

EXECUTIVE SUMMARY

INTRODUCTION

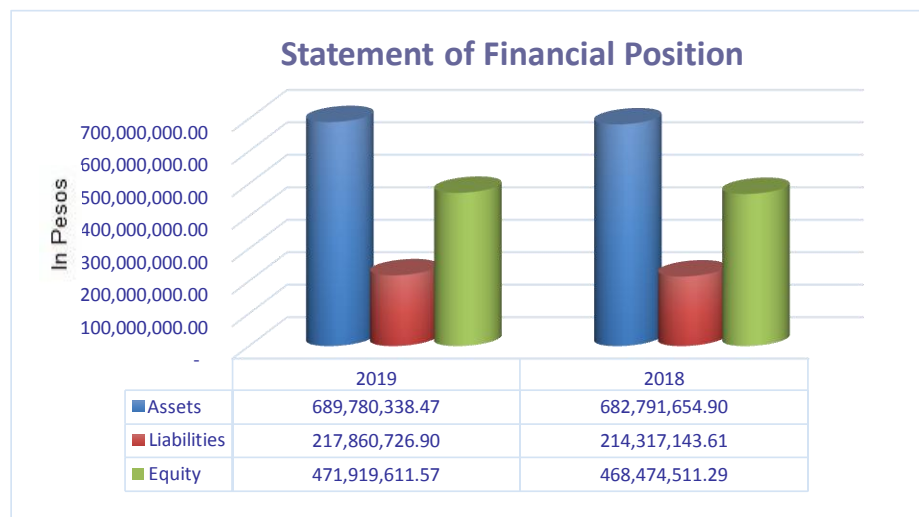
The Municipality of La Libertad was created in 1902 under the Municipal Code (Act No. 82) enacted by the Second Philippine Commission. In April 1903, the Philippine Commission passed a Resolution (Act No. 715) adopting the policy of reducing the number of municipalities in each province. Under this Act, the Municipalities of La Libertad and Jimalalud were merged with the Municipality of Tayasan. By virtue of 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, 2019, the municipality had a personnel complement of 414, as shown below:

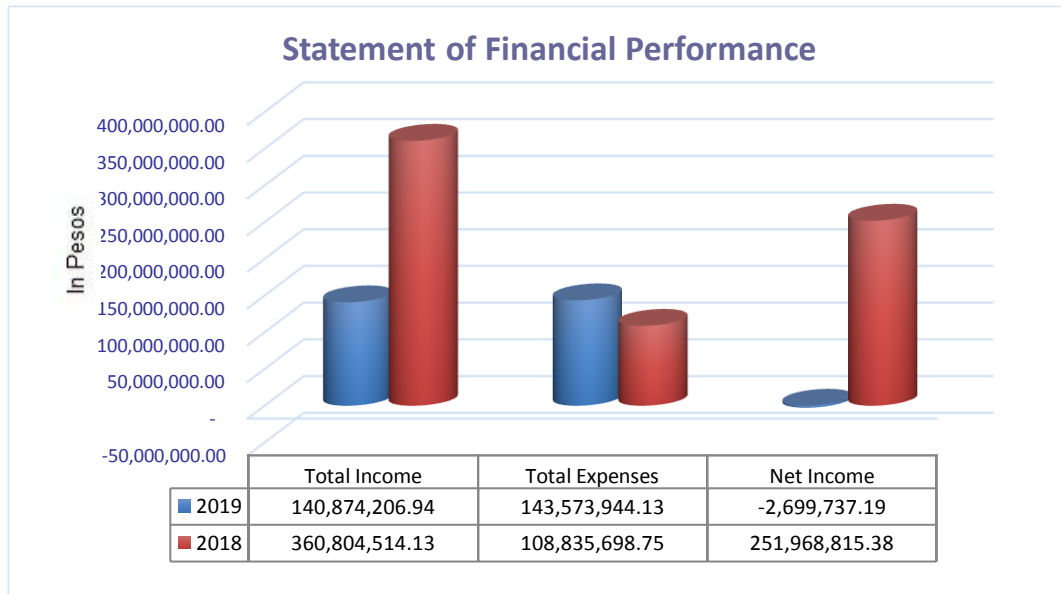
<i>Nature of Appointment to Office</i>	<i>Quantity</i>
Elective Officials	12
Permanent/Regular Positions	46
Casual Plantilla	18
Job Orders (Office-based)	338
TOTAL	414

