

EXECUTIVE SUMMARY

A. Introduction

The creation of the Municipality of Concepcion was effected through Executive Order No. 202 dated September 27, 1956. It is a 6th class municipality consisting of eighteen barangays and is located in the northwestern uppermost part of the Province of Misamis Occidental.

As mandated, Concepcion existed as a general-purpose government aiming to deliver economic, social, administrative and legislative basic services and to provide infrastructure projects to the constituents.

As a local government unit, its mission is geared towards contending economic crisis through the prudent usage of government funds and property and improving the current state of the municipality into a more developed agency.

B. Highlights of Financial Operations

Financial Position

As of December 31, 2016, the consolidated financial position of the Municipality of Concepcion, excluding barangays, showed a total asset of P114,180,067, total liabilities of P55,198,173 and equity of P58,981,194 respectively:

	CY 2016	CY 2015
Assets	114,180,067	107,591,013
Liabilities	55,198,873	53,742,509
Government Equity	58,981,194	53,848,504

Financial Performance

The municipality derived its revenue for CY 2016 from real property tax, special education tax, permits and licenses, business and service income, share from internal revenue allotment and other sources totaling P 42,476,521, while expenses incurred went up to P36,525,942 indicating a Surplus for the period of P5,950,579.

	CY 2016	CY 2015
Total Revenue	42,476,521	38,548,125
Total Current Operating Expenses	36,525,942	29,422,289
Surplus	5,950,579	9,125,836

Cash Flows

The Consolidated Statement of Cash Flows showed aggregate inflows and outflows of P 49,383,736 and P 61,879,706, respectively. Balance in cash at the end of CY 2016 was P 15,219,834

	CY 2016	CY 2015
Cash on Hand, Beginning of the Year	27,715,804	17,705,171
Add: Total Cash Inflows	49,383,736	61,229,568
Total Cash Available	77,099,540	78,934,739
Less: Total Cash Outflows	61,879,706	51,218,935
Cash on Hand, End of the year	15,219,834	27,715,804

C. Operational Highlights

During the year, records from the Municipal Engineer disclosed the status of Implementation of Infrastructure Projects undertaken during CY 2016, to wit:

Name of Projects	Project Cost	% of Completion
Concreting of Poblacion-Mantukoy Road (One Lane)	1,000,000	100%
Concreting of Prov'l Road (Poblacion-Maligubaan)	2,000,000	100%
Concreting of Brgy Mantukoy connecting to Guiban Road (551 m one lane)	2,000,000	100%
Improvement of Evacuation Center	2,235,000	100%

D. Scope of Audit

The audit covered the accounts and operations of the Municipality of Concepcion, Misamis Occidental for the period January 1 to December 31, 2016. The audit was conducted through review of documents and reports, evaluation, inspection, observation and inquiry.

The audit was undertaken to ascertain the fairness in the presentation of the financial statements and adherence of the municipality with laws, rules, and regulations and whether programs, activities and projects were carried out in an economical, effective and efficient manner.

E. Independent Auditor's Report on the Financial Statements

The Auditor rendered a qualified opinion on the financial statements of the Municipal Government of Concepcion for the period ended December 31, 2016 due to delayed submission of municipal accounts precluding the timely audit of disbursements and verification of the accuracy of cash balances aggregating P37,368,950. Likewise, the recorded Government Equity in the Trust Fund amounting to P 487,678 contravened sound government accounting practice.

F. Significant Findings and Recommendations

- 1. Delayed submission of CY 2016 disbursement vouchers and bank reconciliations reports contravened Sections 107 and 39(3) of P.D. 1445, thereby precluding the timely audit of transactions and verification of the accuracy of the reported cash balances aggregating P 37,368,950.**

We have recommended to management to require the Municipal Accountant to immediately submit the required reports and accounts observing the provisions of aforementioned law and regulations. Likewise, we enjoin management to provide personnel augmentation in the accounting and treasury office to handle the preparation and submission of the reports.

- 2. Recorded Government Equity in the Trust Fund amounting to P 487,678 contravened sound government accounting practice, thereby casting doubts as to the faithful representation of the recorded amount and other accounts maintained in the Trust Fund.**

We have recommended to the Agency Head to instruct the Municipal Accountant to extend earnest efforts to locate the records containing the journal entries on the recorded government equity and verify the breakdown to be transferred to the General Fund. In addition, he should direct the accountant to send confirmation letters to identified source agencies to provide basis to reconcile the equity account with adjustment in appropriate account(s).

- 3. Unreconciled reciprocal accounts Due to/from Other Funds totaling P 5,638,420 opposed the faithful representation criteria contained under Philippine Public Sector Accounting Standards (PPSAS) No. 1, hence misstating said accounts.**

We have recommended to management that he directs the Municipal Accountant to reclassify the erroneous fund transfers and reconcile the reciprocal accounts. Likewise, we enjoin management to require immediate liquidation of the fund transfers made.

G. Summary of Total Suspensions, Disallowances and Charges

Total audit suspensions, disallowances and charges as of December 31, 2016 is shown below:

	Suspension	Disallowances	Charges
Balances prior to Oct. 1, 2009			
Balance, 1/1/ 16	-	1,242,147	-
Less: Settlements	-	-	-
Balance, 12/31/16		1,242,147	
Balances after Oct.1, 2009(RRSA Effectivity)			
Beg. Balance as of 1/1/16	1,005,280	207,794	-
Add:Suspensions/Disallowances (Jan-Dec 2016)	9,030,819	31,500	-
Total	10,036,099	239,294	-
Less: Settlements	255,945	-	-
Balance, 12/31/2015			-
TOTAL	<u>P 9,780,154</u>	<u>P 1,481,441</u>	-

H. Status of Implementation of Prior Year's Audit Recommendations

Of the twelve (12) audit recommendations embodied in the 2015 Annual Audit Report, four (4) were fully implemented and eight(8) were partially implemented. The partially implemented prior year's recommendations were being discussed in the Auditor's Validation Report and are reiterated for better operations of the auditee.