



# LEAGUE OF CITIES OF THE PHILIPPINES

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2016-2019

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14 June 2017

**HON. MICHAEL G. AGUINALDO**  
Chairman, Commission on Audit  
Batasan Hill, Quezon City

Dear **Chairman Aguinaldo**,

The Cities of Bais and Canlaon prompted our attention on the Audit Observation Memorandum (AOM No. Bais 2017-011<sup>1</sup> and AOM No. Canlaon 2017-009[16]<sup>2</sup>, respectively) issued by State Auditor Sylvia A. Almazan. The memoranda issued pertain to the payment of the cities of its annual membership dues to the Leagues acknowledged by printed official receipts of the League instead of the official receipt of the Republic of the Philippines prescribed under Section 505 (b) of Republic Act No. 71.

The State Auditor, thereby, recommends that the treasurer of the League of Cities of the Philippines (the League) acknowledge payments from member-cities with the official receipt of the Republic of the Philippines (Accountable Form No. 51), as prescribed by law.

We maintain that the League is not a government organization or entity, nor a government-owned or controlled corporation. Notwithstanding the institutionalization of the League in the Local Government Code, it was formally organized and duly registered under the Securities and Exchange Commission<sup>3</sup> as a non-stock, non-profit private organization on 9 July 1993. Since its incorporation, the League is governed by its own Constitution and By-Laws as allowed under the Local Government Code; financial policies and procedures are guided by the prescription of its Board and implemented by the National Executive officials and; its general accounting and audit procedures are guided by the pertinent rules governing private entities. Hence, we can dispense with the issuance of the government official receipt.

Noteworthy, the State Auditor in AOM No. Bais 2017-011 recognized that ULAP is a private organization duly registered with the Securities and Exchange Commission. Thus, membership dues paid have been properly acknowledged with their own receipt. We respectfully submit that the same recognition be duly given to the League since both organizations have the same juridical personality and source of funds are from the same member local government units.

We humbly seek your good office to issue an appropriate directive as a matter of information to the regional and provincial Office of the Auditor that the League of

<sup>1</sup> AOM No. Bais 2017-011, attached as Annex "A"

<sup>2</sup> AOM No. Canlaon 2017-009 (16), attached as Annex "B"

<sup>3</sup> Securities and Exchange Commission Registration No. AN093, attached as Annex "C".