

## EXECUTIVE SUMMARY

### A. INTRODUCTION

The Municipality of Maramag was created under Executive Order No. 272 issued by President Carlos P. Garcia. Its political subdivision belongs to the Third Congressional District of Bukidnon, Region X, with a total land area of 52,198.98 hectares comprising of 20 barangays. It is an inland municipality approximately 158 kilometers southeast of Cagayan de Oro City, and 154 kilometers from Davao City. Maramag became a first class municipality effective November 2001.

The municipality maintains its vision to become a premiere center of Bukidnon for education, agro-industry, commerce and trade, agriculture and eco-tourism with God-loving, empowered, healthy and self-reliant people, living harmoniously in an environment guided by competent and dynamic leaders headed by Hon. Jose V. Obedencio, Municipal Mayor and the the Sangguniang Bayan composed of the Honorable Vice –Mayor and the Municipal Councilors.

### B. FINANCIAL HIGHLIGHTS

For the period ended December 31, 2016, comparative information on the financial position and performance is summarized, as follows:

<b>Financial Position</b>	<b><u>2016</u></b>	<b><u>2015</u></b>	<b><u>Increase/ (Decrease)</u></b>
Assets	803,235,486.80	727,421,922.23	75,813,564.57
Liabilities	259,624,556.78	234,856,948.29	24,767,609.00
Equity	543,610,930.02	492,564,973.94	51,045,956.08

<b>Financial Performance</b>	<b><u>2016</u></b>	<b><u>2015</u></b>	<b><u>Increase/ (Decrease)</u></b>
Income	297,246,865.11	261,719,084.10	35,527,781.01
Expenses	265,445,620.36	231,280,004.96	34,165,615.40
Net Income	31,801,244.75	30,439,079.14	1,362,165.61

### **C. OPERATIONAL HIGHLIGHTS**

The agency's significant accomplishments on its activities and projects undertaken during the year include, among others, the following:

- A Plaque of Recognition (Bronze Level) was awarded to the Municipal Social Welfare and Development Office for achieving the Fully Functional Local Social Welfare Development Office with 100% compliance to the standards of Memorandum Circular No. 16, s. 2014.
- The LGU received a Plaque of Recognition for its inspiring display of support to BJMP ROX for endowing a municipal lot for the construction of new Maramag Municipal Jail Facility.
- A Gawad Pangulo sa Kapitaligiran award was received by the Municipality for being the fourth Cleanest and Greenest Local Government Unit. This also serve as a recognition of the agency's unwavering support, dedication, and effort contributing to overall outstanding performance of the Province of Bukidnon as National Hall of Fame Awardee of the Clean and Green Program.

### **D. SCOPE OF AUDIT**

A financial, compliance and value for money audit was conducted on the accounts and operations of the Municipality of Maramag, Bukidnon for the period ended December 31, 2016. The audit consisted of the review and evaluation of operating procedures and financial transactions of the Municipality thru interview and inquiry with concerned agency personnel, verification, reconciliation, and analysis of selected accounts and such other alternative procedures and techniques deemed necessary in the circumstances. It also included the review and evaluation of the reported accomplishments with the end view of determining whether applicable laws, rules and regulations were followed in its operations and whether the agency observed economy, efficiency and effectiveness in the management of its funds and resources.

### **E. INDEPENDENT AUDITOR'S REPORT ON THE FINANCIAL STATEMENTS**

The auditor rendered a qualified opinion on the fairness of the presentation of the financial statements as of December 31, 2016 of the Municipality, as discussed in Part I of the report.

## **F. SUMMARY OF SIGNIFICANT FINDINGS AND RECOMMENDATIONS**

1. The accuracy and completeness of the reported movable Property and Equipment accounts, Inventories and Other of the LGU amounting to P88,173,188.93 and P3,115,579.47 respectively, could not be ascertained due to the failure of the LGU in completing the conduct of physical inventory and in submitting the required report of inventory, contrary to specific provision of the NGAs Manual.

*We recommended to management to regularly conduct physical inventory of its properties and inventories once a year to determine existence and physical condition of the assets.*

2. Cash advances aged between 91 days to more than 3 years amounting to P260,451.98 remained unliquidated as of December 31, 2016 contrary to the provisions of Section 89 of P.D. 1445 and COA Circular No. 97-002, resulting to overstatement of asset and understatement of expense accounts.

*We recommended to management to instruct the Accountant to send demand letters to officers and employees requiring settlement of their unliquidated cash advances.*

*Also, we recommended that the management adhere to the provisions on the granting and utilization of cash advances as prescribed by Section 89 of PD 1445 and COA Circular No. 97-002.*

3. Reconciling items reflected in the Bank Reconciliation Statements remained unadjusted for a long time, thus, affecting the accuracy of the balances of the cash in bank accounts.

*We recommended to management to instruct the accounting office to locate the source documents of the subject reconciling items and effect the necessary adjusting entries to reflect the accurate cash in bank balances in the books of the LGU. Thereafter, regularly make the necessary adjusting entries after the discovery of the reconciling items.*

4. Purchase Orders and Inspection Acceptance Report were not properly filled up, thus, precluding the audit team in the determination of conformity with the specification specified by the management and validation on the completeness of the delivered items.

*We recommended to the management that Purchase Orders should be properly filled up in accordance to COA Circular Number 96-010 and to observe its required submission on the prescribed period. Require the Inspectorate Team to completely fill up the Inspection and Acceptance Report.*

**G. STATUS OF IMPLEMENTATION OF PRIOR YEAR'S AUDIT RECOMMENDATIONS**

Out of the seventeen prior years' audit recommendations, eleven findings were partially implemented; while six audit findings were fully implemented.