EXECUTIVE SUMMARY

Introduction

The Municipality of La Libertad was created in 1902 under the Municipal Code (Act No. 82) enacted by the Second Philippine Commission. In April 1903, the Philippine Commission passed Resolution (Act No. 715), adopting a policy to reduce the number of municipalities in each province. Under this Act, the Municipalities of La Libertad and Jimalalud were merged with the Municipality of Tayasan. Under Resolution No. 368 passed by the Provincial Board of Negros Oriental on July 11, 1918, the Municipality of La Libertad was separated from the Municipalities of Tayasan and Jimalalud on January 10, 1919. It is presently classified as a third-class municipality.

As of December 31, 2024, the Municipality had a personnel complement of 471, as shown below:

Nature of Appointment to Office	*Quantity*
Elective Officials	10
Permanent/Regular Positions	47
Casual Plantilla	46
Job Orders (Office-based)	368
TOTAL	**471**

Audit Objective

The objectives of the audit are to (a) ascertain the fairness of the presentation of the financial statements; (b) ascertain the propriety of financial transactions and compliance with prescribed rules and regulations; (c) recommend agency improvement opportunities; and (d) determine the extent of implementation of prior years' audit recommendations.

Audit Methodology

The Commission has been implementing a risk-based audit in the conduct of its audit services. However, to meet the evolving developments in public governance and fund management, the results-based approach in the audit was incorporated.

Scope of Audit

An audit was conducted on the accounts and operations of the Municipal Government of La Libertad for 2024. The audit consisted of a review of operating procedures, evaluation of the LGU's programs and projects, interview of concerned government officials and employees, verification, reconciliation, confirmation, inspection, and analysis of accounts, and such other procedures considered necessary.

Financial Highlights

The financial condition and results of operation of the Municipal Government of La Libertad as of December 31, 2024, with comparative figures for CY 2023, are summarized as follows:

Statement of Financial Position	2024 (in ₱)	2023 (in ₱)	Increase/ (Decrease)
Assets	566,789,741.89	564,697,674.99	2,092,066.90
Liabilities	170,063,502.20	174,920,768.24	(4,857,266.04)
Government Equity	396,726,239.69	389,776,906.75	2,092,066.90

On the other hand, the Statement of Financial Performance reflects decreases in revenue and surplus, as well as decreases in expenses, as shown below:

Results of Operations	2024	2023	Increase/ (Decrease)
Revenue	193,214,101.41	182,002,445.24	11,211,656.17
Personnel Services	58,073,083.77	59,198,444.88	(1,125,361.11)
Maintenance and Other Operating Expenses	92,749,752.22	153,802,769.83	(61,053,017.61)
Non-cash Expenses	19,003,666.36	15,932,279.46	3,071,386.90
Net Financial Assistance/ Subsidy	(1,386,852.28)	(9,892,157.21)	8,505,304.93
Non-operating Income	370,879.40	571,706.46	(200,827.06)
Net Surplus (Deficit)	22,371,626.18	(56,251,499.68)	78,623,125.86

Independent Auditor's Report on The Financial Statements

The Auditor rendered a qualified opinion on the fairness of the presentation of the financial statements for the year ended, due to the effects of the following exceptions, as discussed in Part II of this Report:

1. The Municipality of La Libertad did not conduct the physical count of Property, Plant, and Equipment (PPE) as provided under the guidelines and procedures on the one-time cleansing of PPE, thus affecting the fairness of presentation of the PPE accounts amounting to ₱401,189,329.31 in the financial statements (FS) at year-end.

2. The existence, validity, and correctness of the Inventory accounts totalling ₱3,013,247.40 as of December 31, 2024, have not been established due to (a) non-conduct of the year-end physical count, (b) non-compliance with the Perpetual Inventory Method, and (c) non-maintenance of supplies ledger cards and stock cards by the Offices of the Municipal Accountant and Municipal Treasurer, respectively, thereby, affecting the fairness of the presentation of these accounts in the FS.

3. Biological Assets valued at ₱457,500.00 that have been in the books for more than five years, were not stated at fair value as of the reporting date due to the non-submission of the Inventory Report of Breeding Stocks and the prevailing market price for each item by the Municipal Agriculturist to the Municipal Accountant, thus, rendering the existence and valuation of the account presented in the FS doubtful and unreliable.

