EXECUTIVE SUMMARY

Introduction

The Municipality of Sibulan is a 2^{nd} class Municipality and is among the 19 towns of the Province of Negros Oriental. On April 2, 1903, by virtue of Republic Act (RA) No. 715, Sibulan was merged with Dumaguete, which was then a Municipality. On January 31, 1910, through the passage of RA No. 52, it was separated from Dumaguete and was officially recognized as a Municipality. Based on the CY 2020 census, it has a population of 64,343 people.

As of December 31, 2024, it had a personnel complement of 363, as shown below:

Nature of Appointment to Office	*Quantity*
Elective Officials	12
Permanent Positions	100
Casuals	41
Job Orders/Co-terminus/Contract of Service	210
Total	**363**

Audit Objectives

The objectives of the audit were to (a) ascertain the level of assurance that may be placed on management assertions on the financial statements; (b) determine compliance of management with laws, rules, and regulations on the pre-identified audit thrusts/areas and recommend agency improvement opportunities thereon; and (c) 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 Sibulan for CY 2024. The audit consisted of a review of operating procedures, evaluation of the LGU's programs and projects, interviews of concerned government officials and employees, verification, reconciliation, confirmation, inspection, and analysis of accounts, and such other procedures as considered necessary.

Financial Highlights

A comparative analysis of the Statement of Financial Position, as illustrated below, showed increases in assets, liabilities, and equity:

Accounts	**2024 (in ₱)**	**2023 (in ₱)**	**Increase (Decrease)**
Statement of Financial Position			
Assets	828,312,033.32	774,542,306.85	53,769,726.47
Liabilities	83,267,835.86	78,872,254.13	4,395,581.73
Government Equity	745,044,197.46	695,670,052.72	49,374,144.74

On the other hand, the Statement of Financial Performance reflects an increase in revenue and expenses and a decrease in surplus, as shown below:

Accounts	**2024 (in ₱)**	**2023 (in ₱)**	**Increase (Decrease)**
Results of Operations			
Revenue	325,532,688.84	303,883,593.58	21,649,095.26
Personnel Services	95,632,616.70	85,954,730.44	9,677,886.26
Maintenance and Other Operating Expenses	148,522,271.73	128,653,265.25	19,869,006.48
Financial Expenses	0.00	0.00	0.00
Non-cash Expenses	28,921,210.25	23,963,215.69	4,957,994.56
Net Financial Assistance/ Subsidy	(1,513,000.00)	(1,367,660.00)	(145,340.00)
Net Surplus (Deficit)	50,943,590.16	63,944,722.20	(13,001,132.04)

The following table illustrates increases in the final budget or appropriations and actual amounts or obligations during the year:

Particulars	**2024 (in ₱)**	**2023 (in ₱)**	**Increase (Decrease)**
Final Budget	435,467,471.77	431,645,250.53	3,822,221.24
Actual Amounts	311,198,038.37	268,881,805.37	42,316,233.00

Independent Auditor's Report on the Financial Statements

We rendered a qualified opinion on the fairness of the presentation of the financial statements for the year ended, taking exceptions to the effects of the following:

1. The Local Government Unit did not take advantage of the guidelines and procedures on the one-time cleansing of Property, Plant, and Equipment (PPE), thus affecting the fairness of presentation of the financial position in the financial statements and depriving the government of reliable and useful information in decision-making and accountability for these assets.

2. The Real Property Tax (RPT) and Special Education Tax (SET) receivables were not properly set up and maintained, thus showing nil balances instead of ₱34,098,709.48, thereby understating the RPT and SET receivables by the same amount.

3. The transfer of the unexpended balance of the LDRRMF- Quick Response Fund (QRF) and the Maintenance and Other Operating Expenses (MOOE) of the Mitigation Fund (MF) was not recorded in the Trust Fund books during the year, contrary to Items 5.1.10 and 5.1.12 of COA Circular No. 2012-02 dated September 12, 2012, resulting in the understatement of the receivable and trust liability accounts by ₱5,512,645.49.