FINANCIAL HIGHLIGHTS

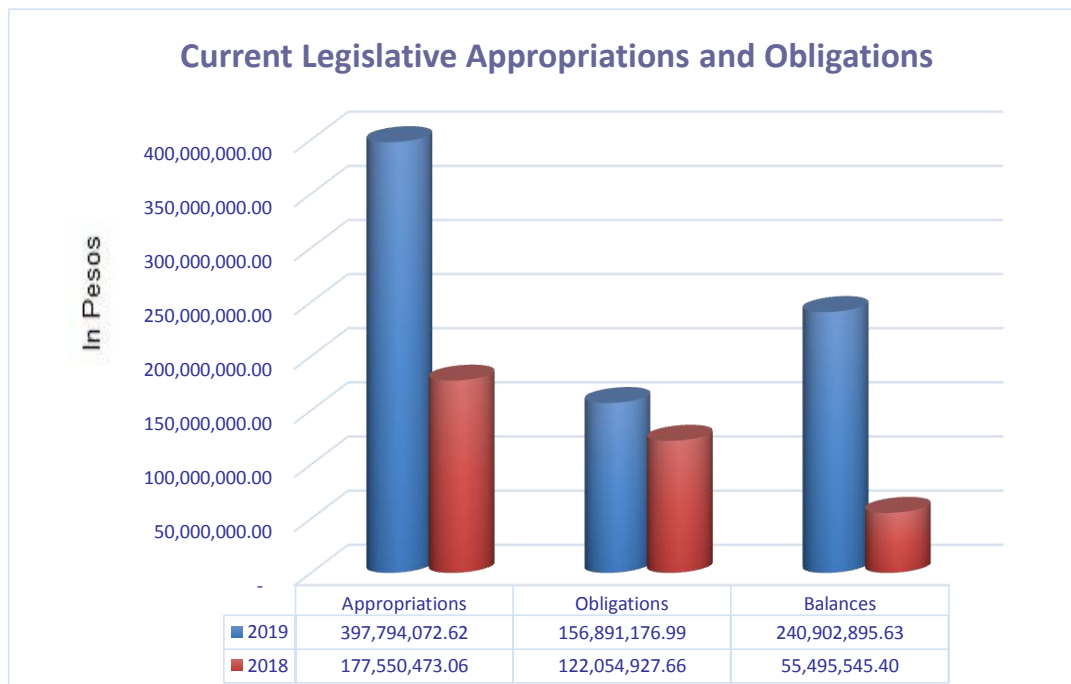
Comparative analysis of the Statement of Financial Position as graphically illustrated below showed an increasing trend in the municipality's assets, liabilities and equity.



On the other hand, the Statement of Financial Performance for CY 2019 reflected a decrease in income and an increase in expenses, as graphically illustrated below:



The following graph shows an increase in appropriations and obligations:



SCOPE OF AUDIT

The audit covered the operations of the Municipality of La Libertad, Negros Oriental for calendar year 2019. The audit was conducted to ascertain the propriety of financial transactions and compliance of the agency to prescribed laws, rules and regulations. It was also made to ascertain the fairness of presentation of the financial statements.

Our examination consisted of the verification of records on a test basis, review of operating procedures, interview with concerned officials and employees, analysis of accounts, and such other procedures considered necessary in the circumstances.

AUDITOR'S OPINION ON THE FINANCIAL STATEMENTS

We rendered a qualified opinion on the fairness of presentation of the financial statements of the Municipality for the year ended December 31, 2019 due to the following deficiencies:

1. As reported in Part II, the neglect of the Municipal Accounting and Treasurer's Offices to identify and sort beginning balances of inventory and PPE accounts totaling ₱123,712,543.04 after the initial roll-out of the electronic New Government Accounting System, as well as the neglect of these offices to maintain ledger cards and stock cards, respectively, has resulted in the questionable accuracy and reliability of the affected accounts in the financial statements; and
2. As reported in Part III, the existence and accuracy of the movable PPE accounts valued at ₱62,473,696.38 which comprises 9.06% of total assets as of December 31, 2019, cannot be ascertained since the inventory committee was not able to conduct the physical count and prepare the corresponding report.
3. As also reported in Part III, an unreconciled difference of ₱65,080,881.22 between the balance of Cash in Bank per books and per bank exists due to the inability of the accounting office to complete the bank reconciliation statements for CY 2009 and prior years for the General Fund and for CYs 2009 to 2017 for the Trust Fund thus the accuracy of the balance of Cash in Bank is doubtful.

