisted by the Vice-Mayor Dominador O. Agajan and eight (8) Sangguniang Bayan Members.

We conducted financial, compliance and value-for-money audit on the accounts and operations of the Municipality of Almeria covering the period from January 1 to December 31, 2016. The audit consisted of review of local operating procedures, processes and practices being done by the agency, inspection of the Municipality's programs and projects/activities, interview with concerned officials/employees, verification, reconciliation and analysis of financial accounts and other audit procedures and techniques considered necessary under the circumstances.

Financial Highlights

The assets, liabilities and equity of the Municipality of Almeria, Biliran as of December 31, 2016 and income and expenses with comparative figures for CY 2015, are as follows:

	2016	2015	Increase (Decrease)	
			Amount	%
Assets	59,485,254.44	44,629,158.52	14,856,095.92	33%
Liabilities	15,250,161.59	12,692,052.15	2,558,109.44	20%
Equity	44,235,092.85	31,937,106.37	12,297,986.48	39%
Income	59,233,742.24	53,996,986.11	5,236,756.13	10%
Expenses	57,299,353.28	52,969,832.01	4,329,521.27	8%

Appropriations, allotments and obligations for CY 2016, as compared with that in CY 2015 as well as funds received from other government agencies and funds transferred to other government agencies are tabulated below:

<u>Particulars</u>	<u>2016</u>	<u>2015</u>	<u>Increase(Decrease)</u>
Appropriations, Allotments and Obligations:			
Appropriations-Current	₱ 59,453,437.00	₱ 51,522,224.00	₱ 7,931,213.00

<u>Particulars</u>	<u>2016</u>	<u>2015</u>	<u>Increase(Decrease)</u>
Appropriations-Continuing	4,873,959.99	5,457,630.19	(583,670.20)
Allotments-Current	59,453,437.00	51,522,224.00	7,931,213.00
Allotments-Continuing	4,873,959.99	3,670,000.00	1,203,959.99
Obligations-Current	48,377,281.31	43,504,073.78	4,873,207.53
Obligations-Continuing	2,946,670.47	3,159,145.48	(212,475.01)
Funds Received from Other Agencies			
NGAs	₱36,201,354.00	₱ 15,751,891.84	₱ 20,449,462.16
LGUs	0.00	22,000.00	22,000.00
NGO/Pos	0.00	0.00	0.00
Others	0.00	0.00	0.00
Total	₱36,201,354.00	₱ 15,773,891.84	₱ 20,471,462.16
Funds Transferred to Other Agencies			
NGAs	0.00	0.00	0.00
LGUs		389,322.40	389,322.40
NGO/Pos	0.00	0.00	0.00
Others		2,596,798.76	2,596,798.76
Total	0.00	₱ 2,986,121.16	₱ 2,986,121.16

Auditor's Opinion on the Financial Statements

The auditor rendered a qualified opinion on the fairness of presentation of the financial statements since the accuracy of the Property, Plant & Equipment (PPE) account is unreliable due to unreconciled discrepancies between the balances per books and per Report on the Physical Count of Property, Plant and Equipment totaling P3,996,101.39 as well as the absence of adequate property records.

Summary of Significant Observations & Recommendations:

In addition to the exceptions stated above, the significant findings with the corresponding recommendations are as follow:

- 1. Funds transferred from various National Government Agencies (NGA) totaling ₱7,100,000.00 million for the implementation of various programs and projects were not fully utilized and implemented.**

We recommend that the Municipal Mayor require each program and project coordinator to fast-track the implementation of programs and projects funded by the National Government in accordance with the timeline provided for in the MOA and require them to submit the Liquidation Reports and other documents to the Source Agency immediately.

- 2. Seven (7) priority projects identified in the CY 2016 Annual Investment Plan (AIP) with an appropriation of ₱1,225,000.00 were not implemented. Also,**

subsidiary ledgers were not maintained to monitor the 20% development fund and its utilization.

We recommend that the Municipal Mayor require the concerned officials an explanation for the non-implementation of said projects. It is also recommended that all identified priority projects in the AIP be implemented in order to maximize the utilization and the beneficiaries could achieve desirable socio-economic development and environmental outcome.

We also recommend that the Municipal Accountant maintain Subsidiary Ledgers for the 20% development fund to account all disbursements and balances of the fund in order also to reconcile immediately the balances from the SAAOB.

- 3. Projects in the LDRRMFIP totaling P668,870.30 were not implemented despite the available funds while the Report on the Receipt and Utilization of LDRRMF were not submitted within the prescribed period, contrary to COA Circular No. 2012-002 dated September 12, 2012, thus, the capability of the LGU to respond in times of disasters was not enhanced, awareness of the residents on hazardous areas was not increased and immediate evaluation of fund utilization was hindered.**

We recommend that the LDRRMO ensure the implementation of all activities in the LDRRMFIP. Also, submit the Report on the Receipt and Utilization of Disaster Risk Reduction and Management Funds on or before the 15th day after the end of each month through the LDRRMC and the Local Development Council (LDC) to the COA auditor of the LGU.

The LDRRMO assured the Audit Team that the programs and projects in the LDRRMIP will be fully implemented in order to utilize fully the LDRRMF in accordance with the purpose.

- 4. The proposed expenditures under the Special Education Fund (SEF) for CY 2016 as approved by the Local School Board were not allocated correspondingly among the priority expenses as enumerated by Republic Act No. 7160 and DECS-DBM-DILG Joint Circular No.1 s. 1998, thus limiting the optimal utilization of the fund.**

We recommend that the Local School Board should give equal importance to all priority expenditures enumerated by law in the utilization of SEF by ensuring that such would be allocated correspondingly in the preparation of the Annual School Board Budget.

5. **The municipality spent ₱108,008.18 for the payment for Responsible Youth and Family Program (RYFP) for the year 2016 without supporting documents, thus the propriety in the implementation of the program and utilization of the funds could not be determined.**

We recommend that the Municipal Accountant request from the Provincial Government of Biliran the required quarterly accomplishment report and the Municipal RYF Council shall prepare the updated 6 year updated strategic plan in order that the objective/vision, mission and major final output of this program is fully attained.

6. **Cash advances granted to officers and employees amounting to ₱141,857.42 as of December 31, 2016 remained unliquidated for more than 30 days from the time the purpose of the cash advance has been served.**

We recommend that the Municipal Mayor require all accountable officers the full liquidation of their respective cash advances. Specifically, require the Municipal Accountant shall carry out the following courses of actions:

- a) For purposes of monitoring, retain a copy of the cash advance voucher and itinerary of travel, as well as keep an index of the cash advances made by each official/employee.
- b) Send, within ten (10) days before the expiration of the 30-day period to liquidate, a written reminder signed by the Municipal Mayor, requiring the official/employee concerned to liquidate his cash advance.
- c) Issue Demand Letters to those who refuse to liquidate their cash advances within the prescribed period. Continued disregard of the demand letters should cause the withholding of any money due the concerned personnel.

Summary of Total Suspensions, Disallowances and Charges

The total unsettled disallowances of the Municipality of Almeria as of December 31, 2016 amounted to ₱46,848.86. There were no unsettled suspensions and charges for the same period.

Status of Implementation of Prior Years' Unimplemented Audit Recommendations

Out of the twenty one (21) recommendations enumerated in the CY 2015 and prior years' Annual Audit Report (AAR), sixteen (16) were fully implemented, three (3) were partially implemented, while two (2) were not implemented.