Significant Observations and Recommendations

The following are the significant audit observations and recommendations in the audit and/or evaluation of the operations of the Municipal Government for CY 2024. These, and other audit observations discussed by the Audit Team with Management in an exit conference on June 9, 2025, are fully presented in Part II of this Report.

a. **The Cash in Bank balances showed a discrepancy of ₱(3,068,540.08), net of outstanding checks, compared to the confirmed balances from the depository bank, which remained unadjusted because book reconciling items in the Bank Reconciliation Statements (BRS) were not recorded during the year, thus presenting an inaccurate and unreliable balance in the financial statements.**

   We recommended that the Municipal Accountant:

   a. Immediately complete the reconciliation of all bank accounts and ensure that all valid reconciling items identified in the BRS are properly adjusted in the Municipality's books;

   b. Strictly comply with Sections 3.2 and 3.3 of COA Circular No. 96-011, which require timely reconciliation and adjustment of the General Ledger within 10 days from receipt of the bank statements;

   c. Establish and enforce internal control procedures, including setting fixed monthly deadlines for the preparation and review of BRS and requiring prompt investigation and resolution of all reconciling items; and

d. Coordinate with the concerned offices to expedite the retrieval of supporting documents and perform the necessary analyses to validate and clear long-standing reconciling items.

b. **The accounts Cash Local Treasury, Advances for Operating Expenses and Advances for Payroll accounts showed unreconciled difference of ₱(1,202,851.92), ₱(167,591.72), and ₱(907,644.16), respectively, against the cashbook balances, thus the reliability of the cashbook and General Ledger (GL) balances could not be relied upon.**

We recommended and the Municipal Treasurer and Municipal Accountant agreed to trace the differences between the cashbook and the General Ledgers of the Cash Local Treasury, Advances for Operating Expenses, and Advances for Payroll accounts. We further recommended that, henceforth, Management require the Municipal Treasurer and Municipal Accountant to properly conduct the quarterly reconciliation between the treasury records and accounting records in compliance with Section 143 (A.7) of the LTOM.

c. **The Municipality did not implement the procedures on the proper disposition and cleansing of dormant accounts totaling ₱2,108,562.90, resulting in the continued recognition of unsupported balances in the financial records and impairing the fair and faithful presentation of the Municipality's financial statements.**

We recommended that the Local Chief Executive direct the Municipal Accountant to:

a. Review and analyze all dormant accounts to determine their validity and secure/gather all available documents related to these accounts;

b. If a complete review and analysis cannot be performed due to missing documents and records, he shall then prepare a list of available records pertaining to the dormant account, indicate the extent of validation conducted, and attach all documents to the list. A detailed list of all lost documents or records must be included; and

c. Prepare and submit a detailed report to the Head of Agency recommending an investigation to determine the cause/s of the missing documents and identify the official/s and employee/s responsible for the loss.

We further recommended that if the investigation results warrant a request for authority to write-off from the Commission, the Head of the Accounting Unit, through the HoA, should file with or through the ATL and/or SA, depending on the jurisdictional amount, a request for the approval of COA to write-off or derecognize the dormant accounts from the books. The request shall be supported by the documents listed in Annex 8 of the Circular.

Summary of Total Suspensions, Disallowances, and Charges as of Year-End

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

	Beginning Balance (As of 1/1/2024)	This Period January 1 to December 31, 2024		Ending Balance (As of 12/31/24)
		NS/ND/NC	NSSDC	
Notice of Suspension	₱ 0.00	₱ 0.00	₱ 0.00	₱ 0.00
Notice of Disallowance	4,003,000.00	0.00	0.00	4,003,000.00
Notice of Charge	0.00	0.00	0.00	0.00

Status of Implementation of Prior Years' Recommendations

Of the 45 audit recommendations contained in the CY 2023 and prior years' Annual Audit Reports, eight were implemented and 37 were unimplemented. Of the eight implemented recommendations, two were closed due to changes in conditions. Meanwhile, of the 37 unimplemented recommendations, three were reiterated and included in audit observation numbers 1 and 9, while eight were restated in audit observation numbers 1, 2, 3, 5, and 6 in Part II of this report, in view of the similarity of the issues involved.