SIGNIFICANT OBSERVATIONS AND RECOMMENDATIONS

The following is the summary of significant observations and recommendations in the audit of the operations of the Municipality of La Libertad, Negros Oriental for the year ended December 31, 2019:

1. The neglect of the Municipal Accounting and Treasurer's Offices to identify and sort beginning balances of inventory and PPE accounts totaling ₱123,712,543.04 after the initial roll-out of the electronic New Government Accounting System, as well as the neglect of these offices to maintain ledger cards and stock cards, respectively, has

resulted in the questionable accuracy and reliability of the affected accounts in the financial statements.

We recommended that the Municipal Accountant coordinate with the Municipal Treasurer's Office in identifying and sorting the "For Identification" accounts totaling ₱123,712,543.04 and to reclassify these to the proper asset accounts.

2. Failure to comply with the regulations on the grant and liquidation of cash advances under COA Circular No. 97-002 has resulted in the accumulation of cash advances amounting to ₱464,502.35 as of December 31, 2019, of which 51.56% are aged more than five years and may have adversely affected the fair presentation of the receivable and expense accounts of the municipality while exposing government funds to the risk of loss due to unauthorized or personal use by the officers accountable therefor.

We recommended that management issue demand letters to incumbent and former officials and employees with unliquidated cash advances otherwise withhold the amounts from the salaries of incumbent personnel. We also recommended that the LGU notify the Department of Education of Mr. Amado Vidal's unliquidated cash advance and request them to withhold the amount from his salaries. In addition, we recommended that the Municipal Accountant and other concerned officials/employees to strictly observe the provisions of COA Circular No. 97-002 in the grant, utilization and liquidation of cash advances.

3. Agricultural and construction materials worth ₱150,513.00 could not be accounted for during ocular inspection by the audit team, but none of the personnel assigned to sign the Acceptance and Inspection Report could provide plausible explanation but admitted that they signed the AIR without counting or examining the items delivered, resulting to substantial loss to the government considering the amount of purchases that have already been made by the municipality.

We recommended that the personnel responsible for the unaccounted property be required to refund the amount to the government pursuant to a Notice of Disallowance to be issued by the audit team. We recommended further that, henceforth, they be required to strictly perform their assigned duties and responsibilities in the acceptance and inspection of purchases, and that the municipality clearly establish and define each personnel's responsibility for government property, including custodianship thereof.

4. Out of a targeted Real Property Tax/Special Education Tax collections set by the Municipal Assessors Office for CY 2019 of ₱1,780,620.52, only ₱537,336.92, or 30.18% was collected due to lack of personnel to conduct intensified collection measures or tax campaigns, thus cash to finance various priority services and projects may not be readily available.

We recommended that the municipal treasurer improve the municipality's tax collection efficiency by issuing, before the end of the year, tax bills to constituents, prioritizing those who large landholdings, and by conducting tax campaigns, tapping the assistance of the barangay officials in these efforts. We also recommended that

the LGU issue notices of delinquency and impose remedies provided by law, where applicable.

5. Two hand tractors purchased by the municipality at the cost of ₱140,000.00 each or a total of ₱280,000.00 have not been used until now because, in one beneficiary barangay, most farmers are planting tobacco and corn instead of rice, while the other barangay had a stair-like terrain not suitable for tilling by hand tractor, thus wasting government funds. In addition, procurement of coconut, cacao and coffee seedlings were not properly monitored by the Municipal Agriculture office, resulting in the failure of the project.

We recommended that henceforth, the Municipal Agriculture Officer conduct actual field evaluation and consultation of who would be the appropriate farmers/recipients of the programs, projects and activities to achieve efficient and effective use of scarce government resources. We also recommended that the Municipal Agriculture Office constantly monitor projects implemented in order to ensure good agricultural practices. Also, we recommended that the Local Chief Executive direct the Municipal Agricultural Officer to submit a proposal to the Department of Agriculture, with endorsements from the Sangguniang Bayan (SB) and the Local Poverty Reduction Action Team (LPRAT), for the transfer to other beneficiaries the hand tractors intended for the Bunacan Irrigators' Association and Tala-on Forestland Farmers' Association and to immediately distribute these to the beneficiaries/farmers.

Other observations noted during the audit are fully discussed in Part II of this report.

SETTLEMENT OF ACCOUNTS

No notices of suspensions, disallowances and charges were issued during the year. However, prior years' suspensions and disallowances amounting to ₱4,212,000.00 and ₱16,000.00, respectively, remained unsettled as of December 31, 2019.

STATUS OF IMPLEMENTATION OF PRIOR YEARS' AUDIT RECOMMENDATIONS

Of the 32 audit recommendations, two were fully implemented, 21 were partially implemented and eight were not implemented while one could no longer be implemented in view of the DENR's findings that the lots in question were not owned by the LGU.