

EXECUTIVE SUMMARY

Introduction

The Livestock Development Council (LDC) was created by virtue of Presidential Decree No. 914 dated March 29, 1970. It became an attached agency of the Department of Agriculture (DA) by virtue of Executive Order No. 116 with the objective of overseeing and integrating the administration and implementation of the livestock industries and allied industries development and rationalization.

LDC is mandated to formulate and establish comprehensive policy guidelines for the development of the livestock industry in all its aspects.

To achieve the goal of the agency, the following strategies are being adopted:

- Formulate programs to achieve major self-sufficiency, efficiency and stability in food commodities of animal origin;
- Coordinate, integrate and supervise all policies and programs of all government agencies charged with the implementation thereof;
- Evaluate the activities and accomplishments of all agencies of the government charged with the implementation of different aspects of the livestock development programs; and
- Assist, coordinate and integrate private sector activities with that of the government sector with the purpose of involving the private sector in the food development programs of animal origin and allied industries.

It is headed by an Executive Director, who is directly responsible to the Council, and assisted by a Deputy Executive Director. The actual personnel complement of LDC is 33.

Financial Highlights

How LDC managed its financial resources during the year can be seen in the following presentation:

	As of December 31 2005	As of December 31 2004	Increase / (Decrease)
<i>a. Financial Condition</i>			
Assets	₱ 37,180,046.04	₱ 40,816,894.28	₱ (3,636,848.24)
Liabilities	29,090,720.47	27,796,843.86	1,293,876.61
Government Equity	8,089,325.57	13,020,050.42	(4,930,724.85)

<i>b. Sources and Uses of Funds</i>			
Allotments Received	₱ 10,010,421.53	₱ 9,814,663.00	₱ 195,758.53
Obligations Incurred	9,989,363.94	9,487,281.86	502,082.08
Balance	21,057.59	327,381.14	(306,323.55)

During the year, the Agency also received funds from the Department of Agriculture – Office of the Secretary and the National Agriculture and Food Council (NAFC) for the implementation of Ginintuang Masaganang Ani (GMA) Project in the total amount of ₱19,099,514.00 of which ₱ 10,167,713.35 was disbursed, thereby leaving a balance of ₱8,931,800.65.

Operational Highlights

The agency reported the following accomplishments of its major thrusts:

ACTIVITIES	2005		
	Target	Accomplishment	%
No. of Programs Developed and Formulated	4	1	25
No. Road Maps Monitored	5	5	100
No. of Livestock News Published	4	4	100
No. of Trade Fairs/Exhibits participated in	10	4	40
No. of Dialogues/Meetings/Consultations Conducted/Facilitated	22	28	127
No. of Policy Studies Commissioned	3	1	33.3

Scope Of Audit

The audit covered the accounts and operations of the Council for the calendar year 2005. It aimed to ascertain the propriety and validity of accounts as presented in the financial statements and other financial data. The audit also covered compliance testing of transactions done on a sampling basis and substantive tests of transactions and balances done as a result of an assessment of risks that are present in the agency.

Auditor's Report

The auditor rendered an unqualified opinion on the fairness of presentation of the 2005 financial statements. The deficiencies noted in the CY 2004 financial statements have been corrected.

Observation and Recommendation

The Livestock Development Council (LDC) paid its officers and employees the total amount of ₱1,673,581.77 for cost of living allowance (COLA) and amelioration

allowance for the period July 1, 1989 to March 16, 1999 even without proper appropriation from the Department of Budget and Management (DBM), and CNA benefits for CY 2005. Since the DBM prohibited the payment of allowances and other benefits in its issuance of NBC No. 2005-502 dated October 26, 2005 and the Supreme Court ruled that payment of CNA benefit is contrary to RA 7658 and that such payments are also considered as ineligible expenses to be charged to its trust fund, Fund 184, we recommended that the LDC officers and employees who received such allowances and benefits shall refund the amount in full. This observation together with the corresponding recommendation was discussed with the officials of the Agency and their response was incorporated in the report.

Implementation Of Prior Year's Audit Recommendations

Of the 4 audit recommendations in the prior year's audit, 2 were fully implemented, and the other 2 were partially implemented.