Significant Audit Observations and Recommendations

In addition to the above-noted deficiencies, below are the significant audit observations and recommendations noted in the course of the audit:

1. The unexpended balances of the LDRRMF from prior years amounting to ₱25,522,828.72 which were transferred to the Special Trust Fund (STF) were not considered and integrated into the LDRRMFIP for CY 2024 and may result in inefficiencies in allocating and utilizing funds for disaster risk reduction and management efforts, as well as missed opportunities for disaster resilience and preparedness initiatives.

   We recommended that the LDRRMO and the MDRRMC:

   a. Include PPAs that are chargeable against the prior years' unexpended LDRRMF in the annual LDRRMFIP of the current year, in accordance with the format prescribed under Annex A of COA Circular No. 2012-002; and

   b. Establish an efficient review and monitoring system to ensure that the LDRRMFIP complies with the requirements outlined in COA Circular No. 2012-002.

2. Purchases of medicines and animal bite vaccines for RHU and infirmary totaling ₱4,994,218.25 and honoraria for volunteer rescue responders totaling ₱910,798.21 were improperly charged to the LDRRMF, hence reducing the funds available for disaster risk reduction and management activities.

   We recommended that Management:

   a. Desist from charging the cost of medicines and animal bite vaccines for the RHU and honoraria for volunteer rescue responders to the LDRRMF;

   b. Reimburse the LDRRMF from the General Fund for the cost of honoraria for volunteer rescue responders and medicines and animal bite vaccines used for purposes other than those related to disaster risk reduction and management; and

c. Adhere strictly to the provisions of DILG Memorandum Circular No. 2012-73 dated April 17, 2012, and NDRRMC-DBM-DILG JMC No. 2013-1 dated March 25, 2013, on the utilization of the LDRRMF.

Summary of Suspensions, Disallowances, and Charges

The reported audit suspensions, disallowances, and charges of the LGU as at December 31, 2024, were as follows:

	Ending Balance (As of 12/31/2023)	**NS/ND/NC Issued** from 01/01/2024 to 12/31/2024	**NS/ND/NC Settled** from 01/01/2024 to 12/31/2024	**Ending Balance** (As of 12/31/2024)
Suspensions	₱ 4,212,000.00	₱ 0.00	₱ 0.00	₱ 4,212,000.00
Disallowances	16,000.00	0.00	0.00	16,000.00
Charges	0.00	0.00	0.00	0.00

Further, the table below shows the respective balances of suspensions, disallowances, and charges of ₱4,212,000.00, ₱16,000.00, and ₱0.00, respectively, with breakdown as to timing and age as follows:

Timing	**Age**	**NS**	**ND**	**NC**
07/01/2022 to 12/31/2024 *(Current Administration)*	Less than 1 year to 2.5 years	₱ 0.00	₱ 0.00	₱ 0.00
07/01/2019 to 06/30/2022	More than 2.5 to 5.5 years	0.00	0.00	0.00
07/01/2016 to 06/30/2019	More than 5.5 to 8.5 years	0.00	0.00	0.00
07/01/2013 to 06/30/2016	More than 8.5 to 11.5 years	4,212,000.00	16,000.00	0.00
07/01/2010 to 06/30/2013	More than 11.5 to 14.5 years	0.00	0.00	0.00
10/06/2009[1] to 06/30/2010	More than 14.5 to 15.25 years	0.00	0.00	0.00
Total		**₱4,212,000.00**	**₱16,000.00**	**₱ 0.00**

Of the total balance of disallowances of ₱16,000.00, none is pending appeal at various levels of adjudication pursuant to the COA Rules and Regulations on Settlement of Accounts (RRSA).

Lastly, of the total suspensions of ₱4,212,000.00, 100% is still for settlement by persons determined responsible. Under the RRSA, a suspension should be settled within ninety (90) calendar days from receipt of the NS; otherwise, the transaction covered by it shall be disallowed/charged after the Auditor is fully satisfied that such action is appropriate. Consequently, the Auditor shall issue the corresponding ND/NC.

[1] COA Circular No. 2009-006

Status of Implementation of Prior Years' Recommendations

Of the 88 prior years' audit recommendations, 17 were implemented and 71 were unimplemented.